



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-5667/P1  
JK&EKL:cdc

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

1     **AN ACT** *to amend* 71.05 (6) (b) 19. c. and 71.05 (6) (b) 19. d.; and *to create* 71.05  
2           (6) (b) 19. cm. and 71.05 (6) (b) 19. dm. of the statutes; **relating to:** modifying  
3           the medical care insurance subtraction for self-employed individuals.

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***Analysis by the Legislative Reference Bureau***

This bill modifies the income tax subtraction for amounts paid for medical care insurance by self-employed individuals. Under current law, the subtraction may not exceed the individual's net earnings from a trade or business that are taxable by Wisconsin. Under the bill, the subtraction may not exceed the individual's wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by Wisconsin.

The bill similarly modifies the provision under current law that prorates the subtraction for self-employed nonresidents and part-year residents based on the percentage of the individual's net earnings from a trade or business taxable by Wisconsin to total net earnings from a trade or business. Under the bill, the subtraction is prorated based on the percentage of the individual's wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by Wisconsin to total wages, salary, tips, unearned income, and net earnings from a trade or business.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.05 (6) (b) 19. c. of the statutes is amended to read:

2           71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2020, for a  
3           person who is a nonresident or a part-year resident of this state, modify the amount  
4           calculated under subd. 19. b. by multiplying the amount by a fraction the numerator  
5           of which is the person's net earnings from a trade or business that are taxable by this  
6           state and the denominator of which is the person's total net earnings from a trade  
7           or business.

8           **SECTION 2.** 71.05 (6) (b) 19. cm. of the statutes is created to read:

9           71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2019, for  
10          a person who is a nonresident or a part-year resident of this state, modify the amount  
11          calculated under subd. 19. b. by multiplying the amount by a fraction the numerator  
12          of which is the person's wages, salary, tips, unearned income, and net earnings from  
13          a trade or business that are taxable by this state and the denominator of which is the  
14          person's total wages, salary, tips, unearned income, and net earnings from a trade  
15          or business. In this subd. 19. cm., for married persons filing separately "wages,  
16          salary, tips, unearned income, and net earnings from a trade or business" means the  
17          separate wages, salary, tips, unearned income, and net earnings from a trade or  
18          business of each spouse, and for married persons filing jointly "wages, salary, tips,  
19          unearned income, and net earnings from a trade or business" means the total wages,  
20          salary, tips, unearned income, and net earnings from a trade or business of both  
21          spouses.

**SECTION 3.** 71.05 (6) (b) 19. d. of the statutes is amended to read:

71.05 **(6)** (b) 19. d. ~~Reduce~~ For taxable years beginning before January 1, 2020,  
reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net  
earnings from a trade or business that are taxable by this state.

**SECTION 4.** 71.05 (6) (b) 19. dm. of the statutes is created to read:

71.05 **(6)** (b) 19. dm. For taxable years beginning after December 31, 2019, reduce the amount calculated under subd. 19.b. or cm. to the person's aggregate wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by this state.

**(END)**