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(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

**2005-06**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on Ways and Means...**

### **COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### **INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)



- None.

February 15, 2006

**EXECUTIVE SESSION HELD**

Present: (13) Representatives Wood, Nass, Hahn, Jeskewitz, Kerkman, Lothian, Strachota, Pridemore, Berceau, Ziegelbauer, Toles, Hebl and Fields.

Absent: (0) None.

Moved by Representative Wood, seconded by Representative Kerkman that **Assembly Amendment 1** be recommended for adoption.

Ayes: (12) Representatives Wood, Nass, Hahn, Jeskewitz, Kerkman, Lothian, Strachota, Pridemore, Berceau, Ziegelbauer, Toles and Fields.

Noes: (1) Representative Hebl.

ASSEMBLY AMENDMENT 1 ADOPTION RECOMMENDED, Ayes 12, Noes 1

Moved by Representative Wood, seconded by Representative Hahn that **Assembly Bill 955** be recommended for passage as amended.

Ayes: (5) Representatives Wood, Hahn, Lothian, Strachota and Pridemore.

Noes: (8) Representatives Nass, Jeskewitz, Kerkman, Berceau, Ziegelbauer, Toles, Hebl and Fields.

PASSAGE AS AMENDED NOT RECOMMENDED, Ayes 5, Noes 8

February 28, 2006

**EXECUTIVE SESSION HELD**

Present: (13) Representatives Wood, Nass, Hahn, Jeskewitz, Kerkman, Lothian, Strachota, Pridemore, Berceau, Ziegelbauer, Toles, Hebl and Fields.

Absent: (0) None.

Moved by Representative Jeskewitz, seconded by Representative Kerkman that **Assembly Bill 955** be recommended for reconsideration.

Ayes: (11) Representatives Wood, Nass, Hahn, Jeskewitz, Kerkman, Lothian, Strachota, Pridemore, Ziegelbauer, Toles and Fields.

Noes: (2) Representatives Berceau and Hebl.

RECONSIDERATION RECOMMENDED, Ayes 11, Noes 2

Moved by Representative Wood, seconded by Representative Kerkman that **Assembly Substitute Amendment 1** be recommended for adoption.

Ayes: (12) Representatives Wood, Nass, Hahn, Jeskewitz, Kerkman, Lothian, Strachota, Pridemore, Ziegelbauer, Toles, Hebl and Fields.

Noes: (1) Representative Berceau.

ASSEMBLY SUBSTITUTE AMENDMENT 1 ADOPTION  
RECOMMENDED, Ayes 12, Noes 1

Moved by Representative Wood, seconded by Representative Jeskewitz that **Assembly Bill 955** be recommended for passage as amended.

Ayes: (7) Representatives Wood, Hahn, Jeskewitz, Kerkman, Lothian, Strachota and Pridemore.

Noes: (6) Representatives Nass, Berceau, Ziegelbauer, Toles, Hebl and Fields.

PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 6

Anthony Blodgett  
Committee Clerk

## Handrick, Diane

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**From:** Blodgett, Tony  
**Sent:** Tuesday, February 14, 2006 2:02 PM  
**To:** Ford, William; Offerdahl, Mary; Rep.Berceau; Rep.Fields; Rep.Hahn; Rep.Hebl; Rep.WoodJ; Rep.Jeskewitz; Rep.Kerkman; Rep.Loethian; Rep.Nass; Rep.Pridemore; Rep.Strachota; Rep.Toles; Rep. Ziegelbauer (drfreudsrecords@sbcglobal.net); Rep.Ziegelbauer; August, Tyler; Austin, Michael; Savage, Bill; Handrick, Diane; Holsinger, Eric; Toftness, Jennifer; Krieser, Steve; Kostelic, Luanne; Mikalsen, Mike; Riley, Neci; Matthews, Pam; Peloquin, Traci; Peloquin, Traci; Rausch, Scott; Buschman, Sara; Popp, Sarah; Stromme, Denise; Powell, Thomas; Bussan, Traci; Minick, Wendy; Zutz, Toby  
**Subject:** FW: DOR comments on bills for W&M Exec Session 2/15/06  
**Attachments:** ab954.doc

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**From:** Gates-Hendrix, Sherie  
**Sent:** Tuesday, February 14, 2006 12:31 PM  
**To:** Blodgett, Tony  
**Subject:** DOR comments on bills for W&M Exec Session 2/15/06

Tony -- could you distribute this to Ways & Means members for the Exec Session tomorrow? Thanks



ab954.doc (271 KB)

### **AB 955 - Credit for IT Expenditures for Maintaining Medical Records**

#### Description of Current Law and Proposed Change

The bill would create a nonrefundable income and franchise tax credit for an amount spent by health care providers in the taxable year for information technology hardware and software used to maintain medical records in electronic form.

The maximum amount of credits that could be claimed is \$10 million per taxable year. The bill does not provide any guidance as to how that limitation should be maintained.

#### Administrative Impact/Fiscal Effect

- The Department estimates that the bill would reduce state revenues by at least \$10 million per year, the annual cap stated in the bill. However, because the bill does not provide criteria for determining how the annual cap would be allocated, it is unclear how the department would deny claims. As such, the fiscal effect could be significantly higher.
- It is unclear how the Department could deny claims to maintain the annual credit cap since the bill does not contain any criteria for limiting the credit. The Department suggests that the sponsor impose specific criteria for use in allocating the amount of credit and limiting it to \$10 million per year.
- Some potential methods and issues involved in enforcing a cap include:
  - **First-Come-First-Served Approach.** With independent corporate and individual income tax systems, it would be difficult to track a cap that applied to both systems. Even if a cap could be identified and maintained in the income tax systems, a first-come-first-served approach would still create problems. If taxpayers could not be assured of a credit, the program would not offer incentive to invest in the programs. Many returns come in on the same day and the credit would be given to returns processed first, which probably isn't a fair approach and may not provide the credit to those intended with the bill. Taxpayers with earlier filings would get the credit. Corporations have fiscal years so that a taxable year cap runs for nearly two years.

- Allocation Based on Demand. To allocate a limited amount of credit based on demand, taxpayers would have to apply before a particular deadline after which credits would be meted out according to the applications. For the credit to encourage the intended investment, the allocation would have to occur prior to the time the investment is made. This could be viewed as administratively burdensome for taxpayers, which could reduce participation in the program. Some may see the prior allocation of credits as being in conflict with the audit role of the Department.
- Certification by Another State Agency. With existing credits that have an annual cap, another state agency certifies the businesses for a certain amount of credit.
- Section 71.07(5e)(b) allows the credit to be offset against the taxes imposed under sec. 71.02. However, the order of computation (s. 71.10(4)(gxx)) places the credit after the alternative minimum tax. Section 71.07(5e)(b) should also include a reference to the taxes imposed under s. 71.08. Section 71.08(1) should be amended to include sec. 71.07(5e) in the list of credits not considered when computing minimum tax.
- Section 71.05(6)(a)15 is amended to include subs. (5e) and (5g) as add modifications for the computed credit. It appears that (5g) should not be included as this bill only relates to sub. (5e). Section 71.07(5g) is the health insurance risk-sharing plan assessments credit. Section 71.05(6)(a)15 does not need an add modification for the health insurance risk-sharing plan assessments credit as this credit is only passed through from partnerships, LLCs, and tax-option corporations who are required to add the credit to their income.
- If information technology hardware or software is used for maintaining medical records and for some other purpose such as maintaining research data or financial records, it is unclear if the credit is intended to apply to 100% of the cost of the hardware or software. The language should clarify whether the intent is to require exclusive use.

Sherrie Gates-Hendrix

DOR Legislative Liaison

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