

2013 DRAFTING REQUEST

Bill

Received: 12/12/2012 Received By: jkreye
Wanted: As time permits Same as LRB:
For: Administration-Budget By/Representing: Ley
May Contact: Drafter: jkreye
Subject: Tax, Business - credits Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email:
Carbon copy (CC) to:

Pre Topic:

DOA:.....Ley, BB0074 -

Topic:

Limitations on the electronic medical records credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/12/2012			_____			
/P1	jkreye 1/14/2013	kfollett 12/13/2012	rschluet 12/13/2012	_____	lparisi 12/13/2012		State
/P2		kfollett 1/14/2013	jmurphy 1/15/2013	_____	mbarman 1/15/2013		State

FE Sent For:

<END>

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FE Sent For:

1/2/5f
1/14
Jm 11/14/13
self

<END>

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1/?	jkreye	1/11/12 12/13					

FE Sent For:

<END>

Kreye, Joseph

From: Hanaman, Cathlene
Sent: Tuesday, December 11, 2012 4:35 PM
To: Kreye, Joseph
Subject: FW: Statutory Language Drafting Request
Attachments: 7017 Electronic Medical Records Credit Limitations.docx

Was this one of those that was out? Forgive me if we've already discussed this, but it appears on the DOA report. I'll make note this time.

From: Hanaman, Cathlene
Sent: Monday, October 08, 2012 8:40 AM
To: Kreye, Joseph; Shovers, Marc
Subject: FW: Statutory Language Drafting Request

From: Emily.Ley@wisconsin.gov [mailto:Emily.Ley@wisconsin.gov]
Sent: Tuesday, October 02, 2012 11:41 AM
To: Hanaman, Cathlene
Cc: Thornton, Scott - DOA; Frederick, Caitlin - DOA; Ley, Emily A - DOA
Subject: Statutory Language Drafting Request

Biennial Budget: 2013-15

Topic: Electronic Medical Records Credit: Limit the credit to In-State Use, Restrict Use to Hardware Purchases of Smaller Providers

Tracking Code: BB0074

SBO Team: TLGED

SBO Analyst: Ley, Emily - DOA
Phone: 608-266-7597
E-mail: Emily.Ley@wisconsin.gov

Agency Acronym: DOR

Agency Number: 566

Priority: Medium

Intent: Modify sections 71.07(5i)(b), 71.07(5i)(c)3, 71.28(5i)(b), 71.28(5i)(c)3, 71.47(5i)(b) and 71.47(5i)(c)3 to limit the credit to information technology hardware and software placed in service in Wisconsin. Limit the credit for hardware related to software licensed to or used by ten or fewer health care providers. This number is consistent with that used by the federal Health Information Technology Extension Program, which places a priority on individual and small group practices of ten or fewer professionals.

Attachments: True

Please send completed drafts to statlanguage@wisapps.wi.gov

**TITLE: ELECTRONIC MEDICAL RECORDS CREDIT – LIMIT TO IN-STATE USE FOR
HARDWARE AND SOFTWARE; LIMIT TO HARDWARE PURCHASES OF SMALLER
PROVIDERS**

DESCRIPTION OF CURRENT LAW AND PROBLEM

Under current law, the credit is allowed for information technology hardware and software regardless of where it is used. This provides an incentive to invest in hardware and software used outside of Wisconsin.

The existing cap on the credit (\$10,000,000) could limit the benefit of the credit for small, rural-based health care providers because large health care providers would have substantially higher qualifying expenditures in hardware and software and thus a much larger portion of the available credit.

RECOMMENDATION FOR ACTION

Limit the credit to information technology hardware and software placed in service in Wisconsin.

Limit the credit for hardware related to software licensed to or used by ten or fewer health care providers. This number is consistent with that used by the federal Health Information Technology Extension Program, which places a priority on individual and small group practices of ten or fewer professionals.

IMPACT ON JOB CREATION

This proposal has the potential to create additional jobs, especially in rural areas and in small medical and dental practices, in Wisconsin by requiring that the software and hardware be used in Wisconsin to qualify for the credit.

FISCAL EFFECT

None.

DRAFTING INSTRUCTIONS

Amend sec. 71.07(5i)(b), Wis. Stats., to read:

Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.07(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

Amend sec. 71.28(5i)(b), Wis. Stats., to read:

Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.28(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

Amend sec. 71.47(5i)(b), Wis. Stats., to read:

Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.47(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

For taxable years beginning after December 31, 2012.

INTERESTED/AFFECTED PARTIES

Persons who are health care providers as defined by s. 146.81(1)(a) to (p), Wis. Stats., that purchase computer hardware and/or software used to maintain medical records in electronic form.



DOA:.....Ley, BB0074 – Limitations on the electronic medical records credit
FOR 2013-2015 BUDGET – NOT READY FOR INTRODUCTION

m 12-12-12

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a health care provider may claim an income and franchise tax credit equal to 50 percent of the amount that the health care provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. Under this bill, the credit applies only to amounts paid for information technology hardware or software that is placed in service in this state. In addition, no health care provider may claim the credit for amounts paid for information technology hardware if the related software is licensed to or used by more than ten health care providers.

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

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

2 SECTION 1. 71.07 (5i) (c) 3. of the statutes is created to read:

3 71.07 (5i) (c) 3. For taxable years beginning after December 31, 2012, the credit

4 under this subsection applies only to amounts paid for information technology

1 hardware or software that is placed in service in this state and no claimant may claim
2 a credit for amounts paid for information technology hardware if the related software
3 is licensed to or used by more than 10 health care providers, as defined in s. 146.81
4 (1) (a) to (p).

5 **SECTION 2.** 71.28 (5i) (c) 3. of the statutes is created to read:

6 71.28 (5i) (c) 3. For taxable years beginning after December 31, 2012, the credit
7 under this subsection applies only to amounts paid for information technology
8 hardware or software that is placed in service in this state and no claimant may claim
9 a credit for amounts paid for information technology hardware if the related software
10 is licensed to or used by more than 10 health care providers, as defined in s. 146.81
11 (1) (a) to (p).

12 **SECTION 3.** 71.47 (5i) (c) 3. of the statutes is created to read:

13 71.47 (5i) (c) 3. For taxable years beginning after December 31, 2012, the credit
14 under this subsection applies only to amounts paid for information technology
15 hardware or software that is placed in service in this state and no claimant may claim
16 a credit for amounts paid for information technology hardware if the related software
17 is licensed to or used by more than 10 health care providers, as defined in s. 146.81
18 (1) (a) to (p).

19 (END)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0810/P1

JK:kj:rs

RMR

1/15

DOA:.....Ley, BB0074 - Limitations on the electronic medical records credit

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

DWF dm
1/14/13
m 1-14-13

Don't Gen

taxable years beginning
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9

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4 (1) (a) to (p).

5 **SECTION 2.** 71.28 (5i) (c) 3. of the statutes is created to read:

6 71.28 (5i) (c) 3. For taxable years beginning after December 31, 2012, the credit
7 under this subsection applies only to amounts paid for information technology
8 hardware or software that is placed in service in this state and no claimant may claim
9 a credit for amounts paid for information technology hardware if the related software
10 is licensed to or used by more than 10 health care providers, as defined in s. 146.81
11 (1) (a) to (p).

12 **SECTION 3.** 71.47 (5i) (c) 3. of the statutes is created to read:

13 71.47 (5i) (c) 3. For taxable years beginning after December 31, 2012, the credit
14 under this subsection applies only to amounts paid for information technology
15 hardware or software that is placed in service in this state and no claimant may claim
16 a credit for amounts paid for information technology hardware if the related software
17 is licensed to or used by more than 10 health care providers, as defined in s. 146.81
18 (1) (a) to (p).

19 (END)

Insert 2-18

Insert 2 - 18

1 **SECTION 1.** 71.07 (5i) (b) of the statutes is amended to read:

2 71.07 (5i) (b) *Filing claims.* Subject to the limitations provided in this
3 subsection, for taxable years beginning after December 31, 2011, and before January
4 1, 2014, a claimant may claim as a credit against the taxes imposed under ss. 71.02
5 and 71.08, up to the amount of those taxes, an amount equal to 50 percent of the
6 amount the claimant paid in the taxable year for information technology hardware
7 or software that is used to maintain medical records in electronic form, if the
8 claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

9 **SECTION 2.** 71.28 (5i) (b) of the statutes is amended to read:

10 71.28 (5i) (b) *Filing claims.* Subject to the limitations provided in this
11 subsection, for taxable years beginning after December 31, 2011, and before January
12 1, 2014, a claimant may claim as a credit against the taxes imposed under s. 71.23,
13 up to the amount of those taxes, an amount equal to 50 percent of the amount the
14 claimant paid in the taxable year for information technology hardware or software
15 that is used to maintain medical records in electronic form, if the claimant is a health
16 care provider, as defined in s. 146.81 (1) (a) to (p).

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

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- 3 care provider, as defined in s. 146.81 (1) (a) to (p).

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.



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22 (END)