

2005 DRAFTING REQUEST

Bill

Received: 04/06/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Tony Staskunas (608) 266-0620

By/Representing: Adrienne

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters: jkreye

Subject: Tax, Individual - income credit
Tax, Business - crp inc, fran

Extra Copies: DAK

Submit via email: YES

Requester's email: Rep.Staskunas@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance

Instructions:

See Attached. Based on -2263, but for primary care physicians

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>
/?	mshovers 04/06/2005	jdyer 04/18/2005		_____			State
/1			pgreensl 04/18/2005	_____	mbarman 04/18/2005	lnorthro 05/16/2005	

FE Sent For:

<END>

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/? mshovers

1 4/18 jld
11 MES 4/6/05
4/18 pg
4/18 p816

FE Sent For:

<END>

Shovers, Marc

From: Ramirez, Adrienne
Sent: Wednesday, March 09, 2005 1:13 PM
To: Shovers, Marc
Subject: Drafting request

Marc-

You are currently drafting LRB 2263 for Rep. Staskunas, providing an individual income tax credit for dentists who are under-reimbursed by MA.

Could you please draft another bill for *primary care physicians* doctors too?

Please don't hesitate to contact me if you have any questions.

Thanks,

Adrienne
Office of Rep. Tony Staskunas
6-0620

Shovers, Marc

From: Kennedy, Debora
Sent: Monday, January 31, 2005 2:21 PM
To: Shovers, Marc
Subject: FW: Drafting Request

Is this yours? Could you please let Adrienne know, if so? (I can help you with the Medical Assistance language>)

-----Original Message-----

From: Ramirez, Adrienne
Sent: Monday, January 31, 2005 2:04 PM
To: Kennedy, Debora
Subject: Drafting Request

Debora -

Rep. Staskunas would like a proposal drafted relating to Medical Assistance. Specifically, he would like to give dentists providing services to MA patients a tax credit for half of the amount they are under-reimbursed for their services. This tax credit would be for their state income taxes.

An example: An MA patient has a cleaning. The normal billing for this service is \$100, however MA only reimburses \$50. The dentist would be able to get a tax credit for half of the difference, or \$25.

The intent of this proposal is to give incentives for dentists to continue to serve MA patients and possibly add more dentists to the list of MA providers.

Please feel free to contact me if you have any questions.

Adrienne
Office of Rep. Tony Staskunas
6-0620

refundable? non refundable?
available to businesses too?
Partners, Subch. S corps?

MES
(MES on vacation)
3/18-3/29

called w/ questions 3/10/05

3/23 Adrienne called back
3/30 MES called back & asked
Adrienne said she'd talk to Rep. Staskunas & get
back to me

4/5/05 make it nonrefundable
make it apply to businesses, LLCs, partnerships,
etc.



State of Wisconsin
2005 - 2006 LEGISLATURE

-2680/1

LRB-2263/2

MES&JK:...

AMNA jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON

ger

- 1 AN ACT ...; relating to: creating an individual and corporate income tax credit
- 2 for certain unreimbursed medical assistance costs.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual and corporate income tax credit for ^{dentists} for certain costs of providing ^{dental services} that are not reimbursed under the medical assistance program. Sole proprietorships and corporations may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests.

The credit that may be claimed is 50 percent of a ^{dentist's} unreimbursed costs that are incurred in the taxable year to which the claim relates. Because the credit is nonrefundable, it may only be claimed up to the amount of the taxpayer's tax liability. The bill defines unreimbursed costs as the difference between a ^{dentist's} usual and customary charges for providing a ^{dental} service, and the amount paid to the dentist for providing such services to recipients of medical assistance.

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:

- 3 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

Primary care
Physicians

*

physician

Physician's

dental medical

x

SECTION 1

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
 2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), ~~and (5d)~~, and (5r)
 3 and not passed through by a partnership, limited liability company, or tax-option
 4 corporation that has added that amount to the partnership's, company's, or
 5 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326.

6 **SECTION 2.** 71.07 (5r) of the statutes is created to read:

7 71.07 (5r) UNREIMBURSED ^{medical} ~~DENTAL~~ SERVICES COSTS TAX CREDIT. (a) *Definitions.*

8 In this subsection:

9 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
 10 company, or a shareholder of a tax-option corporation who is a ^{physician} ~~dentist~~ and who files
 11 a claim under this subsection.

12 2. "Dentist" means a dentist, as defined in s. 447.01 (7), who is licensed under
 13 ch. 447 and who practices general or pediatric dentistry.

14 3. "Medical assistance" has the meaning given in s. 49.43 (8).

15 4. "Unreimbursed costs" means the difference between a ^{physician's} ~~dentist's~~ usual and
 16 customary charges for providing a ^{specified under s. 49.46(2)(a)1.} ~~dental~~ service, and the amount paid to the ^{physician} ~~dentist~~,
 17 under s. 49.45 (3) for providing such service to recipients of medical assistance.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
 19 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
 20 amount of those taxes, an amount equal to 50 percent of the claimant's unreimbursed
 21 costs that are incurred in the taxable year to which the claim relates.

22 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
 23 is claimed within the time period under s. 71.75 (2).

1 2. The carry-over provisions of s. 71.28 (4) (e) and (f),[✓] as they apply to the credit
2 under s. 71.28 (4),[✓] apply to the credit under this subsection.

3 3. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 that credit shall be determined on the basis of their economic activity, not that of their
6 shareholders, partners, or members. A partnership, limited liability company, or
7 tax-option corporation shall compute the amount of credit that each of its partners,
8 members, or shareholders may claim and shall provide that information to each of
9 them. Partners, members of limited liability companies, and shareholders of
10 tax-option corporations may claim the credit in proportion to their ownership
11 interest.

12 4. For a claimant who is a nonresident or part-year resident of this state and
13 who is a single person or a married person filing a separate return, multiply the
14 credit for which the claimant is eligible under par. (b)[✓] by a fraction the numerator of
15 which is the individual's Wisconsin adjusted gross income and the denominator of
16 which is the individual's federal adjusted gross income. If a claimant is married and
17 files a joint return, and if the claimant or the claimant's spouse, or both, are
18 nonresidents or part-year residents of this state, multiply the credit for which the
19 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
20 joint Wisconsin adjusted gross income and the denominator of which is the couple's
21 joint federal adjusted gross income.

22 (d) *Administration*. Subsection (9e) (d),[✓] to the extent that it applies to the credit
23 under that subsection, applies to the credit under this subsection.

24 **SECTION 3.** 71.10 (4) (cd)[✓] of the statutes is created to read:

SECTION 3

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71.10 (4) (cd) The unreimbursed ^{medical} dental services costs tax credit under s. 71.07 (5r). ✓

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SECTION 4. 71.21 (4) ✓ of the statutes is amended to read:

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71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), and (5b), and (5r) and passed through to partners shall be added to the partnership's income.

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SECTION 5. 71.26 (2) (a) of the statutes is amended to read:

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71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means the gross income as computed under the Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c) 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income under this paragraph at the time that the taxpayer first claimed the credit plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3n), (3t), and (5b), and (5r) ✓ and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other disposition of assets the gain from which would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus deductions, as computed under the Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to the difference between the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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SECTION 6. 71.28 (5r) of the statutes is created to read:

(I) → Definitions.

71.28 (5r) UNREIMBURSED ^{medical} ~~DENTAL~~ SERVICES COSTS TAX CREDIT. (a) In this subsection:

1. "Claimant" means a corporation that includes at least one ^{physician} ~~dentist~~ that files a claim under this subsection.

3. ^{"Physician" has the meaning given for "primary care physician" in P.609.01(4m) ✓} ~~2.~~ "Dentist" means a dentist, as defined in s. 447.01 (7), who is licensed under ch. 447 and who practices general or pediatric dentistry.

2. ^{3.} "Medical assistance" has the meaning given in s. 49.43 (8).

4. ^{4.} "Unreimbursed costs" means the difference between a ^{physician's} ~~dentist's~~ usual and customary charges for providing a ^{specified under s. 49.46(2) (a) 1. a} ~~dental~~ service, and the amount paid to the ^{physician} ~~dentist~~ under s. 49.45 (3) for providing such service to recipients of medical assistance.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, an amount equal to 50 percent of the claimant's unreimbursed costs that are incurred in the taxable year to which the claim relates.

(c) *Limitations.* 1. No credit may be allowed under this subsection unless it is claimed within the time period under s. 71.75 (2).

2. The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit under sub. (4), apply to the credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, that credit shall be determined on the basis of their economic activity, not that of their shareholders, partners, or members. A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of

SECTION 6

1 them. Partners, members of limited liability companies, and shareholders of
2 tax-option corporations may claim the credit in proportion to their ownership
3 interest.

4 4. The credits under this subsection may not be claimed by a partnership,
5 except a publicly traded partnership treated as a corporation under s. 71.22 (1),
6 limited liability company, except a limited liability company treated as a corporation
7 under s. 71.22 (1), or tax-option corporation or by partners, including partners of a
8 publicly traded partnership, members of a limited liability company, or shareholders
9 of a tax-option corporation.

10 (d) *Administration*. Subsection (4) (g), to the extent that it applies to the credit
11 under that subsection, applies to the credit under this subsection.

12 **SECTION 7.** 71.30 (3) (dm) of the statutes is created to read:

13 71.30 (3) (dm) The unreimbursed ~~dental~~ ^{medical} services costs tax credit under s. 71.28
14 (5r).

15 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

16 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
17 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
18 (3n), (3t), ~~and~~ (5b), and (5r) and passed through to shareholders.

19 **SECTION 9. Initial applicability.**

20 (1) This act first applies to taxable years beginning on January 1 of the year
21 in which this subsection takes effect, except that if this subsection takes effect after
22 July 31 this act first applies to taxable years beginning on January 1 of the year
23 following the year in which this subsection takes effect.

24

(END)

Northrop, Lori

From: Ramirez, Adrienne
Sent: Monday, May 16, 2005 9:42 AM
To: LRB.Legal
Subject: Draft review: LRB 05-2680/1 Topic: Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance

It has been requested by <Ramirez, Adrienne> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-2680/1 Topic: Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance