

2005 DRAFTING REQUEST

Assembly Amendment (AA-AB955)

Received: **02/09/2006**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Terry Moulton (608) 266-9172**

By/Representing: **matt**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Tax credit for information technology equipment used to maintain medical records; credit application and allocation

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 02/09/2006	wjackson 02/09/2006		_____			
/1			pgreensl 02/10/2006	_____	sbasford 02/10/2006	sbasford 02/10/2006	

FE Sent For:

<END>

2005 DRAFTING REQUEST

Assembly Amendment (AA-AB955)

Received: 02/09/2006

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Terry Moulton (608) 266-9172

By/Representing: matt

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Tax credit for information technology equipment used to maintain medical records; credit application and allocation

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	1/1 WLJ 2/9	2/10 P8	2/10 RS			
----	--------	-------------	------------	------------	--	--	--

FE Sent For:

<END>

2005 ASSEMBLY BILL 955

January 30, 2006 – Introduced by Representatives MOULTON, DAVIS, NISCHKE, MUSSER, TOWNSEND, MURSAU, KRAWCZYK, ALBERS, KREIBICH, UNDERHEIM and F. LASEE, cosponsored by Senators ROESSLER and ZIEN. Referred to Committee on Ways and Means.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
 2 (a) 10. and 77.92 (4); and *to create* 71.07 (5e), 71.10 (4) (gxx), 71.28 (5e), 71.30
 3 (3) (epa), 71.47 (5e) and 71.49 (1) (epa) of the statutes; **relating to:** an income
 4 and franchise tax credit for information technology equipment used to
 5 maintain medical records in electronic form.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for health care providers in an amount that is equal to 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.

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:

6 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:
 7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
 8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), (5e).

ASSEMBLY BILL 955

1 and (5g) and not passed through by a partnership, limited liability company, or
2 tax-option corporation that has added that amount to the partnership's, company's,
3 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

4 SECTION 2. 71.07 (5e) of the statutes is created to read:

5 71.07 (5e) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
6 subsection, "claimant" means a person who files a claim under this subsection.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
9 amount of those taxes, an amount equal to the amount the claimant paid in the
10 taxable year for information technology hardware or software that is used to
11 maintain medical records in electronic form, if the claimant is a health care provider,
12 as defined in s. 146.81 (1).

13 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
14 under this subsection and ss. 71.28 (5e) and 71.47 (5e) in a taxable year is
15 \$10,000,000.

16 2. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of amounts under par. (b). A partnership,
19 limited liability company, or tax-option corporation shall compute the amount of
20 credit that each of its partners, members, or shareholders may claim and shall
21 provide that information to each of them. Partners, members of limited liability
22 companies, and shareholders of tax-option corporations may claim the credit in
23 proportion to their ownership interests.

24 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

ASSEMBLY BILL 955

1 **SECTION 3.** 71.10 (4) (gxx) of the statutes is created to read:

2 71.10 **(4)** (gxx) Electronic medical records credit under s. 71.07 (5e).

3 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2005 Wisconsin Act 74, is
4 amended to read:

5 71.21 **(4)** Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), (5e), and (5g) and passed
7 through to partners shall be added to the partnership's income.

8 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2005 Wisconsin Act 74,
9 is amended to read:

10 71.26 **(2)** (a) *Corporations in general.* The "net income" of a corporation means
11 the gross income as computed under the Internal Revenue Code as modified under
12 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
13 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
14 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
15 under this paragraph at the time that the taxpayer first claimed the credit plus the
16 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
17 (1ds), (1dx), (3g), (3n), (3t), (5b), (5e), and (5g) and not passed through by a
18 partnership, limited liability company, or tax-option corporation that has added that
19 amount to the partnership's, limited liability company's, or tax-option corporation's
20 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
21 other disposition of assets the gain from which would be wholly exempt income, as
22 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
23 minus deductions, as computed under the Internal Revenue Code as modified under
24 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
25 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or

ASSEMBLY BILL 955**SECTION 5**

1 otherwise disposed of in a taxable transaction during the taxable year, except as
2 provided in par. (b) and s. 71.45 (2) and (5).

3 **SECTION 6.** 71.28 (5e) of the statutes is created to read:

4 **71.28 (5e) ELECTRONIC MEDICAL RECORDS CREDIT.** (a) *Definitions.* In this
5 subsection, “claimant” means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
7 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
8 amount of those taxes, an amount equal to the amount the claimant paid in the
9 taxable year for information technology hardware or software that is used to
10 maintain medical records in electronic form, if the claimant is a health care provider,
11 as defined in s. 146.81 (1).

12 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
13 under this subsection and ss. 71.07 (5e) and 71.47 (5e) in a taxable year is
14 \$10,000,000.

15 2. Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their payment of amounts under par. (b). A partnership,
18 limited liability company, or tax-option corporation shall compute the amount of
19 credit that each of its partners, members, or shareholders may claim and shall
20 provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interests.

23 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
24 sub. (4), applies to the credit under this subsection.

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

ASSEMBLY BILL 955

1 71.30 (3) (epa) Electronic medical records credit under s. 71.28 (5e).

2 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2005 Wisconsin Act 74,
3 is amended to read:

4 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
6 (3n), (3t), (5b), (5e), and (5g) and passed through to shareholders.

7 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2005 Wisconsin Act
8 74, is amended to read:

9 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
10 computed under s. 71.47 (1dd) to (1dx), (3n), (5b), (5e), and (5g) and not passed
11 through by a partnership, limited liability company, or tax-option corporation that
12 has added that amount to the partnership's, limited liability company's, or
13 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
14 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

15 **SECTION 10.** 71.47 (5e) of the statutes is created to read:

16 71.47 (5e) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
17 subsection, "claimant" means a person who files a claim under this subsection.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
19 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
20 amount of those taxes, an amount equal to the amount the claimant paid in the
21 taxable year for information technology hardware or software that is used to
22 maintain medical records in electronic form, if the claimant is a health care provider,
23 as defined in s. 146.81 (1).

ASSEMBLY BILL 955**SECTION 10**

1 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
2 under this subsection and ss. 71.07 (5e) and 71.28 (5e) in a taxable year is
3 \$10,000,000.

4 2. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of amounts under par. (b). A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

12 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
13 s. 71.28 (4), applies to the credit under this subsection.

14 **SECTION 11.** 71.49 (1) (epa) of the statutes is created to read:

15 71.49 (1) (epa) Electronic medical records credit under s. 71.47 (5e).

16 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2005 Wisconsin Act 74, is
17 amended to read:

18 77.92 (4) "Net business income," with respect to a partnership, means taxable
19 income as calculated under section 703 of the Internal Revenue Code; plus the items
20 of income and gain under section 702 of the Internal Revenue Code, including taxable
21 state and municipal bond interest and excluding nontaxable interest income or
22 dividend income from federal government obligations; minus the items of loss and
23 deduction under section 702 of the Internal Revenue Code, except items that are not
24 deductible under s. 71.21; plus guaranteed payments to partners under section 707
25 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

ASSEMBLY BILL 955

1 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (5b), (5e), and (5g);
2 and plus or minus, as appropriate, transitional adjustments, depreciation
3 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
4 excluding income, gain, loss, and deductions from farming. “Net business income,”
5 with respect to a natural person, estate, or trust, means profit from a trade or
6 business for federal income tax purposes and includes net income derived as an
7 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

8 **SECTION 13. Initial applicability.**

9 (1) This act first applies to taxable years beginning on January 1, 2008.

10

(END)

2005

Date (time) needed

Mon 2-13-06

LRBa 2298,1

AMENDMENT

JK : WLJ :

See form AMENDMENTS — COMPONENTS & ITEMS.

LPS: There are an insert to insert.

S A AMENDMENT

TO S A AMENDMENT (LRBa 1),

TO S A SUBSTITUTE AMENDMENT (LRBs 1),

TO 2005 SB SJR SR AB AJR AR 955 (LRB attached)

At the locations indicated, amend the bill as follows:

(fill ONLY if "engrossed ..." or "as shown by")

- checkmarks and handwritten notes: #. Page 2, line 15: after the period insert INSERT A1&2; #. Page 4, line 14: after the period insert INSERT A1&2; #. Page 6, line 3: after the period insert INSERT A1&2

#. Page ..., line ...: (end)

#. Page ..., line ...:

1 71.07 (5e) WORKPLACE WELLNESS PROGRAM CREDIT. (a) *Definitions.* In this
2 subsection:

3 1. "Claimant" means a person who files a claim under this subsection.

4 2. "Workplace wellness program" means a health or fitness program, as defined
5 by rule by the department, and includes the following programs or services:

6 a. Smoking cessation.

7 b. Weight management.

8 c. Stress management.

9 d. Health risk assessments.

10 e. Health screenings.

11 f. Nutrition education.

12 g. Health or fitness incentive programs.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
15 amount of those taxes, in each taxable year for 3 years, beginning with the first
16 taxable year in which the claimant provides the workplace wellness program, an
17 amount that is equal to 30 percent of the amount the claimant paid in the taxable
18 year to provide a workplace wellness program to any of the claimant's employees who
19 are employed in this state, not including any amount paid for capital improvements.

20 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
21 under this subsection and ss. 71.28 (5e) and 71.47 (5e) in any taxable year is

22 \$2,000,000. If the amount of the credits claimed under this subsection in any taxable
23 year exceeds the maximum amount provided under this subdivision, the department
24 shall reduce the amount of each credit claimed in proportion to the total amount of
25 all credits claimed.

INSERT A2

INSERT A1

Insert A2

No ff

No credit may be claimed under this subsection unless the claimant files an application for the credit with the department on the form and in the manner prescribed by the department by rule.

