

2007 DRAFTING REQUEST

Bill

Received: 12/14/2006

Received By: jkreye

Wanted: As time permits

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.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Tax credit for the purchase of certain information technology equipment by health care facilities

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 12/14/2006	jdyer 01/11/2007		_____			S&L
/P1			rschluet 01/11/2007	_____	sbasford 01/11/2007		S&L
/1	jkreye 01/25/2007	jdyer 01/25/2007	sherritz 01/25/2007	_____	cduerst 01/25/2007	cduerst 01/25/2007	
				_____	mbarman 01/30/2007		

e-mail only

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For: @ intro.
2-21-2007

<END>

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/?	jkreye 12/14/2006	jdyer 01/11/2007		_____			S&L
/P1			rschluet 01/11/2007	_____	sbasford 01/11/2007		S&L
/1	jkreye 01/25/2007	jdyer 01/25/2007	sherritz 01/25/2007	_____	cduerst 01/25/2007	cduerst 01/25/2007	

*- see previous
draft req
sheet*

FE Sent For:

<END>

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*Please jacket
shortly.
jre*

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/?	jkreye 12/14/2006	jdyer 01/11/2007					S&L
/P1		<i>1/25 jld</i>	rschluet 01/11/2007		sbasford 01/11/2007		
FE Sent For:			<i>sh</i> 1/25	<i>sh-nn</i> 1/25			

<END>

2007 DRAFTING REQUEST

Bill

Received: 12/14/2006

Received By: **jkreye**

Wanted: **As time permits**

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.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Tax credit for the purchase of certain information technology equipment by health care facilities

Instructions:

See Attached

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/?	jkreye						
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FE Sent For:

<END>

Kreye, Joseph

From: Seaholm, Matthew
Sent: Thursday, December 14, 2006 9:34 AM
To: Kreye, Joseph
Subject: Moulton - Health Care IT Bill

Good Morning Joe,

Rep. Moulton is looking to reintroduce Assembly Bill 955 of last session using ASA 1. We would however like to include the language for AB 493 into the same bill if that is possible. AB 955 is the Tax Credit for Health Care IT, AB 493 is a tax exemption for interest on bonds or notes issued by WHEFA. If we could however, change the tax exemption to a tax credit I think that would be best. Please let me know if you have any questions or suggestions.

Thanks,

Matt

*Matt Seaholm
Office of Rep. Terry Moulton
Wisconsin's 68th Assembly District
(608) 266-9172*

1144/P1

OK
JK

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 955**

February 28, 2006 - Offered by Representative MOULTON.

D-N
in 12-14-06

and INSERT 1-5 ✓

-re gen

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34
2 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5e), 71.10 (4) (gxx),
3 71.28 (5e), 71.30 (3) (epa), 71.47 (5e), 71.49 (1) (epa) and 560.204 of the statutes;
4 **relating to:** an income and franchise tax credit^s for information technology
5 equipment used to maintain medical records in electronic form, and granting
6 rule-making authority.

INSERT A ✓

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

7 ~~SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:~~
8 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), (5e),
10 and (5g) and not passed through by a partnership, limited liability company, or
11 tax-option corporation that has added that amount to the partnership's, company's,
12 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

INSERT 1-12 ✓

HEALTH CARE INFORMATION TECHNOLOGY ← (CS)

1 SECTION 2. 71.07 ^{5k} (~~50~~) of the statutes is created to read:

2 71.07 (~~50~~) ~~ELECTRONIC MEDICAL RECORDS~~ CREDIT. (a) *Definition*. In this
3 subsection, "claimant" means a person who files a claim under this subsection.

4 (b) *Filing claims*. Subject to the limitations provided in this subsection, a
5 claimant may claim as a credit against the taxes imposed under s. 71.02 or 71.08, up
6 to the amount of those taxes, ^{the following 5k} an amount equal to 50 percent of the amount the

7 claimant paid in the taxable year for information technology hardware or software
8 that is used to maintain medical records in electronic form, if the claimant is a health
9 care provider, as defined in s. 146.81 (1). ^(INSERT 2-9A)

✓
(INSERT 2-9B) →

10 (c) *Limitations*. 1. The maximum amount of the credits that may be claimed
11 under ~~this subsection~~ ^{par. (b) 1. 5k (b) 1.} and ss. 71.28 (~~50~~) ^{5k (b) 1.} and 71.47 (~~50~~) ^{5k (b) 1.} in a taxable year is
12 \$10,000,000, as allocated under s. 560.204.

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

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

23 SECTION 3. 71.08 (1) (intro.) of the statutes, as affected by 2005 Wisconsin Act
24 25, is amended to read:

Healthcare information technology

1 **71.08 (1)** IMPOSITION. (intro.) If the tax imposed on a natural person, married
 2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
 3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
 4 (3t), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
 5 (1dx), (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
 6 (1dx), (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other
 7 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
 8 that natural person, married couple filing jointly, trust, or estate, instead of the tax
 9 under s. 71.02, an alternative minimum tax computed as follows:

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

11 **71.10 (4)** (gxx) ~~economic medical research~~ credit under s. 71.07 (5e). 5K

12 **SECTION 5.** 71.21 (4) of the statutes, as affected by 2005 Wisconsin Act 74, is
 13 amended to read:

14 **71.21 (4)** Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
 15 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), (5e), and (5g) and passed
 16 through to partners shall be added to the partnership's income.

17 **SECTION 6.** 71.26 (2) (a) of the statutes, as affected by 2005 Wisconsin Act 74,
 18 is amended to read:

19 **71.26 (2) (a)** *Corporations in general.* The "net income" of a corporation means
 20 the gross income as computed under the Internal Revenue Code as modified under
 21 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
 22 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
 23 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
 24 under this paragraph at the time that the taxpayer first claimed the credit plus the
 25 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),

(1ds), (1dx), (3g), (3n), (3t), (5b), (5e), and (5g) 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).

HEALTH CARE INFORMATION TECHNOLOGY

SECTION 7. 71.28 ~~(5)~~ of the statutes is created to read:

71.28 ~~(5)~~ ~~ELECTRONIC MEDICAL RECORDS CREDIT.~~ (a) *Definition*. In this subsection, "claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of those taxes, the following: an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1).

(c) *Limitations.* 1. The maximum amount of the credits that may be claimed under ~~this subsection~~ par. (b) 1. and ss. 71.07 ~~(5)~~ (b) 1. and 71.47 ~~(5)~~ (b) 1. in a taxable year is \$10,000,000, as allocated under s. 560.204.

2. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of,

INSERT 4-11

CS

INSERT 4-20B

INSERT 4-20 A

Health care information technology

1 the credit are based on their payment of amounts under par. (b).[✓] A partnership,
2 limited liability company, or tax-option corporation shall compute the amount of
3 credit that each of its partners, members, or shareholders may claim and shall
4 provide that information to each of them. Partners, members of limited liability
5 companies, and shareholders of tax-option corporations may claim the credit in
6 proportion to their ownership interests.

7 (d) *Administration.* Subsection[✓] (4) (e) to (h), as it applies to the credit under
8 sub. (4),[✓] applies to the credit under this subsection.

9 **SECTION 8.** 71.30 (3) (epa)^x of the statutes is created to read:

10 71.30 (3) (epa) ~~Electronic medical records~~ credit under s. 71.28 (5a).^{5K}

11 **SECTION 9.** 71.34 (1) (g) of the statutes, as affected by 2005 Wisconsin Act 74,
12 is amended to read:

13 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
15 (3n), (3t), (5b), (5e), and (5g) and passed through to shareholders.

16 **SECTION 10.** 71.45 (2) (a) 10. of the statutes, as affected by 2005 Wisconsin Act
17 74, is amended to read:

18 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
19 computed under s. 71.47 (1dd) to (1dx), (3n), (5b), (5e), and (5g) and not passed
20 through by a partnership, limited liability company, or tax-option corporation that
21 has added that amount to the partnership's, limited liability company's, or
22 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
23 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

24 **SECTION 11.** 71.47 (5a)[✓] of the statutes is created to read:

(5k)

- INSERT 5-23

HEALTH CARE INFORMATION TECHNOLOGY

CS

5k

1 71.47 (5k) ~~ELECTRONIC MEDICAL RECORDS~~ CREDIT. (a) *Definition*. In this
2 subsection, "claimant" means a person who files a claim under this subsection.

3 (b) *Filing claims*. Subject to the limitations provided in this subsection, a
4 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
5 amount of those taxes, the following: 5k an amount equal to 50 percent of the amount the claimant
6 paid in the taxable year for information technology hardware or software that is used
7 to maintain medical records in electronic form, if the claimant is a health care
8 provider, as defined in s. 146.81 (1). INSERT 6-8A

INSERT 6-8B

9 (c) *Limitations*. 1. The maximum amount of the credits that may be claimed
10 under par. (b) 1. ~~this subsection~~ and ss. 71.07 (5k) (b) 1. and 71.28 (5k) (b) 1. in a taxable year is
11 \$10,000,000, as allocated under s. 560.204.

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

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

22 SECTION 12. 71.49 (1) (epa) of the statutes is created to read:

23 71.49 (1) (epa) ~~Electronic medical records~~ credit under s. 71.47 (5k).

24 SECTION 13. 77.92 (4) of the statutes, as affected by 2005 Wisconsin Act 74, is
25 amended to read:

Healthcare information technology

1 77.92 (4) "Net business income," with respect to a partnership, means taxable
 2 income as calculated under section 703 of the Internal Revenue Code; plus the items
 3 of income and gain under section 702 of the Internal Revenue Code, including taxable
 4 state and municipal bond interest and excluding nontaxable interest income or
 5 dividend income from federal government obligations; minus the items of loss and
 6 deduction under section 702 of the Internal Revenue Code, except items that are not
 7 deductible under s. 71.21; plus guaranteed payments to partners under section 707
 8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
 9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (5b), (5e), and (5g);
 10 and plus or minus, as appropriate, transitional adjustments, depreciation
 11 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
 12 excluding income, gain, loss, and deductions from farming. "Net business income,"
 13 with respect to a natural person, estate, or trust, means profit from a trade or
 14 business for federal income tax purposes and includes net income derived as an
 15 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

✓
 INSERT
 7-15

16 SECTION 14. 560.204 of the statutes is created to read:

17 **560.204 Hardware and software used to maintain medical records. (1)**

18 The department shall implement a program to certify health care providers as
 19 eligible for the electronic medical records credit under ss. 71.07 ~~(3a)~~, 71.28 ~~(3a)~~, and
 20 71.47 ~~(3a)~~

(5k) (b) 1.

21 (2) If the department certifies a health care provider under sub. (1), the
 22 department shall determine the amount of credits to allocate to the health care
 23 provider. The total amount of electronic medical records credits allocated to health
 24 care providers in any year may not exceed \$10,000,000.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

PI
LRB-1144/2dn

JK:.....
/

date

Jld

Representative Moulton:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on 2005 Assembly Bill 955^v, as amended by Assembly Substitute Amendment 1 and by Assembly Amendment 1 to Assembly Substitute Amendment 1, and 2005 Assembly Bill 493. Please note, however, that the draft modifies the provisions of 2005 Assembly Bill 493^v so that those provisions are now tax credits. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



LPS-INSERTS
OUT OF ORDER

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

INSERT A

1 AN ACT ...; relating to: ???

Analysis by the Legislative Reference Bureau

This bill creates income and franchise tax credits for the purchase of certain information technology equipment by health care providers and health facilities. Under the bill, a health care provider may claim a credit equal to 50 percent of the amount the provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. Also, under the bill, a person may claim a credit equal to a percentage, based on the person's applicable state income and franchise tax rate, of the interest received on bonds and notes issued by the Wisconsin Health and Educational Facilities Authority, on or after the effective date of the bill, if the proceeds of the bond or note are used by a health facility to purchase information technology hardware or software.

For further information see the *state and local* 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:

2005 ASSEMBLY BILL 493

June 14, 2005 - Introduced by Representatives UNDERHEIM and DAVIS, cosponsored by Senator ROESSLER. Referred to Committee on Health. Referred to Joint Survey Committee on Tax Exemptions.

INSERT
1-5

1 AN ACT to create 71.05 (1) (c) 7., 71.26 (1m) (h) and 71.45 (1t) (h) of the statutes;
 2 relating to: creating an individual and corporate income tax exemption for
 3 interest on bonds or notes issued by the Wisconsin Health and Educational
 4 Facilities Authority for purposes related to the purchase of information
 5 technology equipment by health facilities.

Analysis by the Legislative Reference Bureau

This bill creates an individual and corporate income tax exemption for interest on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority, on or after the effective date of the bill, if the proceeds of the bond or note are used by a health facility to purchase information and technology equipment. This bill first applies to taxable years beginning on January 1, 2006.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* 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 (1) (c) 7. of the statutes is created to read:

ASSEMBLY BILL 493**SECTION 1**

1 ~~71.05 (1) (c) 7. The Wisconsin Health and Educational Facilities Authority~~
2 ~~under s. 231.03 (6), on or after the effective date of this subdivision [revisor inserts~~
3 ~~date], if the proceeds from the bonds or notes that are issued are used by a health~~
4 ~~facility, as defined in s. 231.01 (5), to fund the acquisition of information technology~~
5 ~~hardware or software.~~

6 **SECTION 2.** 71.26 (1m) (h) of the statutes is created to read:

7 71.26 (1m) (h) Those issued under s. 231.03 (6), on or after the effective date
8 of this paragraph [revisor inserts date], if the proceeds from the obligations that
9 are issued are used by a health facility, as defined in s. 231.01 (5), to fund the
10 acquisition of information technology hardware or software.

11 **SECTION 3.** 71.45 (1t) (h) of the statutes is created to read:

12 71.45 (1t) (h) Those issued under s. 231.03 (6), on or after the effective date of
13 this paragraph [revisor inserts date], if the proceeds from the obligations that are
14 issued are used by a health facility, as defined in s. 231.01 (5), to fund the acquisition
15 of information technology hardware or software.

16 **SECTION 4. Initial applicability.**

17 (1) This act first applies to taxable years beginning on January 1, 2006.

18 ~~(END)~~

2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1144/?ins
JK:.....

Insert 1 -12

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

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

NOTE: NOTE: Subd. 15. is shown as affected by 2 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). The bracketed "and" was inserted by 2005 Wis. Act 479, but rendered surplusage by 2005 Wis. Act 483. Corrective legislation is pending. NOTE:

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, 407, 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; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; s. 13.93 (2) (c).

Insert 2 -9B

7 2. An amount equal to 6.5 percent of the interest received by the claimant on
8 bonds issued under s. 231.03 (6), on or after the effective date of this subdivision ...
9 [revisor inserts date], if the proceeds or notes that are issued are used by a health
10 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
11 hardware or software.

Insert 4 -11

12 SECTION 2. 71.21 (4) of the statutes is amended to read:

13 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
14 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
15 and (5k) and passed through to partners shall be added to the partnership's income.

NOTE: NOTE: Sub. (4) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). NOTE:
History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 40; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93 (2) (c).

16 SECTION 3. 71.26 (2) (a) of the statutes is amended to read:

17 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
18 the gross income as computed under the Internal Revenue Code as modified under
19 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit



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

NOTE: NOTE: Par. (a) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). NOTE:
 History: 1987 a. 313; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;
 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479,
 483; s. 13.93 (2) (c).

Insert 4 -20B

16 2. An amount equal to 7.9 percent of the interest received by the claimant on
 17 obligations issued under s. 231.03 (6), on or after the effective date of this subdivision
 18 [revisor inserts date], if the obligations that are issued are used by a health
 19 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
 20 hardware or software.

Insert 5 -23

21 **SECTION 4.** 71.34 (1) (g) of the statutes is amended to read:



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

NOTE: NOTE: Par. (g) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:
History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16,
109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; s. 13.93 (2) (c).

5 **SECTION 5.** 71.45 (2) (a) 10. of the statutes is amended to read:

6 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
7 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
8 (5k) and not passed through by a partnership, limited liability company, or
9 tax-option corporation that has added that amount to the partnership's, limited
10 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
11 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

NOTE: NOTE: Subd. 10. is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:
History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672;
1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; s. 13.93 (2) (c).

Insert 6 -8B

12 2. An amount equal to 7.9 percent of the interest received by the claimant on
13 obligations issued under s. 231.03 (6), on or after the effective date of this subdivision
14 [revisor inserts date], if the obligations that are issued are used by a health
15 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
16 hardware or software.

Insert 7 -15

17 **SECTION 6.** 77.92 (4) of the statutes is 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



1 state and municipal bond interest and excluding nontaxable interest income or
2 dividend income from federal government obligations; minus the items of loss and
3 deduction under section 702 of the Internal Revenue Code, except items that are not
4 deductible under s. 71.21; plus guaranteed payments to partners under section 707
5 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
7 (5g), and (5h), and (5k)[✓]; and plus or minus, as appropriate, transitional adjustments,
8 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
9 (19); but excluding income, gain, loss, and deductions from farming. "Net business
10 income," with respect to a natural person, estate, or trust, means profit from a trade
11 or business for federal income tax purposes and includes net income derived as an
12 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

NOTE: NOTE: Sub. (4) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:
History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93
(2) (c).

(end ins 7-15)

**ASSEMBLY AMENDMENT 1,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 955**

April 18, 2006 - Offered by Representative MOULTON.

INSERT 2-9A

1 At the locations indicated, amend the substitute amendment as follows:

2 ~~1.~~ Page 2, line 9: after "(1)" insert ², and, in the case of software used as the
3 basis for a credit under this subsection, if the software is certified by the Certification
4 Commission for Healthcare Information Technology ³

INSERT 4-20A

5 ~~2.~~ Page 4, line 20: after "(1)" insert ⁴, and, in the case of software used as the
6 basis for a credit under this subsection, if the software is certified by the Certification
7 Commission for Healthcare Information Technology ⁵

8 ~~3.~~ Page 6, line 8: after "(1)" insert ⁶, and, in the case of software used as the
9 basis for a credit under this subsection, if the software is certified by the Certification
10 Commission for Healthcare Information Technology ⁷

INSERT
6-8A

11

(END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

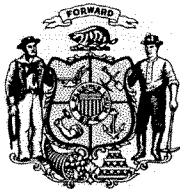
LRB-1144/P1dn
JK:jld:rs

January 11, 2007

Representative Moulton:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on 2005 Assembly Bill 955, as amended by Assembly Substitute Amendment 1 and by Assembly Amendment 1 to Assembly Substitute Amendment 1, and 2005 Assembly Bill 493. Please note, however, that the draft modifies the provisions of 2005 Assembly Bill 493 so that those provisions are now tax credits. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1144/PI

JK:jld:rs

RMR

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

2007 Bill

in 1-25-07

Today, please

no changes to underlying draft

Regen

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 (5k), 71.10 (4) (gxx), 71.28 (5k), 71.30
 3 (3) (epa), 71.47 (5k), 71.49 (1) (epa) and 560.204 of the statutes; **relating to:**
 4 income and franchise tax credits for information technology equipment used to
 5 maintain medical records in electronic form and for interest on bonds or notes
 6 issued by the Wisconsin Health and Educational Facilities Authority for
 7 purposes related to the purchase of information technology equipment by
 8 health facilities, and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill creates income and franchise tax credits for the purchase of certain information technology equipment by health care providers and health facilities. Under the bill, a health care provider may claim a credit equal to 50 percent of the amount the provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. Also, under the bill, a person may claim a credit equal to a percentage, based on the person's applicable state income and franchise tax rate, of the interest received on bonds and notes issued by the Wisconsin Health and Educational Facilities Authority, on or after the effective date of the bill, if the proceeds of the bond or note are used by a health facility to purchase information technology hardware or software.

For further information see the *state and local* 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:

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

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

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

8 71.07 (5k) HEALTH CARE INFORMATION TECHNOLOGY CREDIT. (a) *Definition.* In this
9 subsection, "claimant" means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the taxes imposed under s. 71.02 or 71.08, up
12 to the amount of those taxes, the following:

13 1. An amount equal to 50 percent of the amount the claimant paid in the taxable
14 year for information technology hardware or software that is used to maintain
15 medical records in electronic form, if the claimant is a health care provider, as defined
16 in s. 146.81 (1), and, in the case of software used as the basis for a credit under this
17 subsection, if the software is certified by the Certification Commission for
18 Healthcare Information Technology.

19 2. An amount equal to 6.5 percent of the interest received by the claimant on
20 bonds issued under s. 231.03 (6), on or after the effective date of this subdivision ...:
21 [revisor inserts date], if the proceeds or notes that are issued are used by a health

1 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
2 hardware or software.

3 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
4 under par. (b) 1. and ss. 71.28 (5k) (b) 1. and 71.47 (5k) (b) 1. in a taxable year is
5 \$10,000,000, as allocated under s. 560.204.

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

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

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

17 71.10 (4) (gxx) Health care information technology credit under s. 71.07 (5k).

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

19 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
20 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
21 and (5k) and passed through to partners shall be added to the partnership's income.

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

23 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
24 the gross income as computed under the Internal Revenue Code as modified under
25 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit

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

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

17 71.28 (5k) HEALTH CARE INFORMATION TECHNOLOGY CREDIT. (a) *Definition.* In this
18 subsection, "claimant" means a person who files a claim under this subsection.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
20 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
21 amount of those taxes, the following:

22 1. An amount equal to 50 percent of the amount the claimant paid in the taxable
23 year for information technology hardware or software that is used to maintain
24 medical records in electronic form, if the claimant is a health care provider, as defined
25 in s. 146.81 (1), and, in the case of software used as the basis for a credit under this

1 subsection, if the software is certified by the Certification Commission for
2 Healthcare Information Technology.

3 2. An amount equal to 7.9 percent of the interest received by the claimant on
4 obligations issued under s. 231.03 (6), on or after the effective date of this subdivision
5 [revisor inserts date], if the obligations that are issued are used by a health
6 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
7 hardware or software.

8 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
9 under par. (b) 1. and ss. 71.07 (5k) (b) 1. and 71.47 (5k) (b) 1. in a taxable year is
10 \$10,000,000, as allocated under s. 560.204.

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

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

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

22 71.30 (3) (epa) Health care information technology credit under s. 71.28 (5k).

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

24 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
25 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),

1 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5k) and passed through to
2 shareholders.

3 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

4 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
5 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and
6 (5k) and not passed through by a partnership, limited liability company, or
7 tax-option corporation that has added that amount to the partnership's, limited
8 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
9 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

11 71.47 **(5k)** HEALTH CARE INFORMATION TECHNOLOGY CREDIT. (a) *Definition.* In this
12 subsection, "claimant" means a person who files a claim under this subsection.

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. 71.43, up to the
15 amount of those taxes, the following:

16 1. An amount equal to 50 percent of the amount the claimant paid in the taxable
17 year for information technology hardware or software that is used to maintain
18 medical records in electronic form, if the claimant is a health care provider, as defined
19 in s. 146.81 (1), and, in the case of software used as the basis for a credit under this
20 subsection, if the software is certified by the Certification Commission for
21 Healthcare Information Technology.

22 2. An amount equal to 7.9 percent of the interest received by the claimant on
23 obligations issued under s. 231.03 (6), on or after the effective date of this subdivision
24 [revisor inserts date], if the obligations that are issued are used by a health

1 facility, as defined in s. 231.01 (5), to fund the acquisition of information technology
2 hardware or software.

3 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
4 under par. (b) 1. and ss. 71.07 (5k) (b) 1. and 71.28 (5k) (b) 1. in a taxable year is
5 \$10,000,000, as allocated under s. 560.204.

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

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

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

17 71.49 (1) (epa) Health care information technology credit under s. 71.47 (5k).

18 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

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

1 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
3 (5g), and (5h), and (5k); and plus or minus, as appropriate, transitional adjustments,
4 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
5 (19); but excluding income, gain, loss, and deductions from farming. "Net business
6 income," with respect to a natural person, estate, or trust, means profit from a trade
7 or business for federal income tax purposes and includes net income derived as an
8 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

9 **SECTION 13.** 560.204 of the statutes is created to read:

10 **560.204 Hardware and software used to maintain medical records. (1)**

11 The department shall implement a program to certify health care providers as
12 eligible for the electronic medical records credit under ss. 71.07 (5k) (b) 1., 71.28 (5k)
13 (b) 1., and 71.47 (5k) (b) 1.

14 (2) If the department certifies a health care provider under sub. (1), the
15 department shall determine the amount of credits to allocate to the health care
16 provider. The total amount of electronic medical records credits allocated to health
17 care providers in any year may not exceed \$10,000,000.

18 (3) The department shall inform the department of revenue of every health
19 care provider certified under sub. (1) and the amount of credits allocated to the health
20 care provider.

21 (4) The department, in consultation with the department of revenue, shall
22 promulgate rules to administer this section.

23 **SECTION 14. Initial applicability.**

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

25 (END)