

2007 DRAFTING REQUEST

Bill

Received: 02/05/2007

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Carol Roessler (608) 266-5300

By/Representing: jennifer

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: Sen.Roessler@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Tax credit for information technology equipment used to maintain medical records in electronic form

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 02/05/2007	jdyer 02/05/2007		_____			S&L
/1			nnatzke 02/05/2007	_____	cduerst 02/05/2007	cduerst 02/05/2007	

FE Sent For: "1" @ intro.
2-15-2007

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/05/2007**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Carol Roessler (608) 266-5300**

By/Representing: **jennifer**

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: **Sen.Roessler@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Tax credit for information technology equipment used to maintain medical records in electronic form

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 02/05/2007	jdyer 02/05/2007		_____			S&L
/1			nnetzke 02/05/2007	_____	cduerst 02/05/2007		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: 02/05/2007

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Carol Roessler (608) 266-5300

By/Representing: jennifer

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: Sen.Roessler@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Tax credit for information technology equipment used to maintain medical records in electronic form

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 2/5 jld	nwn 2/5	nwn 2/5			

FE Sent For:

<END>

Kreye, Joseph

From: Seaholm, Matthew
Sent: Friday, February 02, 2007 12:29 PM
To: Kreye, Joseph
Subject: Permission for drafting a companion bill to LRB 1144

Hey Joe,

Sen. Roessler will be introducing a companion bill to our Health Care IT bill, LRB 1144. So if they contact you, please feel free to draft that for them.

Thanks,

Matt

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

*Jennifer - Sen. Roessler
2-5-07*

1827/1

stays

2007 BILL

in 2-5-07

due today, please

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.

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:

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

BILL

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

BILL**SECTION 5**

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

BILL

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),

BILL

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

BILL

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

BILL**SECTION 12**

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)

Duerst, Christina

From: Stegall, Jennifer
Sent: Monday, February 05, 2007 3:58 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-1827/1 Topic: Tax credit for information technology equipment used to maintain medical records in electronic form

Please Jacket LRB 07-1827/1 for the SENATE.