

2007 DRAFTING REQUEST

Bill

Received: **01/12/2007**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB: **ASA1/AB 955**

For: **Administration-Budget**

By/Representing: **Easton**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters: **csundber**

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Easton, BB0348 -

Topic:

Income and franchise tax credit for information technology for health care providers

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 01/12/2007	lkunkel 01/12/2007		_____			State
/1	jkreye 01/24/2007	lkunkel 01/24/2007	pgreensl 01/15/2007 rschluet 01/24/2007	_____	mbarman 01/16/2007 mbarman 01/24/2007		State
/2	jkreye 01/30/2007	lkunkel 01/30/2007	pgreensl 01/30/2007	_____	sbasford 01/30/2007		

FE Sent For:

<END>

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Instructions:

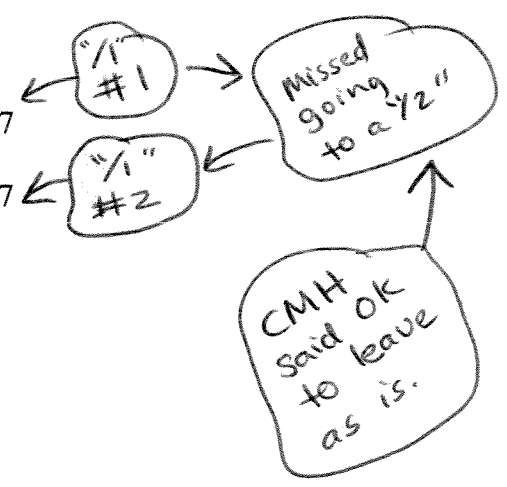
See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 01/12/2007	lkunkel 01/12/2007		_____			State
/1	jkreye 01/24/2007	lkunkel 01/24/2007	pgreensl 01/15/2007 rschluet 01/24/2007	_____	mbarman 01/16/2007 mbarman 01/24/2007		

FE Sent For:

1/21mk1/30
1/30 ps
1/30 ps 1/10
<END>



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May Contact:

Addl. Drafters: csundber

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

DOA:.....Easton -BB0348 Income and franchise tax credit for information technology for health care providers

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 01/12/2007	lkunkel 01/12/2007					State
/1				pgreensl 01/15/2007	mbarman 01/16/2007		

l/mk 1/24

[Handwritten signature]
mbarman
<END>

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Identical to LRB: ASA1/AB 955

For: Administration-Budget

By/Representing: Easton

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May Contact:

Addl. Drafters: csundber

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Easton -BB0348

Topic:

Income and franchise tax credit for information technology for health care providers

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>
/?	jkreye	1/mk 1/2	1/5 P8	1/5 P8/NN			

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Income and Franchise Tax Credit for IT hardware and software for health care providers BB0348
- Tracking Code:
- SBO team: Tax and Local Government
- SBO analyst: Easton
 - Phone: 6-7597
 - Email: Darren.easton@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Medium



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2005 Assembly Bill 955	Assembly Substitute Amendment 1
<i>Memo published:</i> March 1, 2006	
<i>Contact:</i> William Ford, Senior Staff Attorney (266-0680) or Mary Offerdahl, Staff Attorney (266-2230)	

The substitute amendment would create an income and franchise tax credit equal to 50% of the amount paid by a health care provider, as defined in s. 146.81 (1), Stats., for information technology hardware or software that is used to maintain medical records in electronic form.

The tax credit would not be refundable but could be carried forward for 15 years. The maximum amount of tax credits that could be claimed under the substitute amendment in a taxable year is \$10 million. This amount would be allocated by the Department of Commerce under s. 560.204, Stats., as created by the substitute amendment.

The Department of Commerce would be required to implement a program to certify health care providers as eligible for the electronic medical records tax credit. The department would be required to allocate the amount of credits to be provided to a health care provider in any year.

The tax credit would first be available for taxable years beginning on January 1, 2008.

Legislative History

The substitute amendment was introduced by Representative Moulton. On February 28, 2006, the Assembly Committee on Ways and Means recommended adoption of Assembly Substitute Amendment 1 by a vote of Ayes, 12; Noes, 1, and recommended passage of Assembly Bill 955, as amended, by a vote of Ayes, 7; Noes, 6.

WF:MO:wu

2005 ASSEMBLY BILL 955

January 30, 2006 - Introduced by Representatives MOULTON, DAVIS, NISCHKE, MUSSEY, 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).

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.

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

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:

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).

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),

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)

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

LRB Number 05-4286/1	Introduction Number AB-955	
Description An income and franchise tax credit for information technology equipment used to maintain medical records in electronic form		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By DOR/ Pamela Waigren (608) 266-7817	Authorized Signature Rebecca Boldt (608) 266-6785	Date 2/8/2006

Fiscal Estimate Narratives

DOR 2/8/2006

LRB Number 05-4286/1	Introduction Number AB-955	Estimate Type Original
Description An income and franchise tax credit for information technology equipment used to maintain medical records in electronic form		

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable income and franchise tax credit for an amount spent by health care providers in the taxable year for information technology hardware and software used to maintain medical records in electronic form.

The maximum amount of credits that could be claimed is \$10 million per taxable year. The bill does not provide any guidance as to how that limitation should be maintained.

The Department estimates that the bill would reduce state revenues by at least \$10 million per year, the annual cap stated in the bill. However, because the bill does not contain criteria for determining how the annual cap is to be allocated, it is unclear how the department would deny claims. As such, the fiscal effect could be significantly higher.

Long-Range Fiscal Implications

DOA - PB0348

ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 955

in 1-12-07

February 28, 2006 - Offered by Representative MOULTON.

DO NOT edit

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 for information technology~~
5 ~~equipment used to maintain medical records in electronic form, and granting~~
6 ~~rule-making authority.~~ *the budget*

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

INSERT A

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).

7 INSERT 1-12

for taxable years beginning in taxable year beginning after December 31, 2007.

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

2 71.07 ~~(5e)~~^{5i-B} ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* 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~~⁵ⁱ up
6 to the amount of those taxes, 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).

10 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
11 under this subsection and ss. 71.28 ~~(5e)~~⁵ⁱ and 71.47 ~~(5e)~~⁵ⁱ 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:

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) Electronic medical records credit under s. 71.07 (5e). ⁵ⁱ

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).~~

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

71.28 ⁵ⁱ (5e) ⁵ⁱ ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* 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, 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 and ss. 71.07 ⁵ⁱ (5e) and 71.47 ⁵ⁱ (5e) 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,

for taxable years beginning after
December 31, 2007

(WJBT)
4-11

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) of the statutes is created to read:

10 71.30 (3) (epa) Electronic medical records credit under s. 71.28 (5e). ^{5'}

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 (5e) of the statutes is created to read: ^{5'}

INSERT
S-23

*for taxable years beginning after
December 31, 2007*

1

71.47 (5e) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this

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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

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claimant may claim as a credit against the taxes imposed under s. 71.43, up to the

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amount of those taxes, an amount equal to 50 percent of the amount the claimant

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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).

9

(c) *Limitations.* 1. The maximum amount of the credits that may be claimed

10

under this subsection and ss. 71.07 (5e) and 71.28 (5e) 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

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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,

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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 (5e).

24

SECTION 13. 77.92 (4) of the statutes, as affected by 2005 Wisconsin Act 74, is

25

amended to read:

INSERT
7-15

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.

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 (5e), 71.28 (5e), and
 20 71.47 (5e). *SI use BX*

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.

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. ✓

anal: title: head
COR TAXATION
INCOME TAXATION
anal: title: sub

INSERT
A

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).

insert 1-12

Section #. 71.05 (6) (a) 15. of the statutes is amended to read:

and (5i)

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

NOTE: Subd. 15. is shown as affected by 3 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.

History: 003 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). 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; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; s. 13.93 (2) (c).

end of 1-12

Section #. 71.21 (4) of the statutes is amended to read:

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

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).

1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93 (2) (c). 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93 (2) (c).

insert 4-11

Section #. 71.26 (2) (a) of the statutes is amended to read:

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), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~ ^{and (5i)} 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).

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).

History: , 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). 1987 a. 312; 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).

end of 4-11

Section #. 71.34 (1) (g) of the statutes is amended to read:

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

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).

History: 987 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). 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).

Insert 5-23

Section #. 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~ ^{and (5i)} 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) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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).

History: 6, 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). 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).

end of 5-23

Insert 7-15

Section #. 77.92 (4) of the statutes is amended to read:

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

(5i)
and (5i)

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).

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 of 7-15

Department of Revenue LRB DRAFT COMMENTS
LRB 1502/1

1. Bill and/or LRB Number:

07-1502/1, Income and Franchise Tax Credit for Information Technology for Health Care Providers

2. Type of Taxes Affected: (please list all that apply)

Individual income tax
Corporation income and franchise taxes

3. Description of the Bill: (briefly describe the subject matter of the bill and the change/s)

This bill creates an income and franchise tax credit for health care providers in an amount that is equal to 50% of the amount that the health care provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. Unused credits may be carried over and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

The Department of Commerce would allocate the credits under the bill, and would promulgate rules in consultation with Revenue.

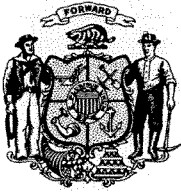
4. Statutory language problems, if any: Yes No

(If yes, describe problems and indicate suggested corrective language. Example of problem: The bill language is unclear, does not fully accomplish the desired result, or has undesirable side effects.)

- Section 71.07(5e)(b) allows the credit to be offset against the taxes imposed under sec. 71.02. However, the order of computation (s. 71.10(4)(gxx)) places the credit after the alternative minimum tax. Section 71.07(5e)(b) should also include a reference to the taxes imposed under s. 71.08. Section 71.08(1) should be amended to include sec. 71.07(5e) in the list of credits not considered when computing minimum tax.
- This credit should start in TY09.

5. Effective date problems, if any, including transitional problems: Yes No

(If yes, describe problem and suggested effective date or transitional language needed.)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1502/1
JK&CTS:lmk:pg
STAYO

DOA:.....Easton -BB0348 Income and franchise tax credit for information technology for health care providers

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 1-24-07

DO NOT GEN

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

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:

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

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),

4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

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

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

5 71.07 (5i) 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, for
8 taxable years beginning after December 31, ~~2007~~²⁰⁰⁸ a claimant may claim as a credit
9 against the taxes imposed under s. 71.02^{or 71.08, ^} up to the amount of those taxes, an amount
10 equal to 50 percent of the amount the claimant paid in the taxable year for
11 information technology hardware or software that is used to maintain medical
12 records in electronic form, if the claimant is a health care provider, as defined in s.
13 146.81 (1).

14 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
15 under this subsection and ss. 71.28 (5i) and 71.47 (5i) in a taxable year is
16 \$10,000,000, as allocated under s. 560.204.

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

(INSERT 3-2)

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

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

4 71.10 (4) (gxx) Electronic medical records credit under s. 71.07 (5i).

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

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

9 **SECTION 5.** 71.26 (2) (a) of the statutes 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), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i) and not passed
18 through by a partnership, limited liability company, or tax-option corporation that
19 has added that amount to the partnership's, limited liability company's, or
20 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
21 of losses from the sale or other disposition of assets the gain from which would be
22 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
23 disposed of at a gain and minus deductions, as computed under the Internal Revenue
24 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
25 the difference between the federal basis and Wisconsin basis of any asset sold,

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

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

4 71.28 (5i) 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, for
7 taxable years beginning after December 31, ~~2007~~²⁰⁰⁸, a claimant may claim as a credit
8 against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount
9 equal to 50 percent of the amount the claimant paid in the taxable year for
10 information technology hardware or software that is used to maintain medical
11 records in electronic form, if the claimant is a health care provider, as defined in s.
12 146.81 (1).

13 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
14 under this subsection and ss. 71.07 (5i) and 71.47 (5i) in a taxable year is
15 \$10,000,000, as allocated under s. 560.204.

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.* Subsection (4) (e) to (h), as it applies to the credit under
25 sub. (4), applies to the credit under this subsection.

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

2 71.30 (3) (epa) Electronic medical records credit under s. 71.28 (5i).

3 **SECTION 8.** 71.34 (1) (g) of the statutes 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), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i) and passed through to
7 shareholders.

8 **SECTION 9.** 71.45 (2) (a) 10. of the statutes 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), (3w), (5b), (5e), (5f), (5g), and (5h), and
11 (5i) and not passed through by a partnership, limited liability company, or tax-option
12 corporation that has added that amount to the partnership's, limited liability
13 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
14 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

16 71.47 (5i) 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, for
19 taxable years beginning after December 31, ~~2007~~²⁰⁰⁸, a claimant may claim as a credit
20 against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount
21 equal to 50 percent of the amount the claimant paid in the taxable year for
22 information technology hardware or software that is used to maintain medical
23 records in electronic form, if the claimant is a health care provider, as defined in s.
24 146.81 (1).

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

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 (5i).

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

17 77.92 (4) "Net business income," with respect to a partnership, means taxable
18 income as calculated under section 703 of the Internal Revenue Code; plus the items
19 of income and gain under section 702 of the Internal Revenue Code, including taxable
20 state and municipal bond interest and excluding nontaxable interest income or
21 dividend income from federal government obligations; minus the items of loss and
22 deduction under section 702 of the Internal Revenue Code, except items that are not
23 deductible under s. 71.21; plus guaranteed payments to partners under section 707
24 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
25 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),

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

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

8 **560.204 Hardware and software used to maintain medical records. (1)**

9 The department shall implement a program to certify health care providers as
10 eligible for the electronic medical records credit under ss. 71.07 (5i), 71.28 (5i), and
11 71.47 (5i).

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

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

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

21 (END)

Insert 3-2

Section #. 71.08 (1) (intro.) of the statutes is amended to read:

(5f), (5i) ^

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

NOTE: There is no s. 71.07 (3c) or (3e). The creation of those provisions was removed from 2005 Wis. Act 361 by the governor's partial veto. 2005 Wis. Act 483 amended this subsection to insert "(5f)," but 2005 Wis. Act 479 repealed and recreated the provision without taking the Act 483 treatment into account. Corrective legislation is pending.

1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27, 237; 1999 a. 9; 2001 a. 109; 2003 a. 99, 135, 255, 326; 2005 a. 25, 177, 361, 479, 483; s. 13.93 (2) (c). 1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27, 237; 1999 a. 9; 2001 a. 109; 2003 a. 99, 135, 255, 326; 2005 a. 25, 177, 361, 479, 483; s. 13.93 (2) (c).



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1502/1
JK&CTS:lmk:rs

Handwritten initials and marks, including "SND" and "RMR".

DOA:.....Easton, BB0348 - Income and franchise tax credit for information technology for health care providers

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

Handwritten notes: "1-30-07", "D-N" in a circle, and "Do not Gen" in a circle.

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

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:

2 SECTION 1. 71.05(6) (a) 15. of the statutes is amended to read:
3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

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

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

71.07 **(5i)** ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* 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, for taxable years beginning after December 31, 2008, a claimant may claim as a credit against the taxes imposed under s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is 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 and ss. 71.28 (5i) and 71.47 (5i) 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, the credit are based on their payment of amounts under par. (b). 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 them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

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

3 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

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

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

15 71.10 (4) (gxx) Electronic medical records credit under s. 71.07 (5i).

16 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

17 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
18 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
19 and (5i) and passed through to partners shall be added to the partnership's income.

20 **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

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

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

14 **SECTION 7.** 71.28 (5i) of the statutes is created to read:

15 71.28 (5i) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
16 subsection, "claimant" means a person who files a claim under this subsection.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
18 taxable years beginning after December 31, 2008, a claimant may claim as a credit
19 against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount
20 equal to 50 percent of the amount the claimant paid in the taxable year for
21 information technology hardware or software that is used to maintain medical
22 records in electronic form, if the claimant is a health care provider, as defined in s.
23 146.81 (1).

1 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
2 under this subsection and ss. 71.07 (5i) and 71.47 (5i) in a taxable year is
3 \$10,000,000, as allocated under s. 560.204.

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.* Subsection (4) (e) to (h), as it applies to the credit under
13 sub. (4), applies to the credit under this subsection.

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

15 71.30 (3) (epa) Electronic medical records credit under s. 71.28 (5i).

16 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
19 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i) and passed through to
20 shareholders.

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

22 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
23 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
24 (5i) and not passed through by a partnership, limited liability company, or tax-option
25 corporation that has added that amount to the partnership's, limited liability

1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)(g) and
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

3 **SECTION 11.** 71.47 (5i) of the statutes is created to read:

4 71.47 (5i) 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, for
7 taxable years beginning after December 31, 2008, a claimant may claim as a credit
8 against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount
9 equal to 50 percent of the amount the claimant paid in the taxable year for
10 information technology hardware or software that is used to maintain medical
11 records in electronic form, if the claimant is a health care provider, as defined in s.
12 146.81 (1).

13 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
14 under this subsection and ss. 71.07 (5i) and 71.28 (5i) in a taxable year is
15 \$10,000,000, as allocated under s. 560.204.

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.

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

2 71.49 (1) (epa) Electronic medical records credit under s. 71.47 (5i).

3 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

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

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

20 **560.204 Hardware and software used to maintain medical records. (1)**

21 The department shall implement a program to certify health care providers as
22 eligible for the electronic medical records credit under ss. 71.07 (5i), 71.28 (5i), and
23 71.47 (5i).

24 **(2)** If the department certifies a health care provider under sub. (1), the
25 department shall determine the amount of credits to allocate to the health care

1 provider. The total amount of electronic medical records credits allocated to health
2 care providers in any year may not exceed \$10,000,000.

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

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

8 (END)

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

LRB-1502/2dn
JK&CTS:lmk:rs

↑
stay

(date)

STBT
↓
STBT
↓
✓
This draft reconciles LRB-0724/1, LRB-1410/1 and LRB-1502/1. All of these drafts should continue to appear in the compiled bill. ✓

Joseph T. Kreye
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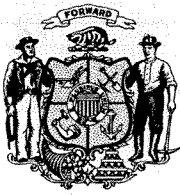
DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1502/2dn
JK:lmk:pg

January 30, 2007

This draft reconciles LRB-0724/1, LRB-1410/1 and LRB-1502/1. All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1502/2
JK&CTS:lmk:pg

DOA:.....Easton, BB0348 - Income and franchise tax credit for information
technology for health care providers

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

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:

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

3 71.07 (5i) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
4 subsection, "claimant" means a person who files a claim under this subsection.

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
2 taxable years beginning after December 31, 2008, a claimant may claim as a credit
3 against the taxes imposed under s. 71.02 or 71.08, up to the amount of those taxes,
4 an amount equal to 50 percent of the amount the claimant paid in the taxable year
5 for information technology hardware or software that is used to maintain medical
6 records in electronic form, if the claimant is a health care provider, as defined in s.
7 146.81 (1).

8 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
9 under this subsection and ss. 71.28 (5i) and 71.47 (5i) 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.* Section 71.28 (4) (e) to (h), as it applies to the credit under
20 s. 71.28 (4), applies to the credit under this subsection.

21 **SECTION 2.** 71.08 (1) (intro.) of the statutes is amended to read:

22 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
23 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
24 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), ~~(3e), (3e)~~, (3m),
25 (3n), (3s), (3t), (3w), (5b), (5d), (5e), ~~(5f), (5f)~~, (5i), (6), (6e), and (9e), 71.28 (1dd), (1de),

1 (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd),
2 (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs.
3 VIII and IX and payments to other states under s. 71.07 (7), is less than the tax under
4 this section, there is imposed on that natural person, married couple filing jointly,
5 trust or estate, instead of the tax under s. 71.02, an alternative minimum tax
6 computed as follows:

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

8 71.10 (4) (gxx) Electronic medical records credit under s. 71.07 (5i).

9 **SECTION 4.** 71.28 (5i) of the statutes is created to read:

10 71.28 (5i) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
13 taxable years beginning after December 31, 2008, a claimant may claim as a credit
14 against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount
15 equal to 50 percent of the amount the claimant paid in the taxable year for
16 information technology hardware or software that is used to maintain medical
17 records in electronic form, if the claimant is a health care provider, as defined in s.
18 146.81 (1).

19 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
20 under this subsection and ss. 71.07 (5i) and 71.47 (5i) in a taxable year is
21 \$10,000,000, as allocated under s. 560.204.

22 2. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of amounts under par. (b). A partnership,
25 limited liability company, or tax-option corporation shall compute the amount of

1 credit that each of its partners, members, or shareholders may claim and shall
2 provide that information to each of them. Partners, members of limited liability
3 companies, and shareholders of tax-option corporations may claim the credit in
4 proportion to their ownership interests.

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

7 **SECTION 5.** 71.30 (3) (epa) of the statutes is created to read:

8 71.30 (3) (epa) Electronic medical records credit under s. 71.28 (5i).

9 **SECTION 6.** 71.47 (5i) of the statutes is created to read:

10 71.47 (5i) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
13 taxable years beginning after December 31, 2008, a claimant may claim as a credit
14 against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount
15 equal to 50 percent of the amount the claimant paid in the taxable year for
16 information technology hardware or software that is used to maintain medical
17 records in electronic form, if the claimant is a health care provider, as defined in s.
18 146.81 (1).

19 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
20 under this subsection and ss. 71.07 (5i) and 71.28 (5i) in a taxable year is
21 \$10,000,000, as allocated under s. 560.204.

22 2. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of amounts under par. (b). A partnership,
25 limited liability company, or tax-option corporation shall compute the amount of

1 credit that each of its partners, members, or shareholders may claim and shall
2 provide that information to each of them. Partners, members of limited liability
3 companies, and shareholders of tax-option corporations may claim the credit in
4 proportion to their ownership interests.

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

7 **SECTION 7.** 71.49 (1) (epa) of the statutes is created to read:

8 71.49 (1) (epa) Electronic medical records credit under s. 71.47 (5i).

9 **SECTION 8.** 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 (5i), 71.28 (5i), and
13 71.47 (5i).

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 (END)