



State of Wisconsin
2005 - 2006 LEGISLATURE

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

February 28, 2006 – Offered by Representative MOULTON.

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

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

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

2 **71.07 (5e) 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, 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) and 71.47 (5e) 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).

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),

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

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

13 71.28 (5e) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
14 subsection, "claimant" means a person who files a claim under this subsection.

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

21 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
22 under this subsection and ss. 71.07 (5e) and 71.47 (5e) in a taxable year is
23 \$10,000,000, as allocated under s. 560.204.

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

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).

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:

1 71.47 (5e) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
2 subsection, “claimant” means a person who files a claim under this subsection.

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

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

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

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

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

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

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).

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.

