



## 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.

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### *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.

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***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),~~

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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.

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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

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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:

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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).

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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),

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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)