



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-3881/1
MES:cdc

2019 SENATE BILL 425

September 17, 2019 - Introduced by Senator BERNIER, cosponsored by Representatives TITTL, DITTRICH, EDMING, JAMES, KULP, PETRYK, ROHRKASTE, THIESFELDT, VANDERMEER and SKOWRONSKI. Referred to Committee on Agriculture, Revenue and Financial Institutions.

- 1 **AN ACT to create** 71.05 (6) (b) 54., 71.53 (2) (g) and 71.77 (9) of the statutes;
2 **relating to:** creating an individual income tax deduction for certain income
3 earned by an individual from the practice of psychiatry.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax subtract modification, or deduction, for up to \$100,000 or \$200,000 of income earned in this state by a psychiatrist, in the taxable year to which the claim relates, from the practice of psychiatry. The maximum \$200,000 deduction may be claimed by a psychiatrist who practices in a medically underserved area, as defined under federal law, and the maximum \$100,000 deduction may be claimed by a psychiatrist who does not practice in such an area. The deduction may not be claimed for more than five years, and must be claimed during the five-year period that begins once the claimant first claims the credit. The deduction must be claimed initially within the first two years that a psychiatrist begins to practice in this state, or within the first two years that a psychiatrist returns to this state after practicing in another state for at least one year. If an individual begins to claim the deduction and is then ineligible to claim the deduction in any year that he or she is a full-year resident of this state, the individual may again claim the deduction in a future year if eligible to do so. If an individual begins to claim the deduction but is unable to claim it for five consecutive years because he or she leaves the state, the individual must add to his or her tax that is due for the year in which he or she leaves the state the total gross tax that would have been due if the subtraction was not claimed for any year minus the amount of

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gross tax actually due for those years. In addition, an individual who is eligible for and claims the deduction may not claim the homestead tax credit.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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:

1 **SECTION 1.** 71.05 (6) (b) 54. of the statutes is created to read:

2 71.05 **(6)** (b) 54. a. Subject to the definitions in subd. 54. b. and c. and the
3 limitations specified in subd. 54. d., e., f., g., h., and i. for taxable years beginning
4 after December 31, 2019, an amount of income, up to \$100,000 or \$200,000, earned
5 in this state by a psychiatrist from the practice of psychiatry in the taxable year to
6 which the claim relates.

7 b. In this subdivision, “income” means all remuneration for services performed
8 by a psychiatrist for an employer and net earnings from self-employment derived
9 solely from the practice of psychiatry.

10 c. In this subdivision, “psychiatrist” has the meaning given in s. 457.01 (8e).

11 d. A psychiatrist must begin to claim the subtraction under this subdivision
12 within the first 2 years that he or she begins practicing psychiatry within this state
13 or within the first 2 years that he or she returns to this state to practice psychiatry
14 after practicing psychiatry for at least one year in another state, or the psychiatrist
15 may not claim the subtraction in any future years.

16 e. An individual may claim the subtraction under this subdivision for no more
17 than 5 taxable years.

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1 f. An individual may claim the subtraction under this subdivision only during
2 the 5-year period that begins with the first year he or she claims the credit.

3 g. If an individual is a full-year resident of this state and is not eligible to claim
4 the subtraction in one or more years during the period described in subd. 54. f., the
5 claimant may again claim the subtraction in a future year if he or she is eligible to
6 do so in that future taxable year, except that the subtraction must occur within the
7 5-year period that began as described in subd. 54. f.

8 h. If an individual begins to claim the subtraction under this subdivision but
9 is unable to claim the subtraction for 5 consecutive years because he or she leaves
10 the state, the claimant shall add to the tax due for the taxable year during which the
11 individual leaves the state, an amount equal to the total gross tax that would have
12 been due if the subtraction under this subdivision was not claimed for any year less
13 the amount of gross tax actually due for those years.

14 i. A psychiatrist may subtract up to \$200,000, as described in this subd. 54. a.,
15 but only if he or she practices in a medically underserved area, as defined in s. 39.385
16 (1) (e), and may subtract up to \$100,000, as described in this subd. 54. a., if he or she
17 does not practice in such an area.

18 **SECTION 2.** 71.53 (2) (g) of the statutes is created to read:

19 71.53 (2) (g) The claimant is eligible for and claims the subtraction under s.
20 71.05 (6) (b) 54. for the taxable year to which a claim under this subchapter relates.

21 **SECTION 3.** 71.77 (9) of the statutes is created to read:

22 71.77 (9) Notwithstanding sub. (2), the department may make an assessment
23 within one year of the date the taxpayer becomes ineligible for the subtraction under
24 s. 71.05 (6) (b) 54. to recover all or part of the subtraction under this subdivision.

25 (END)