



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-1394/1
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2023 ASSEMBLY BILL 32

February 10, 2023 - Introduced by Representatives TITTL, BEHNKE, EDMING, GREEN, MURSAU, STEFFEN and VANDERMEER, cosponsored by Senator JAMES. Referred to Committee on Ways and Means.

1 **AN ACT to create** 71.05 (6) (b) 57., 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 or from providing
4 psychiatric or mental health services.

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 or by a psychiatric or mental health nurse practitioner, in the taxable year to which the claim relates, from the practice of psychiatry or from providing psychiatric or mental health services. The maximum \$200,000 deduction may be claimed by a psychiatrist or psychiatric or mental health nurse practitioner who practices or performs services in a medically underserved area, as defined under federal law, and the maximum \$100,000 deduction may be claimed by a psychiatrist or psychiatric or mental health nurse practitioner who does not practice or perform services 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 or psychiatric or mental health nurse practitioner begins to practice in this state, or within the first two years that a psychiatrist or psychiatric or mental health nurse practitioner returns to this state after practicing in another state. 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

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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 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) 57. of the statutes is created to read:

2 71.05 **(6)** (b) 57. a. Subject to the definitions in subd. 57. b. and c. and the
3 limitations specified in subd. 57. d., e., f., g., h., and i. for taxable years beginning
4 after December 31, 2022, and before January 1, 2028 an amount of income, up to
5 \$100,000 or \$200,000, earned in this state by a psychiatrist from the practice of
6 psychiatry or by a psychiatric or mental health nurse practitioner providing
7 psychiatric or mental health services in the taxable year to which the claim relates.

8 b. In this subdivision, “income” means all remuneration for services performed
9 by a psychiatrist for an employer and net earnings from self-employment derived
10 solely from the practice of psychiatry and all remuneration for services performed by
11 a psychiatric or mental health nurse practitioner and net earnings from
12 self-employment derived solely from providing psychiatric or mental health services
13 as a psychiatric or mental health nurse practitioner.

14 bm. In this subdivision, “psychiatric or mental health nurse practitioner”
15 means a nurse licensed under ch. 441 or who holds a multistate license, as defined

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1 in 441.51 (2) (h), issued in a party state, as defined in s. 441.51 (2) (k), who practices
2 primarily as a psychiatric or mental health nurse practitioner and is currently
3 certified by a national certifying body approved by the board of nursing.

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

5 d. A psychiatrist must begin to claim the subtraction under this subdivision
6 within the first 2 years that he or she begins practicing psychiatry within this state
7 or within the first 2 years that he or she returns to this state to practice psychiatry
8 after practicing psychiatry in another state, or the psychiatrist may not claim the
9 subtraction in any future years.

10 dm. A psychiatric or mental health nurse practitioner must begin to claim the
11 subtraction under this subdivision within the first 2 years that he or she begins
12 practicing as a psychiatric or mental health nurse practitioner within this state or
13 within the first 2 years that he or she returns to this state to practice as a psychiatric
14 or mental health nurse practitioner after practicing as a psychiatric or mental health
15 nurse practitioner in another state, or the psychiatric or mental health nurse
16 practitioner may not claim the subtraction in any future years.

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

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

21 g. If an individual is a full-year resident of this state and is not eligible to claim
22 the subtraction in one or more years during the period described in subd. 57. f., the
23 claimant may again claim the subtraction in a future year if he or she is eligible to
24 do so in that future taxable year, except that the subtraction must occur within the
25 5-year period that began as described in subd. 57. f.

