



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1643/1

KP:cdc

2025 SENATE BILL 72

February 26, 2025 - Introduced by Senator JAMES, cosponsored by Representatives TITTL and BEHNKE. Referred to Committee on Agriculture and Revenue.

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 deduction. 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

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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 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, 2024, and before January 1, 2030 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
9 performed by a psychiatrist for an employer and net earnings from self-employment
10 derived solely from the practice of psychiatry and all remuneration for services
11 performed by a psychiatric or mental health nurse practitioner and net earnings

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1 from self-employment derived solely from providing psychiatric or mental health
2 services as a psychiatric or mental health nurse practitioner.

3 bm. In this subdivision, “psychiatric or mental health nurse practitioner”
4 means a nurse licensed under ch. 441 or who holds a multistate license, as defined
5 in 441.51 (2) (h), issued in a party state, as defined in s. 441.51 (2) (k), who practices
6 primarily as a psychiatric or mental health nurse practitioner and is currently
7 certified by a national certifying body approved by the board of nursing.

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

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

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

21 e. An individual may claim the subtraction under this subdivision for no more
22 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
4 claim the subtraction in one or more years during the period described in subd. 57.
5 f., the claimant may again claim the subtraction in a future year if he or she is
6 eligible to do so in that future taxable year, except that the subtraction must occur
7 within the 5-year period that began as described in subd. 57. 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
11 the individual leaves the state, an amount equal to the total gross tax that would
12 have been due if the subtraction under this subdivision was not claimed for any year
13 less the amount of gross tax actually due for those years.

14 i. A psychiatrist or psychiatric or mental health nurse practitioner may
15 subtract up to \$200,000, as described in subd. 57. a., only if he or she practices or
16 performs psychiatric or mental health services in a medically underserved area, as
17 defined in s. 39.385 (1) (e), and may subtract up to \$100,000, as described in subd.
18 57. a., if he or she does not practice or perform psychiatric or mental health services
19 in such an area.

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

21 71.53 (2) (g) The claimant is eligible for and claims the subtraction under s.
22 71.05 (6) (b) 57. for the taxable year to which a claim under this subchapter relates.

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

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SECTION 3

1 **71.77 (9)** Notwithstanding sub. (2), the department may make an assessment
2 within one year of the date the taxpayer becomes ineligible for the subtraction
3 under s. 71.05 (6) (b) 57. to recover all or part of the subtraction.

4 (END)