

HOUSE No. 2807

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act establishing a health care electronic prescribing tax credit..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 63 of the General Laws is hereby amended by inserting the following section at
2 the end thereof:--

3 Chapter 63: Section 38U. Tax Credit for Corporations Who Adopt Electronic Prescribing
4 Capability.

5 (a) In determining the net income subject to tax under this chapter, a business
6 corporation may deduct, in addition to any other allowable deduction under this chapter, the
7 expenditures paid or incurred during the taxable year with respect to the installation of any
8 technology and infrastructure necessary to adopt and utilize electronic prescribing capabilities
9 thereby including the cost of labor attendant to the installation thereof; provided, however, that
10 such electronic prescribing system has a situs in the commonwealth, is used exclusively in the
11 trade or business of such corporation and the physicians within said corporation are duly licensed
12 pursuant to Section 2 of Chapter 112 of the Massachusetts General Laws.

13 (b) Such deduction shall be allowed only--

14 (1) on condition that the net income for the taxable year and all succeeding taxable years
15 be computed without any exemption, credit or deduction for such expenditures or for
16 depreciation of the property other than the deductions allowed by this section, and

17 (2) with respect to the installation of any technology and infrastructure necessary to adopt
18 and utilize electronic prescribing capabilities and such capabilities have already been in use by
19 the duly licensed physicians within said corporation within the taxable year.

20 (c) If expenditures with respect to any technology and infrastructure necessary to adopt
21 and utilize electronic prescribing capabilities thereby including the cost of labor attendant to the
22 installation thereof have been deducted as provided herein and if within ten years from the end of
23 the taxable year in which such deduction was allowed such unit or system or any part thereof is
24 used other than exclusively in the corporation's trade or business, the corporation shall report
25 such change of use in its return for the first taxable year during which it occurs, and the
26 commissioner may recompute the tax for the year or years for which such deduction was allowed
27 and may assess any additional tax resulting from such recomputation within the period of
28 assessment applicable to such return.

29 (d) In any taxable year when property is sold or otherwise disposed of, with respect to
30 which a deduction has been allowed pursuant to this section, such deduction shall be disregarded
31 in computing gain or loss, and the gain or loss on the sale or other disposition of such property
32 shall be the gain or loss resulting if the deduction provided by this section had not been elected
33 and the cost or other basis of the technology and infrastructure necessary to adopt and utilize
34 electronic prescribing capabilities had been reduced by straight-line depreciation based on the
35 useful life of such unit or system; provided, however, that if such sale or other disposition of

36 such unit or system occurs within three years of the date such unit or system is placed in service
37 the basis shall be zero.

38 (e) Any technology and infrastructure necessary to adopt and utilize electronic
39 prescribing capabilities thereby which qualifies for the deduction provided for by this section
40 shall not be subject to taxation under the tangible property measure of the excise imposed by
41 subclause (i) of clause (1) of subparagraph (a) of the fourth paragraph of section 39 of this
42 Chapter.