

**HOUSE . . . . . No.**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Peter J. Koutoujian**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act establishing a health care electronic prescribing tax credit.

PETITION OF:

NAME:

Peter J. Koutoujian

DISTRICT/ADDRESS:

10th Middlesex

# The Commonwealth of Massachusetts

\_\_\_\_\_  
In the Year Two Thousand and 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 the end  
2 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 corporation may  
6 deduct, in addition to any other allowable deduction under this chapter, the expenditures paid or  
7 incurred during the taxable year with respect to the installation of any technology and  
8 infrastructure necessary to adopt and utilize electronic prescribing capabilities thereby including  
9 the cost of labor attendant to the installation thereof; provided, however, that such electronic  
10 prescribing system has a situs in the commonwealth, is used exclusively in the trade or business  
11 of such corporation and the physicians within said corporation are duly licensed pursuant to  
12 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 be  
15 computed without any exemption, credit or deduction for such expenditures or for depreciation  
16 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 and  
18 utilize electronic prescribing capabilities and such capabilities have already been in use by the  
19 duly licensed physicians within said corporation within the taxable year.

20 (c) If expenditures with respect to any technology and infrastructure necessary to adopt and  
21 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 which a  
30 deduction has been allowed pursuant to this section, such deduction shall be disregarded in  
31 computing gain or loss, and the gain or loss on the sale or other disposition of such property shall  
32 be the gain or loss resulting if the deduction provided by this section had not been elected and the  
33 cost or other basis of the technology and infrastructure necessary to adopt and utilize electronic  
34 prescribing capabilities had been reduced by straight-line depreciation based on the useful life of  
35 such unit or system; provided, however, that if such sale or other disposition of such unit or  
36 system occurs within three years of the date such unit or system is placed in service the basis  
37 shall be zero.

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