

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 253** SLS 17RS 405

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2017 5:52 PM	Author: RISER
Dept./Agy.: Revenue / Group Benefits	Analyst: Greg Albrecht
Subject: Tax Credit For Medical Expenses of Certain Employees	

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1
Provides an individual income tax credit for certain medical expenses paid by certain state employees. (1/1/18)

Provides an individual income tax credit for uncompensated medical expenses of a taxpayer, spouse, or dependent when those expenses are attributable to the difference between the taxpayers private health insurance costs and what those costs would be under the taxpayer's last former benefit option under the Office of Group Benefits. This tax credit is only available to state employees who were enrolled in a Group Benefits health plan before voluntarily leaving that plan and enrolling in their spouses private health insurance plan.

Effective January 1, 2018.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The Dept. of Revenue will incur costs associated with designing, modifying, and testing the tax processing system. These costs are typically estimated in the tens of thousands of dollars of staff time. An assessment of the cumulative need resulting from all legislation is made at the end of session which informs the budget request of the Dept.

REVENUE EXPLANATION

The bill appears to target a narrow group of state employees who have switched out of a state Group Benefits (OGB) and then face higher health insurance costs in a private plan. The Office of Group Benefits is unable to estimate of the number of primary state employee members who may be eligible for this tax credit, because the program does not collect information on the private policies to which employees may switch.

OGB also indicated that the bill may apply to both active employee members and retirees enrolled in OGB-sponsored health plans, as well as school board employees, charter school employees, and other non-appropriated governmental entities that participate in OGB plans. The larger the pool of employees that can potentially qualify for this tax credit, the larger the state's revenue loss exposure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
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Legislative Fiscal Officer