

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 427** HLS 17RS 1028
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 15, 2017 9:06 AM	Author: MILLER, D.
Dept./Agy.: Revenue	Analyst: Shawn Hotstream
Subject: Tax credits	

TAX CREDITS EN DECREASE GF RV See Note Page 1 of 1
 Provides relative to the tax credit for certain medical providers

Present law authorizes tax credits to physicians and dentist under certain conditions. Physicians must possess an unrestricted license from Louisiana to practice medicine, and the physician's primary practice has to be relocated within 20 miles of a community hospital but more than 20 miles from the nearest incorporated city (defined by a population greater than 30,000 persons). Dentist are eligible if their practice is relocated to a designated Dental Health Professional Shortage Area. The credit is for the lessor of 1) the tax due, or 2) \$3,600 on returns filed before July 1, 2018, or \$5,000 after July 1, 2018.

Proposed law first changes the requirements by which a health care professional described in this measure qualifies for a tax credit, changing where an applicant can practice and qualify for credits, and expands the number of health care professionals that are eligible for the tax credit by adding a primary care nurse practitioner. A \$1.5 million annual maximum of tax credits can be granted. The credit sunsets after the 2020 tax year.

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

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The existing physician/dentist tax credit resulted in a loss of State General Fund of \$511,000 for FY 16. Prior to Act 125 of 2015, which temporarily imposed a 28% reduction to this tax credit, the average state revenue loss was approximately \$850,000 annually.

Since this measure adds another healthcare professional eligible for the credit (approximately 3,600 nurse practitioners operating in Louisiana), it is assumed a loss of additional state revenue would occur in FY 18 and future years. However, this law appears to further restrict where a professional must practice to be eligible. Physicians and nurse practitioners are only eligible if they practice in a designated Primary Care Health Professional Shortage defined under federal law and rural area as defined by LDH. Similarly, dentist are now required to practice within a rural area as defined by LDH.

To the extent credits would be granted up to the \$1.5 M cap, this measure results in additional state exposure of nearly \$1 million per year. The bill is effective from January 1, 2018 (the 2018 tax year, FY19) and sunsets the credit after December 31, 2020 (after 2021 tax year, FY22).

This measure authorize the Louisiana Department of Health to administer the program, ultimately choosing a methodology to choose which providers are eligible for the annual credit.

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}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist