

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 171** SLS 17RS 404  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 26, 2017 4:48 PM	<b>Author:</b> BARROW
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Physician Tax Credit	

TAX/INCOME/PERSONAL OR DECREASE GF RV See Note Page 1 of 1  
 Provides for an income tax credit for physicians who provide uncompensated care to indigent patients. (gov sig)

Proposed law provides a nonrefundable tax credit to physicians equal to a percentage of the costs of providing unreimbursed medical care to indigent patients. For taxable years beginning January 1, 2019 and ending before January 1, 2021, the credit is 15% of the costs of such care provided. For each subsequent two taxable years, the credit is increased by 5 percentage points until the credit reaches a maximum of 50% of the costs of providing indigent care for the taxable year 2033 and beyond. Proposed legislation provides a tax recapture provision, to the extent a physician is reimbursement for such care at a date later than when the credit is claimed.

Effective upon governor's signature.

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

  

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

**EXPENDITURE EXPLANATION**

The Dept of Revenue will incur costs associated with designing, modifying, and testing the tax processing system. Modifications will have to made every two years until 2033. 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**

Based on the number of physicians practicing in the state and the number of uninsured, it is reasonable to assume proposed legislation could result in a significant reduction in state general fund revenue beginning in FY 20, when tax returns are filed for tax year 2019, the first available tax year. Out year reductions are anticipated to increase as the size of the credit increases up to 50% for taxable year 2033.

There is no data that indicates the number of physicians that provide unreimbursed charity care. Based on the 2015 Louisiana Medicaid Annual Report, there were approximately 10,640 state physicians that received Medicaid payments. It is reasonable to presume that some level of charity care is provided by physicians that serve Medicaid eligible patients. Additionally, the LSU Public Policy Research Lab estimated approximately 650,000 uninsured in 2015. Post medicaid expansion, that number should be reduced significantly, but some charity care is still likely to occur, generating potential state revenue losses.

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**