

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 280** HLS 19RS 436

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 17, 2019 5:27 PM	Author: MCFARLAND
Dept./Agy.: Revenue / Dept of Health	Analyst: Greg Albrecht
Subject: Income Tax Credit For Physician's Assistants	

TAX CREDITS EG -\$60,000 GF RV See Note Page 1 of 1
 Authorizes an income tax credit for certain primary care physician assistants

Present law provides a nonrefundable income tax credit of \$3,600 for five years to physicians, dentists, and primary care nurse practitioners that practice in defined high need or rural areas for at least three years and except medicaid and medicare patients. Total credits are capped at \$1.5 million per year, and no credits are available for applications after January 1, 2021.

Proposed law adds primary care physician's assistants as eligible for the credit. Effective January 1, 2020.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$240,000)
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	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$240,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Under current law, the Revenue Dept. Tax Expenditure Budget reports that eligible taxpayers have realized an average of approximately \$500,000 per year in total reductions in state tax liabilities (average of last three years FY16 - FY18). According to 2017 occupational data from the La Workforce Commission (LWC), there are over 7,500 physicians, dentists, and nurse practitioners employed in the state, implying over \$27 million of maximum credit exposure to the state fisc. Actual credit realizations of only 1.8% of this maximum amount reflect the eligibility restrictions and tax liability limitations of the credit. LWC occupational data for 2017 indicates 910 physician assistants employed in the state, implying a maximum credit exposure to the state of \$3.3 million per year associated with these taxpayers. Assuming eligibility restrictions and tax liability limitations for this group have a similar impact on their maximum exposure as for the existing taxpayers participating in the credit (only 1.8% of the maximum exposure likely to be realized), then adding this group of practitioners to the credit will reduce state liabilities by an additional \$60,000 per year.

The bill is effective January 1, 2020. It is assumed that the first tax year availability is tax year 2020, returns for which are filed in the spring of 2021, making the first fiscal year of credit realizations be FY21.

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
Legislative Fiscal Officer