F I S C A L I M P A C T R E P O R T

SPONSOR: Hobbs DATE TYPED: 2/18/03 HB 287/aHBIC

SHORT TITLE: Income Tax Credit for Gross Receipts Paid by Physicians SB

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	**FY04**			
	(46,000.0)		Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
TRD

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry amendment was essentially technical in nature and did not significantly change the scoring of the bill. The change to the revenue table is due to further research by TRD.

Synopsis of Original Bill

This measure would provide credits for state and local gross receipts taxes paid by licensed physicians, physician's assistants and osteopaths. The credits would be allowed for gross receipts taxes paid by pass-through entities – in proportion to the degree of pass-through entity owned by each physician. The proposed credits would be refundable, i.e. if credits exceed taxpayers' income tax liability, the excess would be refunded. The credits could be claimed against personal or corporate income tax obligations.

FISCAL IMPLICATIONS

TRD notes that the fiscal impact reflects the current forecast of gross receipts obligations of physicians, osteopaths and physician's assistants. The forecast is based on reported liabilities of these taxpayers in recent years. Amounts would increase by approximately 6 percent per year – in proportion to forecast increases in gross receipts obligations.

TECHNICAL ISSUES

On page 2, line 3, the phrase “gross receipts” should be added immediately before the word “taxes” in order to identify the type of taxes at issue.

OTHER SUBSTANTIVE ISSUES

TRD notes that the proposal appears to be intended to provide gross receipts tax relief for certain taxpayers through the income tax code. Technical issues resulting from this measure regarding deductibility of the gross receipts tax and that impact on state and federal income are under review and may impact this analysis.

SS/njw:yr