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FISCAL IMPACT REPORT

SPONSOR: Snyder DATE TYPED: 3/07/03 HB _____

SHORT TITLE: Nursing Home Care Income Tax Credit SB 250

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$960.0) to (\$2,700.0)	(\$960.0) to (\$2,700.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC files

Responses Received From

Taxation and Revenue Department (TRD)
 Health Policy Commission (HPC)
 Department of Health (DOH)
 Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 250 (SB 250) would create a new income tax credit for individuals who pay for nursing home care that is not covered and reimbursed by an insurer. The credit may be deducted from the taxpayer's New Mexico income tax liability. SB 250 delineates the difference in tax credit amounts for individuals filing separately and jointly. The provisions of the tax credit would become effective January 1, 2003.

Significant Issues

According to HPC, New Mexico is the only state in the continental US that charges gross receipts tax on nursing home services.

FISCAL IMPLICATIONS

According to TRD, gross receipts taxes paid by nursing homes currently total approximately \$12 million annually. According to the Centers for Medicare and Medicaid Services, Medicare pays about 15% of total nursing home receipts and Medicaid pays another 60 percent. The \$960 thousand figure shown assumes 8 percent of the \$12 million figure is not reimbursed by any type of insurer. However, according to HPC, Nationally Medicaid pays for 68% of facility costs, Medicare pays for 8% of facility costs, and 23% is private pay; based on these figures the associated fiscal impact would be approximately \$2.7 million.

OTHER SUBSTANTIVE ISSUES

According to HPC's Quick Facts 2003:

- There are 82 licensed nursing facilities in New Mexico, with an average of 72 residents per facility.
- Total Nursing Home Expenditures for FY2001 were \$165,800,000 in New Mexico.
- Average annual cost per person is \$40,000 in New Mexico, with 4,667 persons served.

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