

490B), state Medicare and Medicaid expenditure data from the Centers for Medicare and Medicaid Services (CMMS).

Podiatrists are expected to generate revenues of nearly \$12 million and pay approximately \$730 thousand in state and local gross receipts taxes in the absence of this legislation. This estimate assumes approximately 15% of their receipts are derived from Medicare payments

CONFLICT

HB-440 provides a gross receipts deduction for podiatrists.

TECHNICAL ISSUES

TRD notes that superficially, there are no fiscal implications from changing a deduction to an exemption. However, it will make a significant difference in tax reporting. Deductions are required to be reported, exemptions are not. The department would not be able to determine from a tax return the amount a provider receives from Medicare payments.

OTHER SUBSTANTIVE ISSUES

TRD makes the following tax policy arguments:

- This continues a trend over the last decade of removing medical and hospital services from the gross receipts base. A broad base helps to limit the tax rate, thus cutting the tax base may shift a noticeable amount of tax burden to remaining taxpayers.
- In addition to adding an element of stability to the gross receipts tax, receipts of the health care industry grow more quickly than general revenue. Exempting this sector reduces the state's ability to generate adequate revenue from the gross receipts tax.

SS/ls/njw