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FISCAL IMPACT REPORT

SPONSOR: Sanchez, J. DATE TYPED: 02/07/01 HB 370
 SHORT TITLE: Gross Receipts Deductions for Doctors SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (4,700.0)	\$ (10,400.0)	Recurring	General Fund
	\$ (3,800.0)	\$ (8,400.0)	Recurring	Local Govt.

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to Senate Bill 5, Senate Bill 191, Senate Bill 195, House Bill 94, House Bill 202, House Bill 227, House Bill 253, House Bill 326

SB-5 is a three-year phased-in deduction for licensed health practitioners; SB-191 is a GRT Credit for Hospitals; SB-195 proposes a deduction for Medicare receipts of podiatrists; HB-94 is the "TRICARE" deduction for active duty military and military retirees and their families; HB-202 is a 100% immediate deduction for licensed health practitioners; HB-227 is a three year phase-in for doctors and osteopaths; HB-253 is a 50% deduction for licensed health practitioners; HB-326 is a proposal for a deduction for receipts of nursing homes.

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill is a proposal for a five-year phased-in deduction for doctors and osteopaths only, where the deduction is applied after the Medicare B deduction from providing medical and other health services as follows.

FY2002	FY2003	FY2004	FY2005	FY2005
20% of receipts	40% of receipts	60% of receipts	80% of receipts	100% of receipts

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) estimates the cost of the deduction as described in the following table.

Detail of Fiscal Impacts: FY2002 - FY2006
(dollars in thousands)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
General Fund	(4,700.0)	(10,400.0)	(16,900.0)	(24,100.0)	(32,300.0)
Local Governments	(3,800.0)	(8,400.0)	(13,600.0)	(19,400.0)	(26,000.0)
Total	(8,500.0)	(18,800.0)	(30,500.0)	(43,500.0)	(58,300.0)

Source: Taxation and Revenue Department

ADMINISTRATIVE IMPLICATIONS

Minimal.

OTHER SUBSTANTIVE ISSUES

This bill restricts the gross receipts tax deduction only to physicians, both MDs and osteopaths. Practitioners that are not covered by this bill include: chiropractors, dentists or dental hygienists, physician assistants, doctors of oriental medicine, podiatrists, psychologists, RNs or LPNs, midwife practitioners, physical therapists, occupational therapists, respiratory care technicians, optometrists, licensed massage therapists, non PA emergency technicians and ambulance services, speech and auditory therapists and most home health care.

JBE/njw