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FISCAL IMPACT REPORT

SPONSOR: Sandoval DATE TYPED: 2/6/03 HB 440

SHORT TITLE: Gross Receipts Deduction for Podiatrists SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(55.0)	(60.0)	Recurring	General Fund
	(46.0)	(50.0)	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

TRD

SUMMARY

Synopsis of Bill

House Bill 440 amends Section 7-9-77.1 NMSA 1978 to provide a gross receipts tax deduction for Medicare receipts of podiatrists licensed pursuant to the provisions of the Podiatry Act.

The section is further amended to clarify that medical doctors licensed pursuant to Section 66-6-13 (Licensure by Endorsement) and osteopaths licensed pursuant to Section 66-10-12 (Licensure without Examination) qualify for the current Medicare deduction.

A minor change in terminology from “osteopaths” to “osteopathic physicians” is also made.

FISCAL IMPLICATIONS

The fiscal impact was derived using the 1997 Census of Healthcare Services in New Mexico, the Department’s “Analysis of Gross Receipts by Standard Industrial Classification” (Report-80), “Combined Reporting System-Warrant Distribution Summary” (Report 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.

There are no fiscal implications of the revised licensing provisions.

TRD has provided the following table detailing the various health care practitioner deductions in current proposals.

Proposals Affecting Gross Receipts Taxation of Health Providers—2003 Regular Legislative Session			
Bill Number	Description	FY 2004 General Fund Impact	FY 2004 Local Impact
HB-113	Makes unenforceable any provision in a contract between a healthcare provider and a health plan that prohibits the provider from passing the gross receipts tax on to the plan	No fiscal Impact	No Fiscal Impact
HB-163	Gross receipts deduction for physicians licensed pursuant to Medical Practice Act	(20,700)	(18,100)
HB-361	Phased gross receipts deduction for health practitioners' commercial portion of managed care contract	(3,600)	(3,150)
HB-440	Gross receipts deduction for podiatrists	(55)	(46)
HB-441	Clinical laboratory gross receipts deduction (SB-213 duplicate)	(495)	(425)
HB-473	Gross receipts exemption for nursing homes (SB-407 duplicate)	(3,700)	(3,300)
SB-35	Gross receipts deduction for health practitioners' commercial portion of managed care contract (SB-63 duplicate)	(23,100)	(12,000)
SB-63	Gross receipts deduction for health practitioners' commercial portion of managed care contract (SB-35 duplicate)	(23,100)	(12,000)
SB-158	Gross receipts deduction for licensed health practitioners and food; local government offsets; increase state gross receipts tax rate	(1,500)	0
SB-166	Gross receipts deduction for nursing home Medicare receipts	(615)	(415)
SB-213	Clinical laboratory gross receipts deduction (HB-441 duplicate)	(495)	(425)
SB-407	Gross receipts exemption for nursing homes (HB-473 duplicate)	(3,700)	(3,300)

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 base by an industry this large 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 health practitioners grow more quickly than general revenue. Exempting this sector reduces the state's ability to generate adequate revenue from the gross receipts tax.

SS/njw:sb