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FISCAL IMPACT REPORT

ORIGINAL DATE 02/13/11

SPONSOR Harden LAST UPDATED _____ HB _____

SHORT TITLE Autism Treatment Services Gross Receipts SB 416

ANALYST Golebiewski

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
(\$30.0)	(\$910.0)	(\$1,090.0)	Recurring	Hold-harmless distribution – General Fund
(\$40.0)	(\$1,050.0)	(\$1,260.0)	Recurring	General Fund
(\$70.0)	(\$1,960.0)	(\$2,350.0)	Recurring	Total

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Child, Youth, and Family Department (CYFD)

Department of Health (DOH)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 416 amends the deduction in Section 7-9-93 NMSA 1978 of the Gross Receipts and Compensating Tax Act to expand who is eligible to claim the deduction. The bill adds individuals licensed by the Children Youth and Families Department or the Department of Health who provide round-the-clock treatment services for individuals living with autism, including “nursing, psychiatry, medication, staffing, individual therapy, group therapy, family therapy, applied behavioral analysis therapy, room and board and transportation.”

Effective Date: Not Specified; 90 days following adjournment (June 17, 2011).

FISCAL IMPLICATIONS

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2011	FY2012	FY2013	FY2014	FY2015		
(30)	(910)	(1,090)	(1,310)	(1,570)	R	General Fund - loss from increased medical hold harmless distributions
(40)	(1,050)	(1,260)	(1,520)	(1,820)	R	General Fund - revenue loss
(70)	(1,960)	(2,350)	(2,830)	(3,390)	R	General Fund Total

TRD:

This estimate assumes that there are at least 1,500 individuals living with autism in New Mexico in FY2011 based on trends reported by the Centers for Disease Control and Prevention, National Center for Health Statistics. This estimate assumes that the average receipts for autism services that qualify for the expanded deduction will be \$15,000 per individual in FY2011. The number of individuals is expected to increase at the average rate of growth reported in recent years.

SIGNIFICANT ISSUES

TRD:

This proposal will further narrow and add complexity to the gross receipts tax base. A rationale for the current or an expanded deduction in Section 7-9-93 for payments by a managed care provider or health care insurer is that the insurance premiums from which such payments are made are subject to a separate premiums tax (although at a rate of 4.003%, well below the average gross receipts tax rate of over 7%).

DOH:

Autism is a lifelong condition that begins to manifest in childhood. According to the Autism Society of America, the rate of diagnosis of Autism is 1 in 110 and continues to rise. The Center for Disease Control and Prevention reports that Autism Spectrum Disorder is the second most common type of developmental disability and is seen in all ethnicities, racial and socioeconomic groups throughout the world....

SB416 would exempt certain persons licensed by CYFD and DOH from paying gross receipt taxes on reimbursements for services provided. Typically, CYFD and DOH do not license “a person” rather they license a business entity to provide these services, which in turn employs or contracts with professionals to deliver the services.

The number of cases of autism in New Mexico has increased 6x in 10 years¹. Recent studies have estimated that the lifetime cost of autism approaches \$3.2 million². The increasing prevalence and cost of autism translates to an increasing cost of Senate Bill 416 as years progress.

¹ <http://www.thoughtfulhouse.org/tech-labs/disabilities/autism.php?s=NM>

² <http://www.cdc.gov/ncbddd/autism/data.html>

ADMINISTRATIVE IMPLICATIONS

TRD:

Small impact to the Department: Create a special notice for distribution to qualifying autism treatment service providers. Publications and instructions will be updated; audit and compliance procedures will be developed.

The effective date of the deduction increases the impact of implementation. Additional time is needed for a smooth and less costly implementation primarily due to high taxpayer education needs. An additional publication of the deduction information would be needed because the Combined Reporting System (CRS) instructions have already been published. An effective date of the July 1st or January 1st would be more appropriate and reduce this extra cost

JAG/bym