

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1190

Amendment Number: Engrossment 3/25/13 (Am. # H1)

Bill Subtitle: TO CLARIFY THE LAW REGARDING MEDICAID REIMBURSEMENTS FOR NURSING PROFESSIONALS.

Basic Change :

Rep. Hammer,

The bill establishes a credit against individual income tax in the amount of \$100 for each hour that a physician provides medical services at no cost to a charitable clinic. The credit cannot exceed \$5,000 per taxpayer per year. The credit shall not exceed the amount of income tax due by the taxpayer.

A charitable clinic is defined as a charitable nonprofit corporation or a facility organized as a not-for-profit corporation under §§ 4-28-201 through 4-28-206 and 4-28-209 through 4-28-224 that:

(1) Holds a valid exemption from federal income taxation issued under § section 501(a) of the Internal Revenue Code;

(2) Is listed as an exempt organization under § 501(c)(3) of the Internal Revenue Code; and

(3) Provides advice, counseling, diagnosis, treatment, surgery, care, or services relating to the preservation or maintenance of health on an outpatient basis for a period of less than twenty-four (24) consecutive hours to persons not residing or confined at the facility.

The credit is effective for tax years beginning on or after January 1, 2013

Revenue Impact :

FY2014 - \$650,000 M loss

FY2015 - \$1.3 M loss

[Impact assumes total of 10 hours per week donated per week per clinic by one or more physicians qualifying for the \$100 per hour income tax credit at each of the approximately 25 qualifying clinics throughout the state]

Taxpayer Impact :

Physicians who offer services free of cost to charitable clinics will be allowed credits equal to \$100 per hour, up to \$5,000 per year.

Resources Required :

Computer programming changes, booklet changes, staff training

Time Required :

Adequate time is provided.

Procedural Changes :

Change in return processing procedures verifying eligibility and tracking tax credit. Employees will need training on processing returns claiming the credit. Inform the tax community about changes and update forms and instructions.

Other Comments :

Subdivision (f)(1)(B) references the credit allowed under subdivision "(e)(1)(A)". The credit is actually in

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subdivision (f)(1)(A).

Legal Analysis :

As amended, HB1190 provides an income tax credit to a physician who provides medical services at no cost to a charitable clinic. HB1190 provides an income tax credit of \$100 for each hour that a physician provides medical services at no cost to a charitable clinic. The total amount of the credit is capped at \$5,000 per tax year. The credit will be allowed for tax years beginning January 1, 2013. The term "charitable clinic" is defined by the bill as a charitable nonprofit corporation or a facility organized as a not-for-profit corporation under Arkansas law that holds a valid exemption from federal income taxation issued under §§ 501(a) and 501(c)(3) of the Internal Revenue Code and that provides advice, counseling, diagnosis, treatment, surgery, care, or services relating to the preservation or maintenance of health on an outpatient basis for a period of less than 24 consecutive hours to persons not residing or confined at the facility.