

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1190

As Engrossed: 4/1/2013

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

Basic Change :

Rep Hammer, Harris

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. Each clinic can certify up to 200 hours per year to physicians. 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 - \$500,000 loss

FY2015 - \$500,000 loss

Taxpayer Impact :

Physicians who offer services free of cost to charitable clinics will be allowed a credit equal to \$100 per hour. The credit cannot exceed \$5,000 per taxpayer per year. The credit shall not exceed the amount of income tax due by the taxpayer.

Resources Required :

Computer programming changes, booklet changes, staff training

Time Required :

Adequate time is provided.

Procedural Changes :

Return processing procedures must be updated to verify eligibility and track the tax credit. Employees will need training on processing returns claiming the credit. The tax community must be informed about the changes and forms and instructions must be updated.

Legal Analysis :

The H4/1/13 engrossment of HB1190 amends the income tax credit of \$100 for each hour that a physician provides medical services at no cost to a charitable clinic, which is capped at \$5,000 per tax year. As amended, the bill limits the credit to 200 hours of service per charitable clinic per year. The Department of Finance and Administration (DFA) is required to promulgate rules to administer this limitation. This engrossment of the bill incorporates the changes directed through Amendment H-2.