

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 4, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst
Re: Final Amendment Review – LD 440

An amendment and fiscal note for LD 440 are attached for your review.

LD 440, An Act To Support Community Health Centers through Tax Credits for Dentists and Primary Care Professionals Practicing in Underserved Areas

The Committee voted on March 18, 2013, with unanimous report of OTPA.

- The amendment replaces the bill and provides a new title *-An Act To Create a Tax Credit for Primary Care Professionals Practicing in Underserved Areas.*
- The amendment excludes changes to the existing dental care access credit. It provides clarification of some definitions and includes a graduated schedule for claiming the credit as an incentive for a primary care professional to work in the underserved area for 5 years.
- There is a fiscal note that projects a General Fund revenue loss of less \$22,230 and \$64,410 in fiscal years 2014 and 2014, respectively.

Please let me know if you have any questions or concerns about this amendment.

Date:

(Filing No. S-)

TAXATION

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

126TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to S.P. 172, L.D. 440, Bill, "An Act To Support Community Health Centers through Tax Credits for Dentists and Primary Care Professionals Practicing in Underserved Areas"

Amend the bill by striking out the title and substituting the following:

'An Act To Create a Tax Credit for Primary Care Professionals Practicing in Underserved Areas'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 36 MRSA §5219-II is enacted to read:

§5219-II. Primary care access credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible primary care professional" means a person licensed under Title 32, chapter 31, subchapter 3 or subchapter 4; Title 32, chapter 36, subchapter 4; or Title 32, chapter 48, subchapter 2 and who, on or after January 1, 2013:

(1) First begins practicing primary care medicine in the State by joining an existing health care practice in an underserved area or establishing a new health care practice or purchasing an existing health care practice in an underserved area;

(2) Agrees to practice full time for at least 5 years in an underserved area;

(3) Is certified under subsection 3 to be eligible by the Department of Health and Human Services; and

(4) Has an unpaid student loan owed to an institution for course work directly related to that person's training in primary care medicine.

COMMITTEE AMENDMENT

1 B. "Underserved area" means an area in the State that is a health professional
2 shortage area or medically underserved area or that contains a medically underserved
3 population as defined by the federal Department of Health and Human Services,
4 Health Resources and Services Administration.

5 2. Credit. An eligible primary care professional is allowed a credit against the taxes
6 due under this Part as follows.

7 A. The credit may be claimed in the first year that the eligible primary care
8 professional meets the conditions of eligibility for at least 6 months and each of the 4
9 subsequent years or until the student loan of the eligible primary care professional is
10 paid in full, whichever comes first.

11 B. The credit may be claimed in an amount equal to the annual payments made on
12 the student loan not to exceed \$6,000 in the first year, \$9,000 in the 2nd year,
13 \$12,000 in the 3rd year, \$15,000 in the 4th year and \$18,000 in the 5th year.

14 C. The credit may not reduce the tax due under this Part to less than zero.

15 3. Eligibility limitation; certification. The Department of Health and Human
16 Services shall certify up to 5 eligible primary care professionals each year. The
17 Department of Health and Human Services shall monitor certified primary care
18 professionals to ensure that they continue to be eligible for the credit under this section
19 and shall decertify any primary care professional who ceases to meet the conditions of
20 eligibility. The Department of Health and Human Services shall notify the bureau
21 whenever a primary care professional is certified or decertified. A decertified primary
22 care professional ceases to be eligible for the credit under this section beginning with the
23 tax year during which the primary care professional is decertified.

24 4. Rules. The Department of Health and Human Services may adopt rules to
25 implement this section. Rules adopted pursuant to this subsection are routine technical
26 rules as defined in Title 5, chapter 375, subchapter 2-A.'

27 **SUMMARY**

28 This amendment eliminates the provision in the bill that extends the existing dental
29 care access tax credit. It clarifies that in order to be eligible for the primary care access
30 tax credit, the person's unpaid student loan must be owed to an institution for course work
31 directly related to that person's training in primary care medicine. It adds an area with a
32 medically underserved population to the definition of "underserved area." It creates a
33 graduated schedule for claiming the credit allowing an eligible primary care professional
34 to claim an amount equal to the annual payments made on the professional's student loan
35 not to exceed \$6,000 in the first year, \$9,000 in the 2nd year, \$12,000 in the 3rd year,
36 \$15,000 in the 4th year and \$18,000 in the 5th year.



126th MAINE LEGISLATURE

LD 440

LR 313(02)

An Act To Support Community Health Centers through Tax Credits for Dentists and Primary Care Professionals Practicing in Underserved Areas

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$22,230	\$64,410	\$118,560	\$186,960
Revenue				
General Fund	(\$22,230)	(\$64,410)	(\$118,560)	(\$186,960)
Other Special Revenue Funds	(\$1,170)	(\$3,390)	(\$6,240)	(\$9,840)

Fiscal Detail and Notes

By creating a Primary Care Access Credit for 5 certified primary care professionals practicing in underserved areas, General Fund revenue is reduced by \$22,230 in FY 2013-14 and \$64,410 in FY 2014-15 and Municipal Revenue Sharing decreases by \$1,170 in FY 2013-14 and \$3,390 in FY 2014-15.

Any additional costs to the Department of Health and Human Services are expected to be minor and can be absorbed within existing budgeted resources.

No appropriations/allocations section required.