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# FISCAL IMPACT REPORT

SPONSOR: Pa	pen DATE TYPED: 01/31/02	НВ	
SHORT TITLE:	Nursing Home Gross Receipts Deduction	SB	207
	YST:	Smith	

#### **REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected	
FY02		FY03			
		(\$522.0)		Recurring	General Fund
		(\$442.0)		Recurring	Local Governments

(Parenthesis ( ) Indicate Revenue Decreases)

#### **SOURCES OF INFORMATION**

Taxation and Revenue Department (TRD)

## **SUMMARY**

## Synopsis of Bill

This bill amends Section 7-9-77.1 NMSA 1978 to provide a gross receipts tax deduction to New Mexico-based nursing homes for receipts derived from Medicare payments. To qualify for the deduction, nursing homes must be licensed by the Department of Health.

# Significant Issues

#### FISCAL IMPLICATIONS

The Health Licensing and Certification Bureau of the Department of Health indicates there are 84 nursing homes currently licensed in New Mexico. According to the bureau, licensed nursing homes do not include residential mental health or substance abuse facilities, but do include some community care facilities for the elderly. Data from the 1997 Economic Census of Health Care and Social Assistance was used to derive a taxable gross receipts base of \$117 million for the FY 2003. Data

# Senate Bill 207 -- Page 2

from the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) indicate that of total money paid to nursing homes in New Mexico for 1998, 59.1% was derived from Medicaid, Medicare paid 14.8% and private pay and insurance paid 26.1%. Therefore, approximately \$17 million dollars in Medicare receipts will qualify for the deduction.

SS/ar/njw