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FISCAL IMPACT REPORT

SPONSOR:	Jennings	DATE TYPED:	02/12/02	НВ	
SHORT TITLE	E: Osteopath Gross Re	ceipts Deduction		SB	367
		ANALY	YST:	Gilbert	

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(\$468.0)	*See Narrative	Recurring	General Fund
	(\$312.0)	*See Narrative	Recurring	Local Government

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 394

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 367 makes a technical amendment to Section 7-9-77.1 NMSA 1978, to change the word "osteopaths" to "osteopathic physicians." Although this bill is titled "Osteopath Gross Receipts Deduction", the main provision allows payments made by an "agent" to also be exempt from gross receipts tax. An osteopath gross receipts deduction currently exists within Section 7-9-77.1 NMSA 1978.

Significant Issues

Section 7-9-77.1 NMSA 1978 provides a gross receipts tax exemption for payments from the United States government to physicians for medical services rendered. The new agent exemption is defined as a person who has entered into a contract with the federal Health and Human Services Department or an authorized representative of the federal government to offer a medicare+choice plan pursuant to 42 U.S.C. 1395w-27. Thus, payments from such an agent to a medical doctor or hospice would be exempt from gross receipts tax.

FISCAL IMPLICATIONS

TRD's fiscal impact was based on the 1997 Census of Healthcare Services in New Mexico, the Health Care Financing Administration's, "2001 Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund", and the Department's, "Analysis of Gross Receipts by Standard Industrial Classification" (Report-80) and "Combined Reporting System-Warrant Distribution Summary.

OTHER SUBSTANTIVE ISSUES

TRD notes that some receipts of doctors and osteopaths are currently deductible in addition to the deduction of Medicare B receipts. Three examples of other deductions are costs of prosthetic devices that are deductible to a wholesaler/dealer who is a licensed doctor; medical laboratories and diagnostic facilities run by MDs who provide services for resale and oncologists administering anticancer drugs.

RLG/ar