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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13
 LAST UPDATED 03/08/13 HB _____

SPONSOR Sanchez, C.

SHORT TITLE Rural Health Tax Credit for Social Workers SB 167/aSFC

ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15	FY16	FY17		
\$0.0	(\$600.0)	(\$1,240.0)	(\$1,300.0)	(\$1,370.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Health (DOH)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee Amendment to Senate Bill 167:

- Explicitly states the purpose of the act
- Requires an annual report from TRD on the credit in 2016 and every three years thereafter.
- Adds a sunset date of January 1, 2017

Synopsis of Original Bill

Senate Bill 167 amends Section 7-2-18.22 NMSA 1978, to include clinical social workers to the list of health care practitioners eligible for the tax credit.

Effective Date: July 1, 2014.

FISCAL IMPLICATIONS

TRD obtained data from the Regulation and Licensing Department (RLD). There are currently 1,667 clinical social workers licensed in the State of New Mexico with either a Master's degree or higher. For the purpose of this analysis, it was assumed that 5 percent of the licensed social workers have a doctorate degree. Further, it was assumed that 30 percent of the clinical social workers worked in rural areas and would thereby qualify for this credit. To estimate the fiscal impact, the average tax liability for clinical social workers with a doctorate degree was estimated to be \$3,000 and for clinical social workers with a masters' degree it was estimated to be \$2,150. A growth rate of 5 percent in the credits was assumed to estimate the fiscal impacts for the subsequent years.

SIGNIFICANT ISSUES

The Department of Health notes that thirty-one of New Mexico's thirty-three counties are designated, entirely or partially, as primary medical care shortage areas by the Federal Government. The rural health practitioner tax credit supports the provision of healthcare services to New Mexicans who live in rural areas.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is not met since TRD is not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the deduction and other information to determine whether the deduction is meeting its purpose.

TECHNICAL ISSUES

This bill does not contain a sunset date. The LFC recommends adding a sunset date.

QUESTIONS

Should this credit apply to individuals who relocate to primary medical care shortage areas or also include those already residing in those areas?

Does the bill meet the Legislative Finance Committee tax policy principles?

- 1. Adequacy:** Revenue should be adequate to fund needed government services.
- 2. Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
- 3. Equity:** Different taxpayers should be treated fairly.
- 4. Simplicity:** Collection should be simple and easily understood.
- 5. Accountability:** Preferences should be easy to monitor and evaluate