




Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 43 (Substitute S-1 as reported)
Sponsor: Senator Buzz Thomas
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to do the following:

- Allow a physician with a medical care practice in a health professional shortage area to claim a \$2,500 income tax credit for up to three consecutive tax years beginning after December 31, 2005.
- Reduce the amount of the credit for a physician with a part-time practice.
- Allow a physician to claim the credit for any three years within a five-year period if he or she interrupted his or her practice for a continuing education program or a sabbatical.
- Allow a physician participating in the Michigan Essential Health Provider Program to claim the credit only in the three tax years beginning in the year after completing his or her obligation under the program.
- Permit a physician to continue to receive the credit if the Department of Community Health (DCH) changed the designation of the area where his or her practice was located from a designated to a nondesignated area.
- Require the DCH to certify to the Department of Treasury whether a taxpayer who claimed a credit was a qualified taxpayer or a physician who had a full- or part-time medical care practice in a nondesignated area.
- Define "qualified taxpayer" as a physician who provides primary care to patients including indigent patients as part of his or her full-time or part-time medical care services in a designated a health professional shortage area.

MCL 206.272

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Based on preliminary estimates of the number of doctors currently serving in a designated shortage area, it is estimated that this bill would reduce income tax revenue in the range of \$1 million to \$2 million in each of the three fiscal years beginning in FY 2006-07 through FY 2008-09. After FY 2008-09, the cost of the credit would decline to a very small amount, probably less than \$0.2 million, because the credit would apply only to doctors who are new to a designated shortage area. This loss in revenue primarily would have an impact on the General Purpose portion of the General Fund. The School Aid Fund also would be affected, but to a lesser extent. Local governments would not be directly affected by this bill.

Date Completed: 6-15-05

Fiscal Analyst: Jay Wortley
David Fosdick

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Analysis available @ <http://www.michiganlegislature.org>

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