

**SUMMARY ANALYSIS OF AMENDED BILL**

Halderman &

Author: Portantino Analyst: William Koch Bill Number: AB 895

Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: May 9, 2011

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Physician And Surgeon Emergency Medical Services Credit

**SUMMARY**

This bill would allow an income tax credit for a physician and surgeon who provides emergency medical services, as specified.

**RECOMMENDATION AND SUPPORTING ARGUMENTS**

No position.

**SUMMARY OF AMENDMENTS**

The May 9, 2011, amendments made a number of technical changes relating to the criteria to qualify for the income tax credit proposed by this bill. As a result of the amendments, the "This Bill," "Implementation Considerations," and "Economic Impact" sections of the department's analysis of this bill as introduced February 17, 2011, have been revised. The remaining sections of that analysis still apply. The "Technical Considerations" section has been added to resolve a technical error.

**THIS BILL**

For each taxable year beginning on or after January 1, 2012, and before January 1, 2017, this bill would allow a credit under the Personal Income Tax Law equal to 25 percent of the unreimbursed value of emergency medical services personally provided by a physician and surgeon for the taxable year.

In addition, this bill would do the following:

- Limit the credit for a physician and surgeon to a maximum amount of \$5,000 per taxable year.
- Require the physician and surgeon to be licensed by the Medical Board of California or the Osteopathic Medical Board of California.

Board Position:			
<u>      </u> S	<u>      </u> NA	<u>  X  </u> NP	
<u>      </u> SA	<u>      </u> O	<u>      </u> NAR	
<u>      </u> N	<u>      </u> OUA		

Asst. Legislative Director	Date
Patrice Gau-Johnson	05/16/11

- Require the physician and surgeon to be eligible under the “Maddy Emergency Medical Services Fund” (commencing with Health and Safety Code section 1797.98a) to receive reimbursement for the emergency medical services provided, but has not received reimbursement for those services for the taxable year.
- Require the value of medical services to be determined according to the usual, reasonable, and customary rate as described in California Code of Regulations section 1300.71(a)(3)(B).
- Require the amount of the tax credit to be based on a reasonable physician fee, as defined in California Code of Regulations section 1300.71(a)(3)(B).
- Require the facilities in which the medical services were rendered to provide documentation to the physician and surgeon regarding the value of the services provided.
- Require a physician and surgeon to submit his or her claim for emergency medical services provided to a patient, who did not make a payment for services and for whom a responsible third party did not make a payment.
- Prohibit any other credit or deduction for any amount for which a credit is claimed under this bill.
- Allow the credit to be carried over for the succeeding eight taxable years, or until exhausted, whichever occurs first.
- Remain in effect only until December 1, 2017, and as of that date be repealed.

### IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author’s office to resolve these and other concerns that may be identified.

The bill uses the phrase “physician and surgeon” to describe a taxpayer that may be eligible for the income tax credit proposed by this bill. A plain language interpretation of that phrase could require a taxpayer to be both a physician and surgeon to qualify for the credit. If the author’s intent is for the credit to be available to a taxpayer that is a physician, a surgeon, or a physician and surgeon, amendments to the bill should be made.

The bill would allow the credit to a physician and surgeon who is eligible for reimbursement for the emergency medical services provided but only if the physician or surgeon has not received reimbursement for those services for the taxable year. However, the bill is silent as to a recapture requirement of the credit if the physician or surgeon receives reimbursement for those services in the following or later taxable year. The author may wish to amend the bill to specify a recapture requirement.

The bill indicates the amount of the tax credit would be based on a reasonable physician fee, as defined in California Code of Regulations section 1300.71(a)(3)(B). However, regulation 1300.71(a)(3)(B) does not define “reasonable physician fee.” In addition, the necessity of that language is uncertain based on other language in the bill that would require the value of medical services (which the credit is a percentage of) to be determined according to the usual, reasonable, and customary rate as described in California Code of Regulations section 1300.71(a)(3)(B).

The bill would require a physician and surgeon to submit his or her claim for emergency medical services provided, but fails to identify to whom the claim must be submitted. To prevent disputes between the department and taxpayers and to ease the administration of this credit, the author may wish to amend the bill to clarify this issue.

**TECHNICAL CONSIDERATIONS**

On page 2, line 6, strikeout “Article” and insert:

Chapter

**ECONOMIC IMPACT**

**Revenue Estimate**

Estimated Revenue Impact of AB 895 For Taxable Years Beginning On or After January 1, 2012, and Before January 1, 2017 Enactment Assumed After June 30, 2011 (\$ in Millions)		
2011-12	2012-13	2013-14
No Impact	-\$15	-\$15

This estimate does not account for changes in employment, personal income, or gross state product that could result from this bill.

**SUPPORT/OPPOSITION**

Support: None provided.

Opposition: None provided.

William Koch  
Legislative Analyst, FTB  
(916) 845-4372  
[william.koch@ftb.ca.gov](mailto:william.koch@ftb.ca.gov)

Patrice Gau-Johnson  
Asst. Legislative Director, FTB  
(916) 845-5521  
[patrice.gau-johnson@ftb.ca.gov](mailto:patrice.gau-johnson@ftb.ca.gov)