

# Legislative Analysis

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## MEDICAID PROVIDER TAX CREDIT

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**House Bill 4132**

**Sponsor: Rep. Leslie Mortimer**

**Committee: Tax Policy**

**Complete to 4-21-05**

## A SUMMARY OF HOUSE BILL 4132 AS INTRODUCED 2-1-05

The bill would amend the Income Tax Act to provide Medicaid providers with a credit against the income tax equal to the difference between the amount received for providing a medical service under Medicaid and the amount that the provider would have received had that medical service been provided under Medicare.

To claim the credit, the taxpayer would have to include with the tax return, certification from the Department of Community Health stating that the taxpayer practiced as physician in the state during the tax year. The taxpayer would also be required to maintain documentation related to the medical services used to calculate the credit and submit that documentation to the Department of Treasury, if requested to do so.

(Note: A credit is a direct reduction in a taxpayer's tax liability. The bill does not state whether the credit would be refundable or nonrefundable; that is, whether the credit for a taxpayer could exceed state tax liability and produce a refund.)

MCL 206.272

## FISCAL IMPACT:

Based on information provided by the Department of Management and Budget and the Department of Community Health, the estimated revenue difference between physicians providing a medical service under Medicaid and the amount that the physicians would have received for the same service under Medicare is \$405.9 million. The actual cost of the credit will depend on the number of physicians who claim the credit.

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