

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 29, 2011

BILL NUMBER: SB 233 **STATUS AND DATE OF BILL:** Introduced 1/12/11

AUTHORS: House n/a Senate Anderson

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: New Law

Senate Bill 233 proposes to enact an income tax credit for physicians who establish employment in a qualifying rural area effective for tax year 2012.

EFFECTIVE DATE: November 1, 2011

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: Projected revenue decrease of \$1.86 million.

FY 13: Projected revenue decrease of \$4.64 million.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: Minimal

_____	_____	<u>mck</u>
DATE	DIVISION DIRECTOR	
_____	_____	
DATE	REECE WOMACK, ECONOMIST	
_____	_____	
DATE	FOR THE COMMISSION	

ATTACHMENT TO FISCAL IMPACT - SB 233 [Introduced] Prepared January 29, 2011

Senate Bill 233 proposes to enact an income tax credit for physicians who establish employment in a qualifying rural area effective for tax year 2012. The credit is Five Thousand Dollars (\$5,000.00) per tax year.

Taxpayers licensed under the Oklahoma Allopathic Medical and Surgical Licensure and Supervision Act

Based on data obtained from the Oklahoma State Board of Medical Licensure and Supervision, there are approximately 9,540 physicians licensed in Oklahoma¹. Of that number approximately 893 currently practice in a rural area with a population of less than twenty thousand (20,000)². Assuming that ten percent (10%) of the remaining 8647 physicians establish employment in a qualifying rural area, 850 physicians would be eligible for the credit.

Data from the Bureau of Labor Statistics indicates that the median income of a primary care physician was \$186,044 in 2008³. Assuming 850 physicians qualify for this credit, at a median income of \$186,044, will result in sufficient income tax to utilize the full Five Thousand Dollar (\$5,000.00) annual credit. 850 physicians utilizing Five Thousand Dollars (\$5,000.00) of credit per year would result in an estimated tax year revenue decrease of \$4.25 million.

Taxpayers licensed under the Oklahoma Osteopathic Medicine Act

Based on data obtained from the Oklahoma State Board of Osteopathic Examiners, there are approximately 1780 osteopathic physicians and surgeons licensed in Oklahoma. Assuming that ten percent (10%) establish employment in a qualifying rural area, it is anticipated that 178 physicians would be eligible for the credit.

Data from the Bureau of Labor Statistics indicates that the median income of an osteopathic physician was \$67,650 in 2008⁴. Assuming 178 osteopathic physicians qualify for this credit, at a median income of \$67,650, will result in sufficient income tax to utilize approximately Two Thousand Two Hundred Dollars (\$2,200.00) of credit per year. 178 physicians utilizing Two Thousand Two Hundred Dollars (\$2,200.00) of credit per year would result in an estimated tax year revenue decrease of \$391,000.00.

Revenue Impact:

This proposal will result in \$4.64 million in credits being claimed. Changes to withholding or estimated tax as a result of this credit are expected, therefore some impact would occur in FY12. A projected revenue decrease of \$1.86 million should occur in FY12. FY 13 estimated decrease would be \$4.64 million.

1 Oklahoma State Board of Medical Licensure and Supervision *Report of Distribution of Medical Doctors, by County*. [www http://www.okmedicalboard.org/public_resources](http://www.okmedicalboard.org/public_resources)

2 Oklahoma State Board of Medical Licensure and Supervision *Active MDs practicing in Rural Areas of Oklahoma*. [www http://www.okmedicalboard.org/public_resources](http://www.okmedicalboard.org/public_resources)

3 Bureau of Labor Statistics *Occupational Outlook Handbook, 2010-11 Edition* www.bls.gov/oco/ocos074.htm#oes_links

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