

Fiscal Estimate Narratives

DOR 2/8/2006

LRB Number	05-4286/1	Introduction Number	AB-955	Estimate Type	Original
Description An income and franchise tax credit for information technology equipment used to maintain medical records in electronic form					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable income and franchise tax credit for an amount spent by health care providers in the taxable year for information technology hardware and software used to maintain medical records in electronic form.

The maximum amount of credits that could be claimed is \$10 million per taxable year. The bill does not provide any guidance as to how that limitation should be maintained.

The Department estimates that the bill would reduce state revenues by at least \$10 million per year, the annual cap stated in the bill. However, because the bill does not contain criteria for determining how the annual cap is to be allocated, it is unclear how the department would deny claims. As such, the fiscal effect could be significantly higher.

Long-Range Fiscal Implications