

RULE

Department of Revenue Policy Services Division

Small Town Health Professionals Credit (LAC 61:I.1915)

Under the authority of R.S. 47:297(H) and 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, has adopted LAC 61:I.1915 relative to the small town health professionals credit.

Revised Statute 47:297(H) authorizes a credit for a certified medical primary care health professional who is practicing as a physician, dentist or primary care nurse practitioner and who meets certain requirements. The secretary is authorized by R.S. 47:297(H)(5) to establish the method of allocating and reserving available tax credits to primary health care professionals for a specific time period. The purpose of this regulation is to provide the requirements and procedures for applying for and reserving tax credits as well as the time periods applicable for claiming any tax credits so authorized. This Rule is hereby adopted on the day of promulgation.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions, Credits and Deductions

§1915. Small Town Health Professionals Credit

A. General Description

1. The small town health professionals credit provides an individual income tax credit for certified medical primary care health professionals including:

- a. physicians possessing an unrestricted license by the state of Louisiana to practice medicine;
- b. dentists licensed by the state of Louisiana to practice dentistry; or
- c. primary care nurse practitioners licensed by the state of Louisiana.

2. To be eligible for the credit, a certified medical primary care health professional must:

- a. establish and maintain the primary office of their practice which is, as determined by the Department of Health through annual application:
 - i. for medical physicians and nurse practitioners, an area that is a primary care high needs geographic Health Professional Shortage Area (HPSA), or for dentists, a Dental Health Professional Shortage Area (DHPSA), as designated by the U.S. Department of Health and Human Services' Health Resources and Services Administration's Bureau of Health Workforce, Division of Policy and Shortage Designation (DPSD); and
 - ii. a rural area as defined in rules promulgated by the Department of Health (See LAC 48:I.10307 for parishes that meet the definition of rural.);
 - iii. accept Medicaid and Medicare payments for services rendered;
- b. to be eligible for the credit, the certified medical primary care health professional must practice under the conditions set forth above for a period of not less than three tax years. In addition, the health professional must submit an

annual application and receive certification from the Department of Health for each calendar year in order to claim the credit for the corresponding tax year. Under no circumstances shall a taxpayer receive the credit for more than one relocation or more than five tax years.

B. Definitions.

Certified Medical Primary Care Health Professional—a physician possessing an unrestricted license by the State of Louisiana to practice medicine, a dentist licensed by the State of Louisiana to practice dentistry, or a primary care nurse practitioner licensed by the State of Louisiana.

Department of Health—the Louisiana Department of Health

Department of Revenue—the Louisiana Department of Revenue

Health Professional Shortage Area/Dental Health Professional Shortage Area—an area so designated by the U.S. Department of Health and Human Services' Health Resources and Services Administration's Bureau of Health Workforce, Division of Policy and Shortage Designation (DPSD) as of December 31 of the year preceding the applicable application period.

C. Application. Beginning January 1, 2018, taxpayers seeking to utilize the small town health professionals tax credit for taxable periods beginning on or after January 1, 2018 must annually apply for and be deemed eligible for the credit by the Department of Health. This annual application requirement applies to all taxpayers, including those who have previously claimed the credit within the last four years. The application period for calendar year 2018 shall begin on October 1, 2018 and conclude on November 30, 2018. For all application periods thereafter, the application period shall begin on September 1 of each calendar year and conclude on October 31 of the same calendar year. Only applications concerning eligibility for the calendar year during which the applications are received may be submitted and considered for purposes of the credit. Applications may not be submitted and will not be accepted prior or subsequent to the application period. Taxpayers must submit a Louisiana small town health professional credit application to the Department of Health for review. Each application must contain an applicant's home mailing address, date of qualifying relocation and the last four digits of the applicant's Social Security number, as well as all other required information. A taxpayer is deemed eligible upon satisfactorily demonstrating that it has met the requirements of Subsection A of this Section for the calendar year.

D. Certification

1. No later than December 31 of each calendar year, the Department of Health shall issue a tax certificate letter to the taxpayer notifying the taxpayer as to whether the application has been approved or denied. If approved, the tax certificate letter shall notify the taxpayer of the maximum amount eligible, the taxable period against which the nonrefundable credit may be used, and the time period during which the credit must be claimed. If denied, the letter shall so provide the reasons for denial. No later than January 31 of the succeeding calendar year, the Department of Health shall provide to the Department of Revenue a list of all approved applicants in a machine-sensible format, including but not limited to an Excel spreadsheet.

2. Pursuant to R.S. 47:297(H), an approved application shall authorize a taxpayer for eligibility for a nonrefundable credit with no carryforward equal to the

lesser of the tax due or \$3,600, unless subject to proration, for the tax period deemed eligible. In the event the taxpayer is subject to proration due to the credit cap provisions, the taxpayer shall only be eligible for a credit equal to the pro rata amount for the tax period deemed eligible.

3. For each calendar year, beginning with calendar year 2018, the Department of Health shall not certify credits in excess of \$1,500,000. For purposes of administering the credit cap, the Department of Health shall count each approved application at a value of \$3,600 or, if subject to proration, the pro rata value. Applications shall be approved as eligible for the credit by the Department of Health on a first-come, first-served basis as determined by the postmarked or received date of a completed Louisiana small town health professional credit application. An application shall not be considered received until all information requested by the Department of Health has been submitted.

4. All applications received on the same business day shall be treated as received at the same time, and if the aggregate amount of requests received on the same business day exceeds the total amount of available tax credits, tax credits shall be approved on a pro rata basis. In such instance, applicants limited by the credit cap provisions shall be eligible for only the pro rata share of their credit.

5. The tax credit shall be earned upon approval from the Department of Health. However, in the event it is determined by the Department of Health that the taxpayer has not maintained the requirements of Subsection A of this Section, any amounts certified by the Department of Health are subject to disallowance by the Department of Revenue and any amounts allowed to offset tax, penalties or interest are subject to recapture by the Department of Revenue.

E. Credits

1. Credits certified by the Department of Health may only be used to offset tax for the taxable period deemed eligible. Any amount certified must be claimed on a return filed within the calendar year subsequent to the calendar year of application. Any credits claimed against a taxable period other than the period authorized or filed on a return before or after the calendar year which is subsequent to the calendar year of application will be disallowed.

a. Example. Application submitted and approved by the Department of Health in calendar year 2018 for credit eligibility for tax period 2018. The approved tax year 2018 credit must be claimed on a 2018 return filed during calendar year 2019.

2. For each calendar year, beginning with calendar year 2018, the Department of Revenue shall not grant credits in excess of \$1,500,000. For purposes of administering the credit cap, the Department of Revenue shall count each approved credit at the lesser of the tax due or other amount deemed eligible according to the certification issued by the Department of Health. Credits shall be granted by the Department of Revenue on a first-come, first-served basis as determined by the received date of a completed individual income tax return. A return shall not be considered received until all information requested by the Department of Revenue has been submitted.

3. All returns received on the same business day shall be treated as received at the same time, and if the aggregate amount of claims received on the same business day exceeds the total amount of available tax credits, tax credits shall be approved on a pro rata basis. In such instance, taxpayers

limited by the credit cap provisions shall be eligible for only the pro rata share of their credit.

4. The provisions of this Subsection are in addition to and shall not limit the authority of the Secretary of the Department of Revenue to assess or to collect under any other provision of law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:297(H) and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 44:000 (September 2018).

Kimberly Lewis Robinson
Secretary

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