



State of Louisiana
Department of Revenue

Private Letter Ruling
Redacted Version
No. 10-023

Individual Income Tax
Qualification for the Small Town Doctor Credit
October 20, 2010

This is in reply to your request for a private letter ruling on behalf of Dr. A seeking a determination as to whether Dr. A qualifies for the small town doctor credit.

Factual Scenario

You provided these facts:

Dr. A is a board certified physician who completed her education and was working as a physician outside of Louisiana in 2007. Dr. A was practicing medicine outside of the service areas of all the hospitals referred to below in 2007.

Dr. A's residence and office where she practices medicine are located in City B, Louisiana. According to census estimates, the 2008 population of City B, Louisiana was 9,155.

The nearest incorporated city with a population over 30,000 is City C, which is approximately 37 miles from City B.

Hospital D is a privately owned hospital that is not predominantly owned by physicians. Dr. A's office is located in Hospital D. Hospital D is located in City B, Louisiana. Dr. A sees patients and performs surgeries at Hospital D.

Hospital E is a nonprofit hospital formed by the Parish F Police Jury. Hospital E is located in City B, Louisiana. Dr. A sees patients and performs surgeries at Hospital E.

Dr. A is an employee of Company G. Company G's main office is located in City C, Louisiana. Dr. A's office is not in Company G. Dr. A does not see patients at Company G.

In 2008, Dr. A relocated to City B, Louisiana from out of state and took a job as an employee of Company G. Dr. A practices medicine in an office located in Hospital D in City B, Louisiana.

Dr. A intends to remain in Louisiana.

Dr. A is licensed to practice medicine in Louisiana.

Dr. A performs surgeries and other procedures at both Hospital D and Hospital E. Both hospitals are located in City B.

Dr. A's office and home in City B, Louisiana are less than twenty miles from Hospital D and Hospital E. Dr. A's home, office, Hospital D, and Hospital E are all more than twenty miles away from the closest incorporated city of greater than 30,000, which is City C, Louisiana. City C, Louisiana is approximately 37 miles from City B, Louisiana.

Contributing to a better quality of life.

City H, Louisiana is closer to City B, Louisiana than is City C. According to census estimates, the 2008 population of City H, Louisiana was 27,183. The border of incorporated City H, Louisiana is less than twenty miles from the border of incorporated City B, Louisiana. Dr. A's home and Hospital E are more than twenty miles from the border of incorporated City H, Louisiana. Dr. A's office and Hospital D are exactly twenty miles from the border of incorporated City H, Louisiana.

Dr. A, Hospital D, Hospital E, and Company G all accept Medicaid and Medicare payments.

Ruling Request

You have requested a ruling as to whether Dr. A qualifies for the small town doctor credit.

Discussion

Louisiana Revised Statute 47:297(H)(2)(a) provides that in order to qualify for the small town doctor credit, the taxpayer must "Be a certified medical doctor possessing an unrestricted license from this state to practice medicine ..." According to the facts provided, Dr. A is a board certified physician practicing medicine in City B, Louisiana.

Louisiana Revised Statute 47:297(H)(2)(b) provides that "If a certified medical doctor, establish and maintain, after July 1, 1991, the primary office of his practice within twenty miles of a community hospital not owned predominantly by other physicians, and both the office and the hospital shall be located more than twenty miles from the nearest incorporated city with a population in excess of thirty thousand persons, provided that the medical doctor shall have relocated from outside of the service area of the community hospital." According to the facts provided, the primary office of Dr. A is located in Hospital D, a hospital not owned predominantly by other physicians. Both Dr. A's office and Hospital D are located more than twenty miles from the nearest incorporated city with a population in excess of thirty thousand persons, which in this case is City C, Louisiana. Dr. A relocated from outside of Louisiana in 2007.

Louisiana Revised Statute 47:297(H)(2)(d) provides that the certified medical doctor must "Agree to practice ... for a period of not less than three years." Dr. A has been practicing medicine in City B, Louisiana since 2007.

Louisiana Revised Statute 47:297(H)(2)(e) provides that the certified medical doctor must "Accept Medicaid and Medicare payments for services rendered." According to the facts provided, Dr. A accepts Medicaid and Medicare payments for services rendered.

Ruling

Based on the facts provided, Dr. A qualifies for the small town doctor credit.

If you have any questions or need additional information, please call Vanessa LaFleur, Director, or William E. Little, Attorney, Policy Services Division, at 219-2780.

Sincerely,

Cynthia Bridges
Secretary

By:

William E. Little
Attorney
Policy Services Division

This correspondence constitutes a private letter ruling (PLR) by the Louisiana Department of Revenue, as provided for by section 61:III.101 of the Louisiana Administrative Code. A PLR provides guidance to a specific taxpayer at the taxpayer's request. It is a written statement that applies principles of law to a specific set of facts or a particular tax situation. A PLR does not have the force and effect of law, and is not binding on the person who requested it or on any other taxpayer. This PLR is binding on the department only as to the taxpayer to whom it is addressed, and only if the facts presented were truthful and complete and the transaction was carried out as proposed. It continues as authority for the department's position unless a subsequent declaratory ruling, rule, court case, or statute supersedes it.

