

Revenue Information Bulletin No. 18-028

October 4, 2018

Individual Income Taxes

Small Town Health Professionals Tax Credit

Act 342 of the 2017 Regular Session of the Louisiana Legislature amended the previous Small Town Doctor Credit, now Small Town Health Professionals Credit, contained in R.S. 47:297(H). The purpose of this Revenue Information Bulletin is to summarize those changes for taxpayers seeking to utilize the credit for tax year 2018 and forward.

Expansion of the Credit

Formerly, R.S. 47:297(H) provided a credit for a certified medical doctor (M.D.) possessing an unrestricted license from this state to practice medicine or a dentist licensed by this state to practice dentistry. With the passage of Act 342, the credit is now available to not only a primary health care professional who is practicing as a physician or a dentist, but also a primary care nurse practitioner who is licensed by the state.

Certification/Qualification

Beginning with tax year 2018, taxpayers seeking to utilize the Small Town Health Professionals Credit must annually apply to the Louisiana Department of Health (“LDH”) to ensure qualification and to receive a certification of the credit, which authorizes the tax credit for the taxable year relating to the calendar year in which the application is submitted. For example, an approved application submitted in calendar year 2018 would result in the issuance of a certification authorizing a credit for tax year 2018, which must be claimed on a tax year 2018 return filed in calendar year 2019. The application period for tax year 2018 begins on October 1, 2018 and concludes on November 30, 2018. The application may be completed online by visiting <https://www.surveymonkey.com/r/BKWMJM9>. Alternatively, a paper version may be obtained and completed by e-mailing Alexis Beckwith Foster at Alexis.BeckwithFoster@la.gov. For additional information concerning the application/certification process, see LAC 61:I.1915, *Small Town Health Professionals*.

To qualify and receive certification, Act 342 requires a primary care health professional practicing as a doctor, dentist or nurse practitioner to establish and maintain the primary office of their practice in an area which is a “rural area”, as defined in rules promulgated by the Department of Health. For purposes of this requirement, the definition of rural area contained in LAC 48:I.7501 shall be applicable until further guidance is issued by the LDH. Therefore, a rural area is defined as “a non-metropolitan statistical area, as defined by the federal Office of Management and Budget and the Census Bureau/Population and Housing Units Counts, which has a shortage of physicians and other health care providers as determined by the Department of Health and Hospitals (the

former Department of Health and Hospitals is now the Department of Health). A non-metropolitan statistical area is one which **cannot** be defined as an area consisting of a parish or parishes with at least one urbanized area of at least 50,000 population, plus adjacent parishes having a high degree of social and economic integration with the core as measured through commuting ties. For additional information on qualifying rural areas, please contact the Louisiana Department of Health.

In addition, the area of the primary office of a practitioner practicing as either a doctor or nurse practitioner must be designated a primary care high needs geographic shortage area (HPSA), or for a practitioner practicing as a dentist, a Dental HPSA, by the U.S. Department of Health and Human Services' Health Resources and Services Bureau of Health Workforce, Division of Policy and Shortage Designation, as per Section 332 of the Public Health Services Act. As always, the primary care health professional must accept Medicaid and Medicare payments for services rendered.

Limitations/Credit Cap

Act 342 imposes both a front-end and back-end credit cap of \$1.5 million dollars on the amount of credit that may be certified by LDH as well as the amount that may be granted by the Department of Revenue (LDR). In other words, the LDH is only authorized to certify \$1.5 million worth of credits and the LDR is only authorized to grant \$1.5 million worth of credit claimed on returns in any calendar year. Administration of both the front-end and back-end credit cap will operate on a first-come, first-served basis. For additional information concerning administration of the credit caps, see LAC 61:I.1915, *Small Town Health Professionals*.

Finally, under no circumstances shall a practitioner receive the credit for more than five years or for more than one relocation, including any tax years for which the credit was received prior to the passage of Act 342. To receive the credit for the maximum five year limitation, a practitioner must satisfy the requirements of R.S. 47:297(H) for at least the first three years the credit is granted. Failure to maintain the requirements of R.S. 47:297(H) for the three-year period will result in recapture of any credit previously granted.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780. For questions concerning a taxpayer's return, please contact (855) 307-3893.

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Secretary