



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4832
Author: Hicks
Subject: Income Tax Credit
Requestor: House Ways and Means
RFA Analyst(s): Jolliff
Impact Date: February 29, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	(\$5,528,250)
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

The bill is expected to reduce General Fund individual income tax revenue by a total of \$5,528,250 for FY 2017-18.

Explanation of Fiscal Impact

State Expenditure

The Department of Revenue has indicated that the bill will have a minimal additional General Fund expenditure impact that can be absorbed within current funding. The agency will need to develop new forms and instructions for this credit, but systems to administer the credit are already in place.

State Revenue

The bill would create a one-thousand dollar income tax credit for each clinical rotation for which a physician serves as the community-based preceptor for a medical school required clinical rotation. It also creates a seven-hundred and fifty dollar income tax credit for each clinical rotation an advanced practice nurse or physician assistant serves as the community-based advanced practice nurse or physician assistant preceptor for a required clinical rotation. For both credits, the preceptor must provide a minimum of three and a maximum of ten required clinical rotations within a calendar year. The tax credit is applicable for rotations beginning after December 31, 2016, and would apply beginning with tax year 2017.

The Coalition for Increasing Access to Primary Care (CIAPC) provided us with data regarding the number of rotations for all qualifying programs in the state that are expected to qualify for these tax credits in 2017. CIAPC is comprised of members from Clemson University, Edward Via College of Osteopathic Medicine – Carolinas Campus, Francis Marion University, Medical University of South Carolina and University of South Carolina. Physician preceptors are expected to provide 3,561 qualifying rotations. At a credit amount of one-thousand dollars per rotation, this credit will reduce income tax revenue by \$3,561,000 for FY 2017-18. Advanced practice nurse preceptors are expected to provide 1,883 qualifying rotations, and physician assistant preceptors are expected to provide 740 qualifying rotations. At a credit amount of seven-hundred and fifty dollars each, this will reduce income tax revenue by \$1,967,250 for FY 2017-18. Adding the credits together, the bill is expected to reduce General Fund individual income tax revenue by a total of \$5,528,250 for FY 2017-18.

This analysis assumes that the credit is nonrefundable since the proposal does not state otherwise. However, we anticipate that these taxpayers have higher income tax liabilities than average and will have sufficient taxable income to utilize all qualifying credits.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director