Sunset Review

HEALTHCARE ACCESS FUND TAX CREDIT

Prepared for the Committee on Legislative Research
by the Oversight Division

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Committee on Legislative Research
Oversight Subcommittee

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately $24.0 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Temp of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

Sunset reviews are assigned to the Oversight Division pursuant to Sections 23.250 to 23.298. After August 28, 2003, any new program authorized by the General Assembly shall sunset not more than six years after its effective date unless reauthorized by the General Assembly. The Oversight Division shall conduct a performance evaluation of the program as set forth in statute and prepare a written report. The report shall make recommendations on the sunset, continuation, or reorganization of a program.

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The Joint Committee on Legislative Research is required by Section 23.259.1(3), RSMo to conduct performance evaluations of sunsetting programs to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation. The Oversight Division has reviewed the following programs:

- Surviving Spouse Tax Credit;
- Film Production Tax Credit;
- New Markets Tax Credit;
- After School Retreat Reading and Assessment Check Off;
- Missouri Teaching Fellows; and
- Healthcare Access Fund Tax Credit

The approved reports include Oversight’s comments on (1) the sunset, continuation, or reorganization of the program, and on the need for the performance of the functions of the program; (2) the duplication of program functions; (3) the appropriation levels for each program for which sunset or reorganization is recommended; and possibly (4) drafts of legislation necessary to carry out the committee’s recommendations pursuant to (1) and (2) above.

We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may obtain a copy of the reports from the Oversight Division website at http://www.moga.mo.gov/htmlpages/losunsetreview.html.

Respectfully,

[Signature]
Senator Brad Lager
Chairman
Chapter 1

Purpose/Objectives

The General Assembly has provided by law that the Joint Committee on Legislative Research will conduct a performance evaluation of a program subject to the Missouri Sunset Act. The committee is required to consider the criteria listed in Section 23.268, RSMo in determining whether a public need exists for the continuation of a program, or for the performance of the functions of the program. A sunset review is the regular assessment of the continuing need for a state program to exist. A sunset review also answers the basic questions of what has happened to this program since its inception and does the State of Missouri continue to “need” the services provided by the program.

The Joint Committee on Legislative Research directed the Oversight Division to conduct a Sunset Review of the Missouri Health Care Access Fund Tax Credit program, Section 135.575, RSMo. This report provides a status on the Health Care Access Fund Tax Credit Program as created by Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill 577 in the 2007 legislative session and fulfills the requirement as established by Section 23.268, RSMo.

The Oversight Division review addressed, but was not limited to the following:

1. Compiling and reviewing data related to the program since its inception.
2. Analyzing related events and changes to the program since its inception in 2007.

Scope

The Oversight Division researched the laws and activity regarding the Missouri Health Care Access Fund Tax Credit Program from 2007 through 2012. The analysis included a review of data related to the program from the Department of Revenue and the Department of Health and Senior Services.

Methodology

The Oversight Division obtained information on the Health Care Access Fund Tax Credit Program through a review of statutes, correspondence with the Department of Revenue (DOR) and the Department of Health and Senior Services (DOH), and interviews with DOR and DOH staff who work directly with the program.
Background

Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill 577 (2007) created the Missouri Health Care Access Fund Tax Credit Program (program) in Section 135.575 RSMo. The program allows taxpayers a credit equal to 50% of their donations to the Missouri Health Care Access Fund (fund). The tax credit amount per taxpayer is limited to $25,000, and the program has an aggregate annual tax credit limit of one million dollars. The program also requires annual approval by the General Assembly before any tax credits can be issued.

Donations and other funds received by the fund are to be used to expand health care services in areas designated as having limited access to health care services. Administration of the program was assigned to the Department of Health and Senior Services and the Department of Revenue.

The provisions in Section 135.575 included an automatic sunset six years from their effective date; the program will sunset on August 28, 2013, unless the program is reauthorized by an act of the General Assembly. No changes have been made to the sunset language of this section of statute after the enabling legislation was passed; therefore, the provisions are scheduled to expire on August 28, 2013.

Department of Health and Senior Services

The mission of the Missouri Department of Health and Senior Services (DHSS) is to “Ensure Healthy Missourians for Life by Promoting, Protecting and Partnering for Health.” DHSS operates programs to improve the health and quality of life for residents of all ages. DHSS has the authority to designate health care facilities which are eligible for program funding, and is required to re-evaluate those facilities every six years.

Department of Revenue

The Missouri Department of Revenue (DOR) serves as the central collection agency for the state. DOR administers a number of tax credit programs which are claimed directly on a taxpayer's filed return, and also redeems tax credits administered by other state agencies when they are submitted in lieu of payments by Missouri taxpayers.
Chapter 2

Comments

The Missouri Health Care Access Fund (MHAF) was established in the State Treasury to accept donations and other revenues so that additional funding could be made available for programs established by the Department of Health and Senior Services (DHSS) to improve health care services.

In order to encourage donations to the fund, the General Assembly created the Missouri Health Care Access Fund Tax Credit program (program). The program allows taxpayers a credit equal to 50% of their donations to the fund. The tax credit amount per taxpayer is limited to $25,000, and the program has an aggregate annual tax credit limit (cap) of one million dollars. In addition, the program requires approval from the General Assembly before any tax credits can be issued.

The credit may be claimed against income taxes imposed by Chapter 143 RSMo. Individuals and businesses may claim the credit by completing the Miscellaneous Income Tax Credits Form (MO-TC), and attaching a copy of that form and the tax credit certificate received from DHSS to their return.

DHSS has the authority to designate eligible health care facilities in those areas with limited access to health care services, and those eligible facilities could receive program funding to expand health care services.

Neither DHSS nor DOR has published regulations for this program. DHSS has not created the procedures which would be used for tax credit applications, for the review and approval of applications, or for the issuance of tax credit certificates. In addition, DHSS has not created a process to identify or certify eligible facilities since the program has not been funded; and accordingly, a list of facilities eligible to receive donated funds has not been created.

The General Assembly included an estimated appropriation of one dollar from the MHAF for this program in the DHSS budget for Fiscal Years 2009 through 2012. The General Assembly eliminated that MHAF appropriation in the Fiscal Year 2013 DHSS budget.

Program Activity

DHSS officials told us that no inquiries have been made about donations to the fund, and no donations have been received. The program has not provided any funding to eligible facilities because of the lack of contributions.

Potential Statute Changes
DHSS officials stated that the following statutory changes would be helpful if the program were to be extended:

1. Direction as to whether earmarking of donations is permissible;

2. If donated equipment is to be allowed for tax credits and if so;

3. How the monetary value of donated equipment is to be ascertained

4. How to handle tax credit issuances in the event that requests exceed the one million dollar annual cap; and

5. How to recoup funds if a facility that received MHAF or General Revenue matching funds closed or significantly reduced operations within a year of receiving such funding.

DOR officials indicated they would not seek any changes to the program were it to be extended.

**Recommendation:**

This program was not implemented. Since the program has not been funded, and rules and regulations and procedures have not been adopted; it is the opinion of the Oversight Division that the General Assembly should allow this program to sunset.