



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0645

Title: Create psychiatric opportunity zones

Primary Sponsor: Kerns, Scot

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$80,723	\$77,973	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	Unknown
Net Impact-General Fund Balance:	<u>(\$80,723)</u>	<u>(\$77,973)</u>	<u>\$0</u>	<u>Unknown</u>

Description of fiscal impact: HB 645 would require the Department of Public Health and Human Services (DPHHS) to identify and designate psychiatric opportunity zones and evaluate opportunities for using incentives to increase the number of mental health professionals in rural and underserved areas of the state. HB 645 also delegates to the legislature the creation of an income tax credit that is available to mental health professionals who practices in a mental health field in a designated psychiatric opportunity zone. Under HB 645, it is not possible to determine the fiscal impact of the proposed credit.

FISCAL ANALYSIS

Assumptions:

DPHHS

1. The DPHHS assumes that the Addictive and Mental Disorders Division (AMDD) would be responsible for designating specific communities, counties, or other geographical areas as psychiatric opportunity zones based on the provisions in Section 3.
2. The AMDD would be responsible for evaluating opportunities for incentives to increase the number of mental health professionals in rural and underserved areas.
3. HB 645 provides an appropriation of \$178,500 from the General Fund for the hiring of 1.00 FTE. The AMDD would be required to hire 1.00 FTE Program Specialist to designate psychiatric opportunity zones based on

the provisions outlined in Section 3, evaluate opportunities for incentives outlined in Section 2(10), and report to the children, families, health, and human services interim committee based on the requirements in Section 3(4). See Technical Note 2

4. Salary and Benefits for the 1.00 FTE is estimated at \$75,653 in FY 2022 and \$75,707 in FY2023
5. One-time computer equipment and office furniture in FY 2022 is estimated at \$2,800 and operating costs associated with the FTE are estimated at 3% of personal services.

Department of Revenue (DOR)

6. HB 645 allows the Department of Health and Human Services to designate a list of communities and counties as psychiatric opportunity zones.
7. The bill also creates an income tax credit that is available to a taxpayer who is a practicing mental health professional who provided mental health services in a designated psychiatric opportunity zone.
8. The credit is available starting tax year 2024 and is limited to taxpayers who are licensed as a physician, professional counselor, psychologist, social worker, advanced practice registered nurse, or a physician assistant.
9. HB 645 limits the credit to 50% of the mental health professional’s income tax liability, is non-refundable and can only be claimed for a maximum of two years.
10. As HB 645 does not provide any information on how the credit amount would be determined, the number of available credits, or the number of psychiatric opportunity zones, it is not possible to determine the impact the proposed credit would have on income tax revenue. However, there is likely to be some impact if any credits are claimed in tax year 2024 and all following tax years.
11. The changes made by the proposed bill can be made as part of the department’s annual change process. The department does not expect to incur any additional costs because of this bill.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$75,653	\$75,702	\$0	\$0
Operating Expenses	\$5,070	\$2,271	\$0	\$0
TOTAL Expenditures	<u>\$80,723</u>	<u>\$77,973</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$80,723	\$77,973	\$0	\$0
TOTAL Funding of Exp.	<u>\$80,723</u>	<u>\$77,973</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	Unknown
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$80,723)	(\$77,973)	\$0	Unknown
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Section 4 states that the governing body of a city, town, or county in a designated psychiatric opportunity zone can offer incentives as determined appropriate. The counties in these psychiatric opportunity zones will likely be the less populated counties with a smaller tax base. Counties with a lower population may not have the means to offer incentives without outside funding support.

Technical Notes:

DPHHS

1. The indications of unmet need described in Section 3, subsection (1)(c) include both measures that are currently collected by the DPHHS and two that would be difficult to account for all counties. HB 645 directly ties designation of psychiatric opportunity zones to attempted and completed suicides. AMDD has no means to generate data on attempted suicides. HB 645 requires AMDD to report on the number of individuals detained in jail due to lack of mental health treatment. The number of individuals detained in a city or county jail because community mental health treatment was unavailable is a challenging number to obtain in the current system.
2. Implementing this bill would need to be a collaborative project between DOR and DPHHS. Section 6 of the current bill restricts the appropriated funds for the hiring of 1.00 FTE and will not allow AMDD to contract for any activities.
3. It is unclear in the bill as to whether the mental health professional must reside and practice in the psychiatric opportunity zone. There is no consideration of telehealth.

DOR

4. HB 645 does not provide any information on how the credit amount for each taxpayer would be determined. The bill does limit the credit to 50% of the taxpayer’s tax liability. However, this is only a limit and does not determine what the actual credit amount will be.
5. As it is written, it is unclear if the tax liability amount would be limited to income earned by the taxpayer from working in the mental health field, or income from all sources.
6. It is also unclear how the credit limit would apply to a taxpayer who files a joint income tax credit. Would the credit be limited to 50% of the tax liability from both taxpayers, or would the credit be limited to 50% of what the tax liability would have been for only the mental health professional’s income. If it is only the mental health professional’s income, it is unclear on how income from other sources should be divided between the married taxpayers.

NOT SIGNED BY SPONSOR

	3/24/21	KA	3-22-21
<i>Sponsor’s Initials</i>	<i>Date</i>	<i>Budget Director’s Initials</i>	<i>Date</i>