

PRELIMINARY

REVENUE IMPACT OF PROPOSED LEGISLATION 75th Oregon Legislative Assembly 2009 Regular Session Legislative Revenue Office

Bill Number:	SB 12
Revenue Area:	Personal Income Tax
Economist:	Chris Allanach
Date:	2-18-09

Measure Description:

Creates a personal income tax credit for health care practitioners serving medically underserved areas who are repaying qualifying student loans. The maximum amount of the credit is \$12,000 and must be reduced by any amount received by the taxpayer that offsets the loan.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$ 0	- \$0.2	- \$0.2	- \$0.4	- \$0.4

Impact Explanation: These preliminary estimates are based on 2006 data and use data from Oregon's rural counties as a proxy for "medically underserved area" (the bill does not define this term). Based on an estimate of roughly 10,000 physicians in the state and the distribution of tax returns across counties, roughly 600 physicians are located in the rural parts of the state. Tax returns also indicate that roughly 8 percent of filers are repaying student loans. Taken together, roughly 50 doctors may be eligible for this credit. Doubling that number to account for the other practitioners listed in the bill results in roughly 100 potentially eligible claimants. It is unlikely that these individuals would have high enough income to utilize the full \$12,000 credit. In 2006, the average tax liability in rural Oregon was just under \$2,100. Assuming the 100 tax filers have their tax liability fully eliminated, the total annual impact would be approximately -\$200,000 per year.

These estimates will be further refined in the Senate Finance & Revenue Committee.

Creates, Extends, or Expands Tax Expenditure: Yes