



Oregon Office of Rural Health

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Joint Committee on Tax Credits

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Testimony on HB 3206

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Oregon Office of Rural Health

Chairs and Members of the Committee:

My name is Robert Duehmig and I work for the Oregon Office of Rural Health. My office administers the TriCare Tax Credit. Our office does not have a position on HB 3206; however, there are three issues I would like to raise.

The original legislation offered a \$2500 signing bonus with an annual \$1000 tax credit thereafter. HB 3206 offers the same bonus while offering a \$5000 annual tax credit thereafter. This change will make it far more likely providers will choose the annual tax credit over the bonus. It would be our recommendation that the bonus actually be dropped, making administration of the program more simple and less expensive.

The second issue concerns the number of tax credits that are allowed in a given year. SB 1060, passed during the 2008 Special Session, stated:

The office may issue no more than:

- (a) 500 certifications for tax years beginning on or after January 1, 2008, and before January 1, 2009;
- (b) 1,000 certifications for tax years beginning on or after January 1, 2009, and before January 1, 2010;
- (c) 1,500 certifications for tax years beginning on or after January 1, 2010, and before January 1, 2011; and
- (d) 2,000 certifications for tax years beginning on or after January 1, 2011, and before January 1, 2012.

So as not to exceed the allowable number, the ORH set criteria each year by which providers would qualify for the tax credit. The 2010 criteria are:

Practice site location	Minimum number of TRICARE patients seen
Frontier Community	At least one
Rural Community/not frontier	More than one
Urban Community	More than 43

HB 3206 does not speak to any limitations on the number of tax credits per year. This would mean the ORH would do away with this criteria and would qualify an urban health care provider who actively "participates in the TRICARE military health care system and each tax year provides health care services to at least 10 patients enrolled in the TRICARE military health care system. A health care provider who serves patients in a rural community, as defined by the Office of Rural Health, may provide health care services to fewer than 10 patients in a tax year and qualify for the credit." This could greatly increase the number of urban providers seeking the credit.

The third issue with the bill is the effective date. According to HB 3206, this would become effective on January 1, 2011. As mentioned, the current law already allows for 2000 credits to be issued for the tax year 2011. It would be our recommendation that the effective date be changed to 2012.

Again, the ORH does not have a position on HB 3206. We do, however, believe the elimination of the signing bonus would make administration of the program more efficient.

Thank you for your time and I am happy to answer any questions.