

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have fiscal impact, statement not yet issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Health Care and Human Services and Be Referred to the Committee on Tax Credits by prior reference
Vote:	4 - 0 - 1
Yeas:	Baertschiger, Close, Prozanski, Roblan
Nays:	0
Exc.:	Burdick
Prepared By:	Racquel Rancier, Administrator
Meeting Dates:	2/12, 2/21

WHAT THE MEASURE DOES: Extends sunset for tax credit for rural health practitioners from January 1, 2014 to January 1, 2020. Allows taxpayer meeting eligibility requirements on or after January 1, 2019 and before January 1, 2020 to claim credit for tax years beginning on or before January 1, 2029.

ISSUES DISCUSSED:

- Difference in urban and rural provider pay
- Tax credit used as tool for recruitment and retention of rural practitioners
- Effects of eliminating credit
- Challenges in smaller communities resulting from loss or retirement of rural providers
- Number of recipients and types of providers receiving credit
- Office of Rural Health and Oregon Rural Health Association’s findings from survey of eligible providers
- Provider eligible if six out of 10 hours practiced are in rural community
- Decline in participation in Medical Malpractice Subsidy Program after instituting Medicare and medical assistance requirement and proposal to add similar requirement for credit
- Modifying eligibility requirements and program including requiring 20 hours of work per week in rural practice, increasing credit for providers in frontier communities, limiting credit to 10 years, or limiting provider to claim one benefit from state or federal programs
- Definition of rural and which communities should qualify
- Impact of requiring provider to live in rural community to receive credit

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The rural medical provider tax credit, first enacted in 1989, grants up to \$5,000 in personal income tax credits to eligible medical professionals. Originally, only physicians, physician assistants, and nurse practitioners were eligible for the credit. Since then, the credit has been extended to certified registered nurse anesthetists, podiatrists, dentists, and optometrists. Practitioners may be considered eligible if, based on hours worked, 60 percent or more of their professional practice time is spent in an eligible rural area. A “rural area” is defined as any area at least ten miles from a major population center of 40,000 or more.

The tax credit is due to sunset on January 1, 2014; however, taxpayers meeting eligibility requirements on or after January 1, 2013 and before January 1, 2014 are allowed the credit for any tax year beginning on or before January 1, 2023. Senate Bill 325 extends these sunset dates an additional six years.