

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

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| Action: | Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Tax Credits by Prior Reference |
| Vote: | 5 - 0 - 0 |
| Yeas: | Knopp, Kruse, Shields, Steiner Hayward, Monnes Anderson |
| Nays: | 0 |
| Exc.: | 0 |
| Prepared By: | Sandy Thiele-Cirka, Administrator |
| Meeting Dates: | 3/11, 4/15, 4/18 |

WHAT THE MEASURE DOES: Extends rural health practitioner tax credit to January 1, 2020. Allows eligible taxpayer on or after January 1, 2019 and before January 1, 2020 to claim credit for tax years beginning on or before January 1, 2029. Clarifies 20 hours a week is averaged over month. Specifies maximum percentage for Medicare and Medicaid patients. Establishes \$250,000 income capitation if qualifying for rural medical tax credit.

ISSUES DISCUSSED:

- Economic issues for rural communities
- Ability to attract health care providers
- Importance of eliminating abuses
- Current qualifying criteria
- Rural recruitment and retention
- Impact of reducing tax credit
- Proposed amendment narrowing scope
- Concerns with implementation of adjusted gross income capitation
- Possibility of lower the income capitation amount
- Impact to frontier providers
- Proposed amendment to include two additional rural providers

EFFECT OF COMMITTEE AMENDMENT: Clarifies 20 hours a week is averaged over month. Specifies maximum percentage for Medicare and Medicaid patients. Establishes \$250,000 income capitation if qualifying for rural medical tax credit.

BACKGROUND: The rural medical provider tax credit grants up to \$5,000 in personal income tax credits to eligible health care professionals. Currently, physicians, physician assistants, nurse practitioners, nurse anesthetists, podiatrists, dentists and optometrists are providers eligible for the tax credit. Rural area is defined as any area at least 10 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, 2013. Senate Bill 325-A extends the sunset dates an additional six years, modifies the current practice requirement to 20 hours a week averaged over a month, and requires recipients keep their practice open to Medicare and Medicaid patients at least up to the same proportion as in their county.

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This summary has not been adopted or officially endorsed by action of the committee.