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Maria Hernandez, Committee Assistant



78<sup>th</sup> LEGISLATIVE ASSEMBLY  
SENATE COMMITTEE ON VETERANS  
AND EMERGENCY PREPAREDNESS  
State Capitol  
900 Court St. NE, Rm. 64  
Salem, OR 97301  
503-986-1485  
FAX 503-986-1814

To: Senator Mark Hass and Representative Phil Barnhart, Co-Chairs,  
Joint Committee on Tax Credits

From: Senator Brian Boquist, Chair B/B  
Committee on Veterans and Emergency Preparedness

Date: 9 March 2015

Subj: Senate Bill 53 – Tricare for Health Care Providers

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The Senate Veterans and Emergency Preparedness Committee (SVEP) heard Senate Bill 53 and concluded that the tax credit should be permitted to expire, as it appears to have served its purpose while it was in effect. The measure was properly noticed and scheduled twice for hearings, and once as part of an informational meeting. No one appeared in support or opposition, and the Office of Rural Health reported receiving no complaints or inquiries about the tax credit since it discontinued certifications after 2011.

Below are responses to questions posed at Appendix D, on page 101 of the Legislative Revenue Office's Research Report No. 2-15, *2016 Expiring Tax Credits* (RR 2-15):

- What is the public policy purpose of this credit? Is there an expected timeline for achieving this goal?

According to RR 2-15, the public policy purpose appears to have been, to improve access to health care for rural veterans, by using the tax credit to encourage more civilian providers to accept Tricare patients. SVEP did not discuss timelines.

- Who (groups of individuals, types of organizations or businesses) directly benefits from this credit? Does this credit target a specific group? If so, is it effectively reaching this group?

According to RR 2-15: health care providers directly benefitted from this credit; health care providers were the specific group targeted by this tax credit; and the number of providers increased over the four-year period the credit was available.

- What is expected to happen if this credit fully sunsets? Could adequate results be achieved with a scaled down version of the credit? What would be the effect of reducing the credit by 50%?

According to RR 2-15, this tax credit is no longer in effect. SVEP did not discuss a scaled-down version or a reduction.

- What background information on the effectiveness of this type of credit is available from other states?

SVEP did not discuss whether background information was available from other states.

- Is use of a tax credit an effective and efficient way to achieve this policy goal? What are the administrative and compliance costs associated with this credit? Would a direct appropriation achieve the goal of this credit more efficiently?

SVEP did not discuss whether this tax credit was effective or efficient; nor direct appropriations. According to RR 2-15, the revenue impact of the credit in 2011 (the last year it was in effect) was \$1.5 million and administrative costs were borne by the Office of Rural Health and the Department of Revenue.

- What other incentives (including state or local subsidies, federal tax expenditures or subsidies) are available that attempt to achieve a similar policy goal?

SVEP did not discuss alternative incentives.