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

From: Representative John Lively, Chair 
House Committee on Veterans and Emergency Preparedness

Date: 2 March 2015

Subj: House Bill 2108 – Physicians at Oregon Veterans' Home tax credit review

The House Veterans and Emergency Preparedness Committee (HVEP) has unanimously voted to extend the sunset tax credit with no modifications, and has prepared this memo using Appendix D as a guide (at page 101, *2016 Expiring Tax Credits*, Research Report No. 2-15 (RR 2-15), prepared by the Legislative Fiscal Office:

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

According to RR 2-15, the tax credit was intended to increase the number of health care professionals providing long-term care to Oregon veterans, thereby increasing the number of veterans receiving such care.

- 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?

Veterans receiving such care and health care professionals who must travel to treat them.

- 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, between tax years 2008 and 2012 an average of roughly 10 taxpayers claimed the credit each year, and approximately \$20,000 was claimed in credits each year.

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

HVEP 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?

Unknown, HVEP did not discuss whether a direct appropriation could achieve a similar policy goal.

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

HVEP did not discuss whether other incentives could achieve a similar policy goal.