



Oregon Rural Health Association

Support SB 178 – Rural Provider Tax Credit

A study of Oregon's health care workforce incentive programs, commissioned by the 2015 Legislature, found that:

“State tax credits and other subsidies have negligible recruiting effect on primary care physicians and small recruiting effect on NPs (nurse practitioners) and PAs (physician assistants), yet **have a sizeable retention effect on eligible providers.**”

*“An Overview and Recommendations for Oregon's Provider Incentive Programs: Key Lewin Group Findings”
Presentation to the Oregon Health Policy Board*

How the tax credit works:

- The Rural Medical Provider Tax Credit allows a nonrefundable credit against personal income taxes.
- In 2015, the Legislature created three tiers for the tax credit:
 - 10 to 20 miles from a community of 40,000 or more — \$3,000
 - 20 to 50 miles — \$4,000
 - 50 miles or more — \$5,000
 - Those changes reduced the tax credit by \$2.2 million or 15%.
- The original statute, passed in 1990, covered physicians, physician assistants and nurse practitioners. Certified nurse anesthetists were added in 1991, podiatrists and dentists in 1995, and optometrists in 1997.
- Costs to administer the program are covered by charging each applicant a \$45 processing fee.

Eligibility:

To qualify, providers must practice at least an average of 20 hours per week in a rural area and be open to taking Medicare and Medicaid patients.

Recommendation:

Keep the Rural Provider Tax Credit as is since it was significantly changed in 2015 for the 2016 tax year. Providers are just now filing taxes for the first time under the new “tiered” system, so we should give it time to see what impact those changes have.

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