

Rural Medical Providers Tax Credit

Joint Committee on Tax Expenditures
Legislative Revenue Office



Legislative Tax Credit Review

- Tax credit review process
 - Conducted every odd year session
 - 6-year sunsets
 - Individual bill extending sunset facilitates review
 - Reviewed first by committee with policy link, subsequent referral to revenue committee
 - LRO prepares tax credit report
- LRO prepares tax credit report supporting review
 - Identify policy purpose | Description | Policy analysis





Rural Medical Providers Tax Credit

- Enacted in 1989
- Policy purpose:
 - Originally a combination of retention and recruitment of certain medical professionals in rural areas
 - More recent:
 - Efficiently expend (through tax system) limited funds aimed at retaining medical providers in rural areas
 - Improve access to certain health care providers in rural areas





Credit Description

- Credit against personal income taxes
- Credit amount function of distance from community with population of 40,000 or more
- Limited to income up to \$300,000 (exceptions for general surgeon & obstetrics)
- Requires 20 hours per week worked in rural qualifying area, service requirements for Medicare & Medicaid
- Available to: physicians, dentists, podiatrists, optometrists, physician assistants, nurse practitioners and nurse anesthetists

| Distance | Credit |
|------------------|---------|
| 10-20 miles | \$3,000 |
| 20-50 miles | \$4,000 |
| 50 or more miles | \$5,000 |





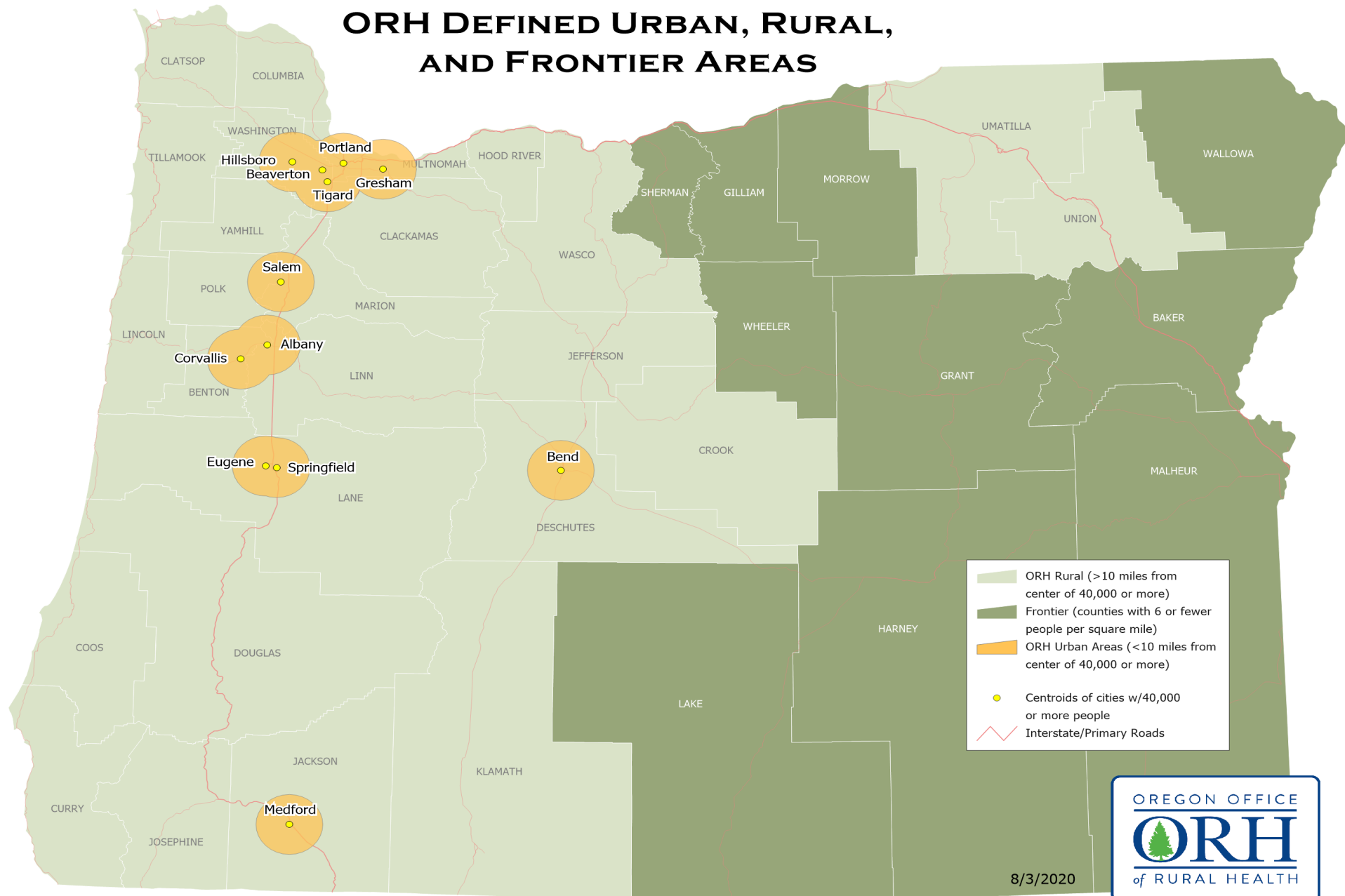
Credit Description

- Credit sunsets as of 1/1/2022
- Grandfather clause: those eligible in 2021 can continue using credit through 2031
- 10-year lifetime limit (applicable beginning 2018)





ORH DEFINED URBAN, RURAL, AND FRONTIER AREAS





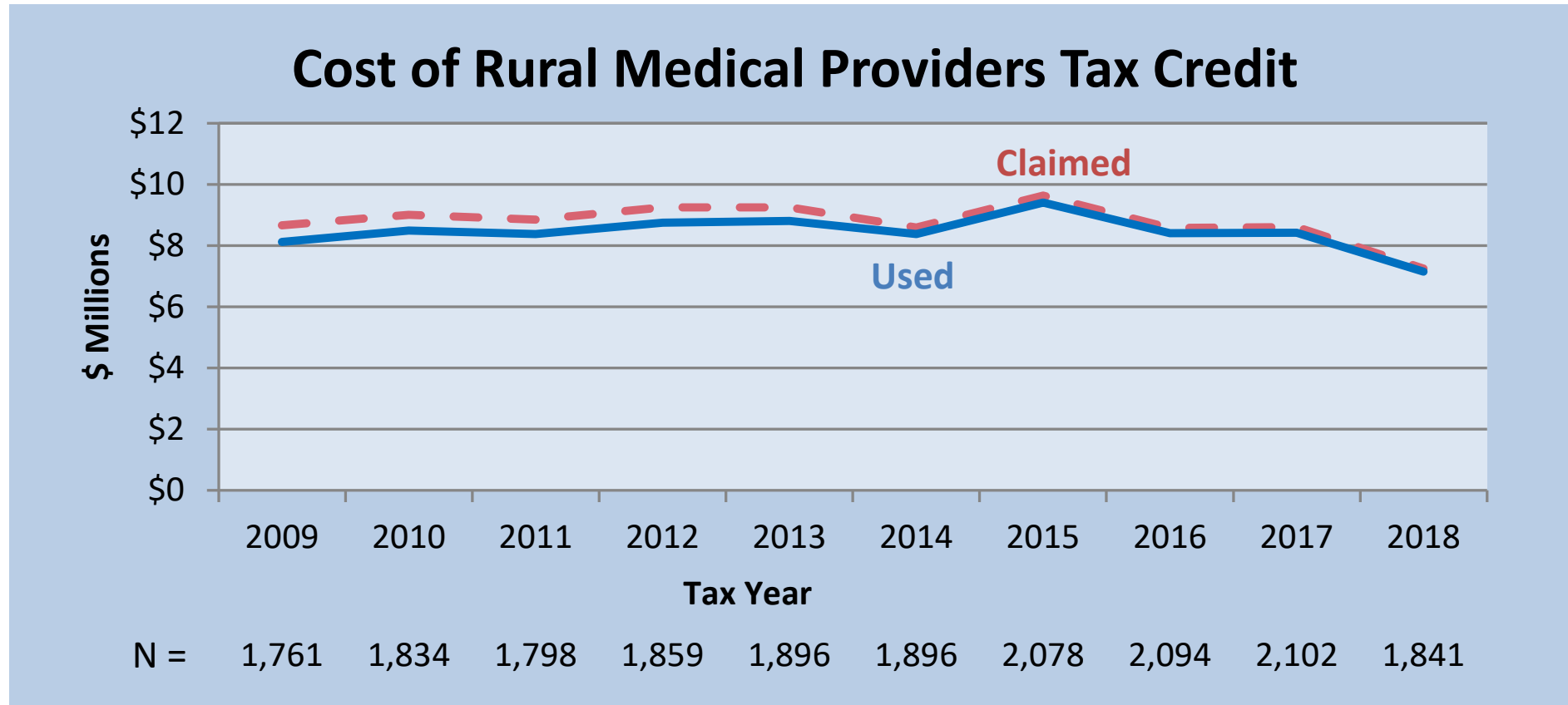
Recent Changes to Credit

- Beginning tax year 2016
 - Credit modified to \$3,000 - \$5,000 (reduced from flat \$5,000 for all)
- Beginning tax year 2018
 - Limited to taxpayers with adjusted gross income at or below \$300,000
- Examination of policy changes





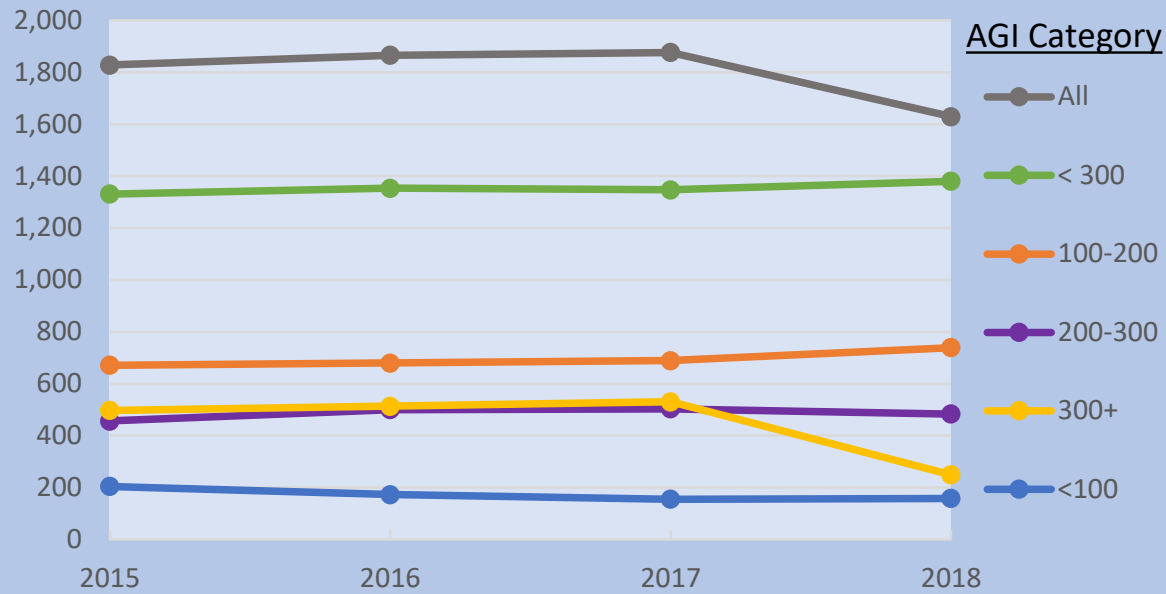
Cost of Credit



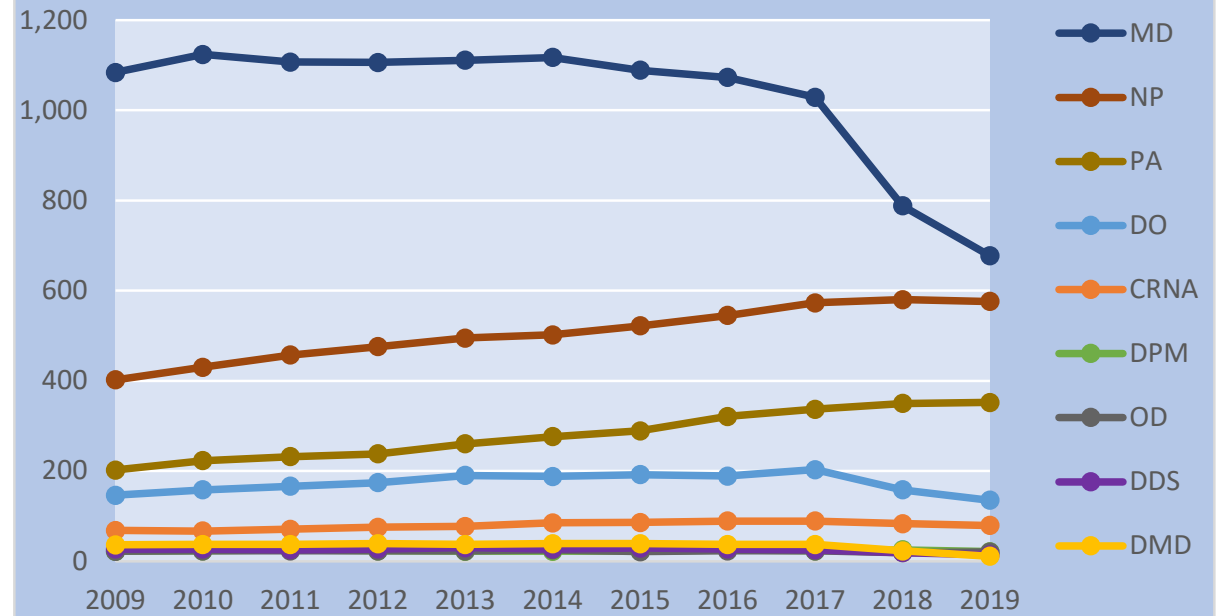


Credit Claimants

Number Claiming Credit by AGI Group & Year

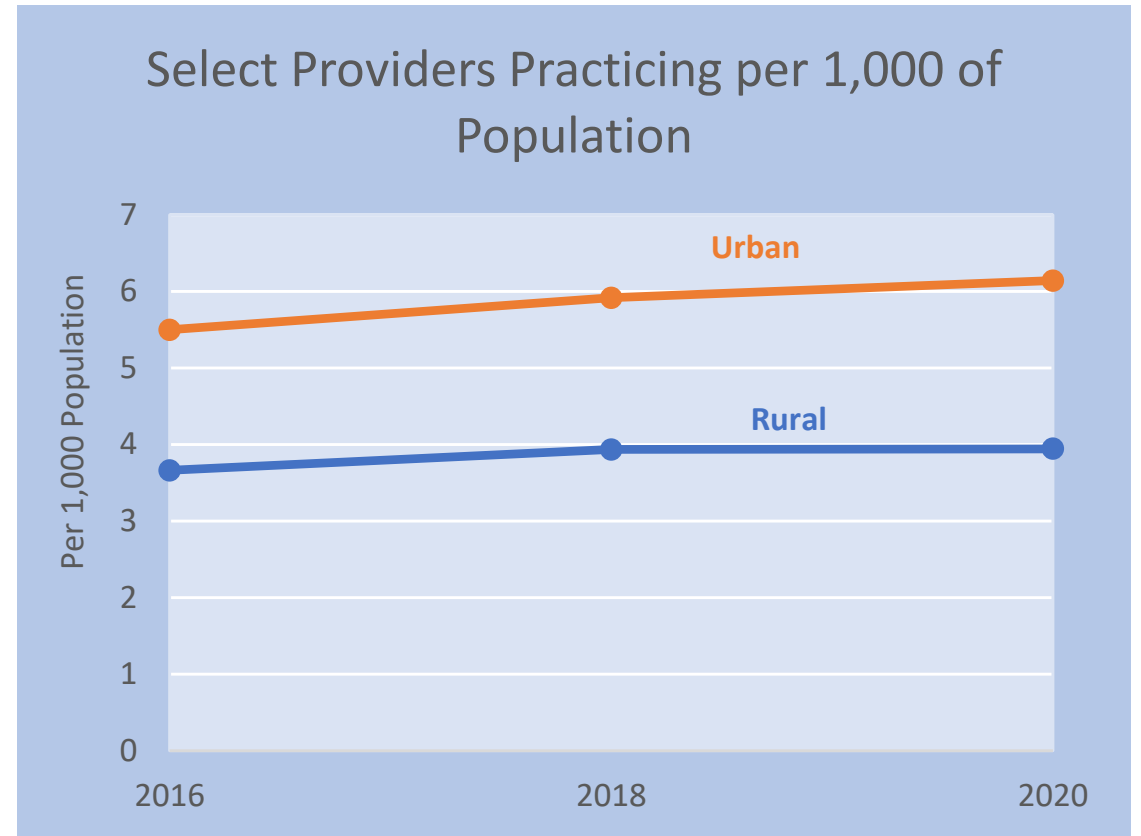
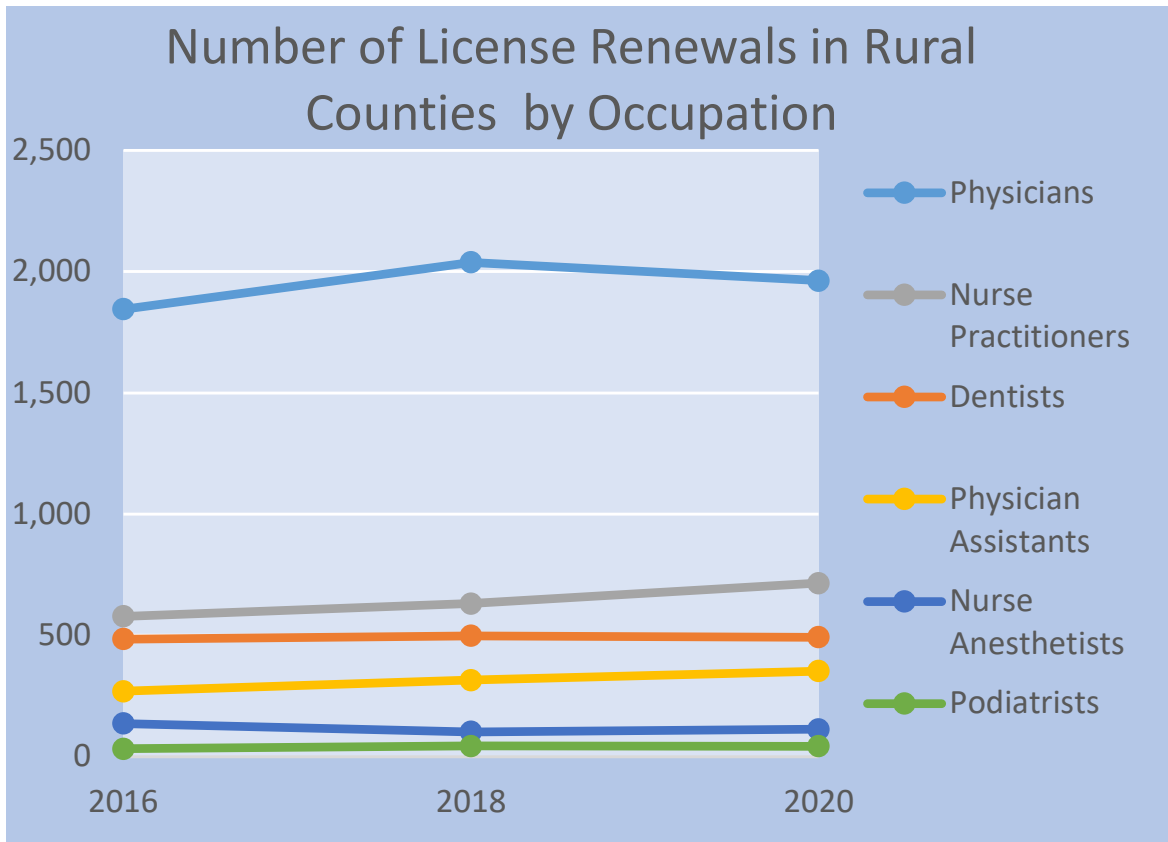


Certifications by Licensure Type and Year





Landscape Post Credit Policy Changes



Questions?

More detail available in LRO's Tax Credit Report: 2021 Session

<https://www.oregonlegislature.gov/lro/Pages/publications.aspx>