# Oregon Veterans' Home Physician

| | | | | |
|---|---|---|---|---|
| ORS 315.624 | Year Enacted: | 2007 | Transferable: | No |
| | Length: | 1 | Means Tested: | No |
| | Refundable: | No | Carryfoward: | None |
| TER 1.460 | Kind of cap: | Taxpayer | Inflation Adjusted: | No |

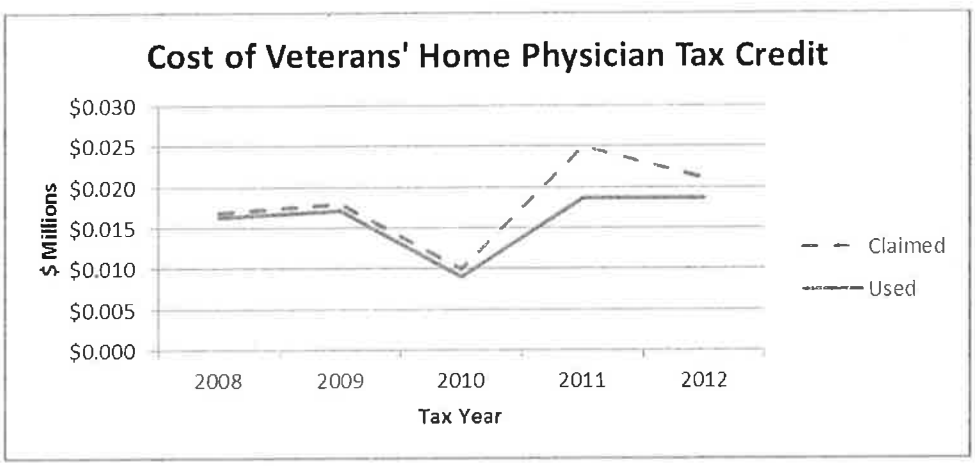
## *Policy Purpose*

Testimony for the implementing legislation (2007 HB 3201) suggests that the tax credit is 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. The credit effectively increases the take home pay for physicians providing the qualifying care. This may entice some physicians to provide these services who otherwise would not.

## *Description and Revenue Impact*

Physicians who provide medical care to residents of an Oregon Veterans' Home are allowed a credit against personal income taxes. The credit is $1,000 for every eight residents to whom the physician provides care, up to $5,000. To qualify for the credit, a physician cannot miss more than five percent of scheduled visits with residents as verified by a letter from the Oregon Veterans' Home. The letter must be submitted with the corresponding tax return. A qualifying taxpayer may claim both this credit and the rural medical practitioner tax credit.

The chart below shows the use of this credit has varied between $10,000 and $25,000 per year between 2005 and 2012. During the first three years, more than 90 percent of the amount claimed was used to offset tax liability. For tax years 2011 and 2012, that figure fell to an average of 80 percent.




## *Policy Analysis*

Given the policy discussions at the time this tax credit was created, the key issue is whether or not the tax credit increased the number of medical providers offering their services to patients and an Oregon Veterans' Home.

In 1995 the Legislature authorized the creation of two long-term care facilities for Oregon veterans. The first one opened in The Dalles in 1997. It has the capacity to care for up to 151 residents who require long-term skilled nursing care, Alzheimer's and dementia-related care, or inpatient/outpatient rehabilitative care. It applies to veterans, their spouses, and parents who have lost a child to war-time service. A second home opened in Lebanon in 2014 that can house up to 154 residents. Legislation in 2011 enabled a third to be built in Roseburg.

There appear to be no other states that offer a similar tax credit.

### *Other Issues*

The administrative costs of this tax credit were born by the DOR, the Oregon Veterans' Home (tracking services) and medical providers. The marginal cost to DOR is likely to be minimal and the cost to taxpayers pertains to maintaining tax records in the event they are subject to an audit.

### ***In Summary:***

| | |
|---|---|
| **Advantages** | • May increase access to health care for Oregon veterans |
| **Disadvantages** | • Individual cap<br>• Non-refundable |
| **Potential Modifications** | • Adjust to inflation<br>• Change the patient requirement |

# Appendix D

## Tax Credit Committee Policy Questions

When reviewing the tax credit sunset extension bills and proposed new credits, the Joint Committee on Tax Credits intends to address the follow questions:

- What is the public policy purpose of this credit? Is there an expected timeline for achieving this goal?
- 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?
- 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%?
- What background information on the effectiveness of this type of credit is 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?
- What other incentives (including state or local subsides, federal tax expenditures or subsidies) are available that attempt to achieve a similar policy goal?
- Could this credit be modified to make it more effective and/or efficient? If so, how?