

HB 2847 STAFF MEASURE SUMMARY**Carrier:** Rep. Reschke**House Committee On Revenue****Action Date:** 04/09/19**Action:** Do Pass.**Vote:** 6-0-1-0**Yeas:** 6 - Findley, Hernandez, Marsh, Nathanson, Reschke, Smith G**Exc:** 1 - Smith Warner**Fiscal:** No fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Kyle Easton, Economist**Meeting Dates:** 2/14, 4/9**WHAT THE MEASURE DOES:**

Expands list of hospitals, whose medical staff may qualify for rural medical provider personal income tax credit, to include a hospital classified as a rural referral center and also classified as a sole community hospital. Applies to tax years beginning on or after January 1, 2020. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Measure to add Sky Lakes Medical Center in Klamath Falls to the list of hospital locations where medical providers may qualify for the tax credit
- Underlying intent of credit being to incentivize and retain rural medical providers
- Credit can aid in equalizing income of rural and non-rural medical providers
- Holistic approach to viewing rural medical incentives, tax credits and direct spending incentives
- Ten year lifetime limit on the credit.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Certain medical providers are allowed a non-refundable tax credit of up to \$5,000 against their personal income taxes (\$10,000 if both taxpayers on a joint return qualify). Amount of the credit is determined based on distance a provider's practice or hospital membership is from a major population center: \$3,000 if 10-20 miles, \$4,000 if 20-50 miles and \$5,000 if 50 or more miles. Eligible providers include physicians, physician assistants, nurse practitioners, certified registered nurse anesthetists, podiatrists, dentists, and optometrists. The requirements for eligibility vary by type of provider. To receive the credit, the provider must work a minimum of 20 hours per week, averaged over the month, in a qualifying rural area. They must also be willing to serve a Medicare and medical assistance base equal to their county's population of such patients up to 20 percent for Medicare and 15 percent for medical assistance patients.

For this program, rural is defined as any area at least ten miles from a major population center of 40,000 or more. Currently, there are six such population centers: the Portland Metropolitan Statistical Area (MSA), Salem, Eugene/Springfield, Medford, Bend, and Corvallis/Albany. In addition, physicians on staff at a hospital in an MSA are not eligible, with the exception of Florence in Lane County and Dallas in Polk County.