

House Bill 2847

Sponsored by Representative RESCHKE, Senator LINTHICUM; Representatives BARRETO, BOLES, BONHAM, BOSHART DAVIS, CLEM, DRAZAN, LEIF, LEWIS, NEARMAN, NOSSE, SCHOUTEN, SMITH DB, STARK, WALLAN, WILSON, ZIKA, Senator ROBLAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Expands list of hospitals whose medical staff may qualify for specified income tax credit. Applies to tax years beginning on or after January 1, 2020.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to income tax credits for rural health care practitioners; creating new provisions; amending
3 ORS 315.613 and 442.563; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 315.613 is amended to read:

6 315.613. (1) An annual credit against the taxes otherwise due under ORS chapter 316 shall be
7 allowed to a resident or nonresident individual who is:

8 (a) Certified as eligible under ORS 442.563;

9 (b) Licensed under ORS chapter 677;

10 (c) Engaged in the practice of medicine, and engaged for at least 20 hours per week, averaged
11 over the month, during the tax year in a rural practice; and

12 (d) Has adjusted gross income not in excess of \$300,000 for the tax year. The limitation in this
13 paragraph does not apply to a physician who practices as a general surgeon, specializes in obstetrics
14 or specializes in family or general practice and provides obstetrical services.

15 (2) The amount of credit allowed shall be based on the distance from a major population center
16 in a qualified metropolitan statistical area at which the taxpayer maintains a practice or hospital
17 membership:

18 (a) If at least 10 miles but fewer than 20 miles, \$3,000.

19 (b) If at least 20 miles but fewer than 50 miles, \$4,000.

20 (c) If 50 or more miles, \$5,000.

21 (3) The credit shall be allowed during the time in which the individual retains such practice and
22 membership if the individual is actively practicing in and is a member of the medical staff of one
23 of the following hospitals:

24 (a) A type A hospital designated as such by the Office of Rural Health;

25 (b) A type B hospital designated as such by the Office of Rural Health if the hospital is:

26 (A) Not within the boundaries of a metropolitan statistical area;

27 (B) Located 30 or more miles from the closest hospital within the major population center in a
28 metropolitan statistical area; or

29 (C) Located in a county with a population of less than 75,000;

30 (c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 315.619;

2 *[(d) A rural hospital that was designated a rural referral center by the federal government before*
 3 *January 1, 1989, and that serves a community with a population of at least 14,000 but not more than*
 4 *19,000; or]*

5 *[(e)]* (d) A rural critical access hospital; **or**

6 (e) **A hospital:**

7 (A) **Classified by the Centers for Medicare and Medicaid Services as a rural referral**
 8 **center in accordance with 42 U.S.C. 1395ww(d)(5)(C)(i); and**

9 (B) **Classified by the Centers for Medicare and Medicaid Services as a sole community**
 10 **hospital in accordance with 42 U.S.C. 1395ww(d)(5)(D)(iii).**

11 (4) In order to claim the credit allowed under this section, the individual must remain willing
 12 during the tax year to serve patients with Medicare coverage and patients receiving medical as-
 13 sistance in at least the same proportion to the individual's total number of patients as the Medicare
 14 and medical assistance populations represent of the total number of persons determined by the Of-
 15 fice of Rural Health to be in need of care in the county served by the practice, not to exceed 20
 16 percent Medicare patients or 15 percent medical assistance patients.

17 (5) A nonresident individual shall be allowed the credit under this section in the proportion
 18 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from
 19 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner
 20 consistent with ORS 316.117.

21 (6) For purposes of this section, an "individual's practice" shall be determined on the basis of
 22 actual time spent in practice each week in hours or days, whichever is considered by the Office of
 23 Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member of
 24 a partnership, only the time of the individual shareholder or partner shall be considered and the full
 25 amount of the credit shall be allowed to each shareholder or partner who qualifies in an individual
 26 capacity.

27 (7) As used in this section:

28 (a) "Qualified metropolitan statistical area" means only those counties of a metropolitan statis-
 29 tical area that are located in Oregon if the largest city within the metropolitan statistical area is
 30 located in Oregon.

31 (b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.
 32 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health
 33 and the Oregon Health Authority.

34 (c) "Type A hospital," "type B hospital" and "type C hospital" have the meaning for those terms
 35 provided in ORS 442.470.

36 **SECTION 2.** ORS 442.563 is amended to read:

37 442.563. (1) The Office of Rural Health shall establish criteria for certifying individuals eligible
 38 for the tax credit authorized by ORS 315.613. Upon application therefor, the office shall certify in-
 39 dividuals eligible for the tax credit authorized by ORS 315.613.

40 (2) The classification of rural hospitals **described in ORS 315.613 (3)(a) to (d)** for purposes of
 41 determining eligibility under this section shall be the classification of the hospital in effect on Jan-
 42 uary 1, 1991.

43 **SECTION 3. The amendments to ORS 315.613 and 442.563 by sections 1 and 2 of this 2019**
 44 **Act apply to tax years beginning on or after January 1, 2020.**

45 **SECTION 4. This 2019 Act takes effect on the 91st day after the date on which the 2019**

1 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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