

Rural Medical Providers Tax Credit

Senate Committee on Health Care – SB 143
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 |





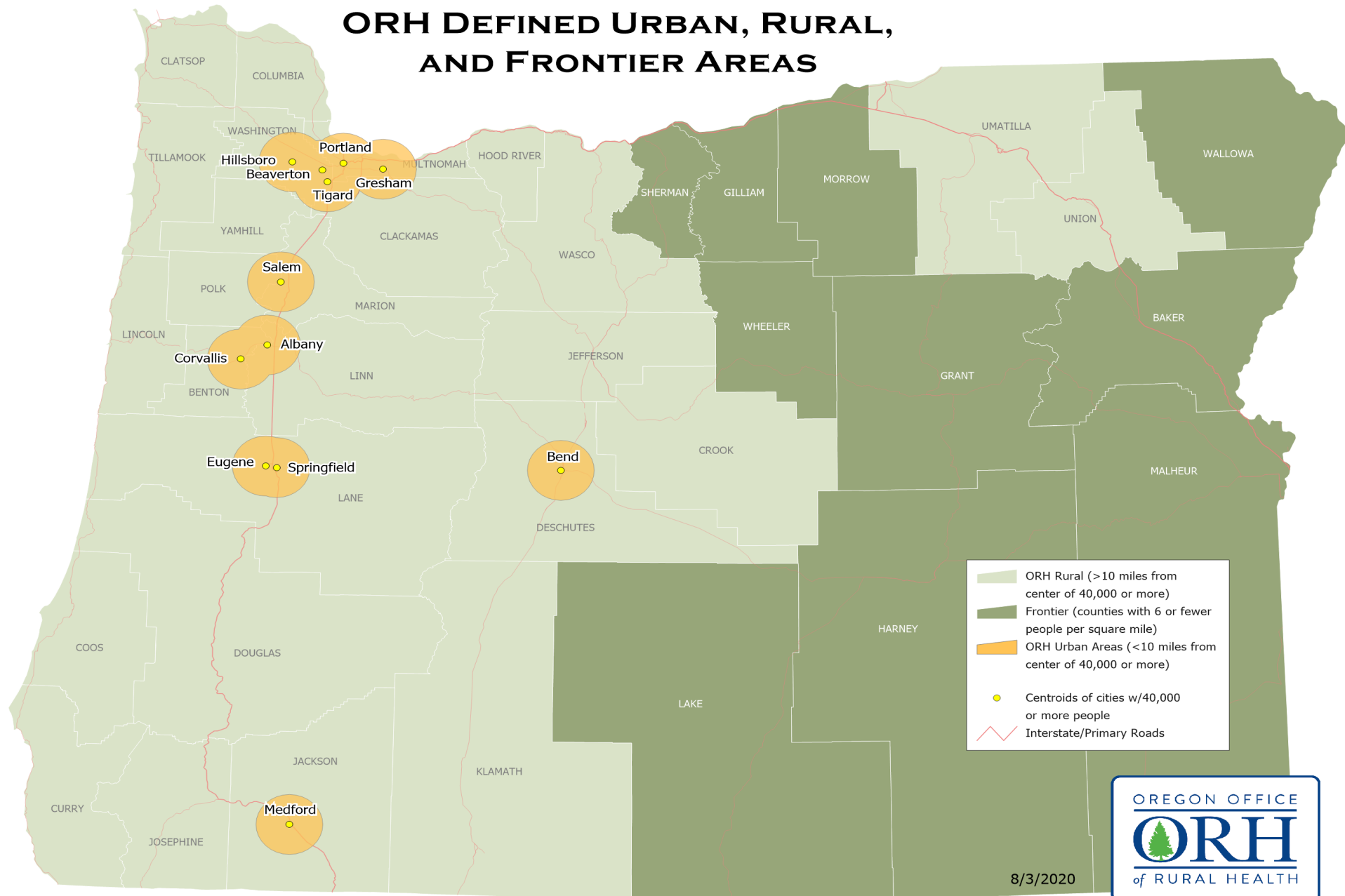
Credit Description

- 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





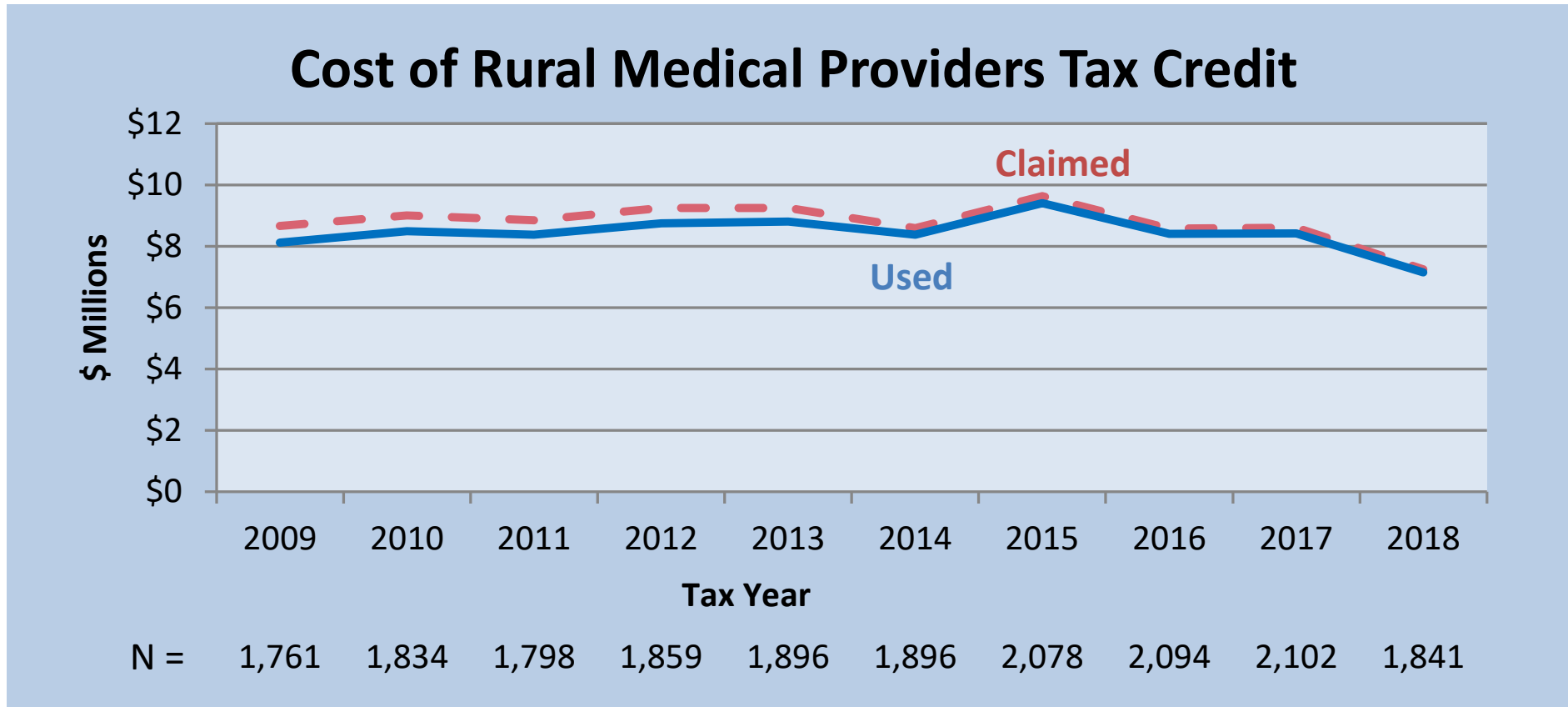
Recent Changes to Credit

- 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





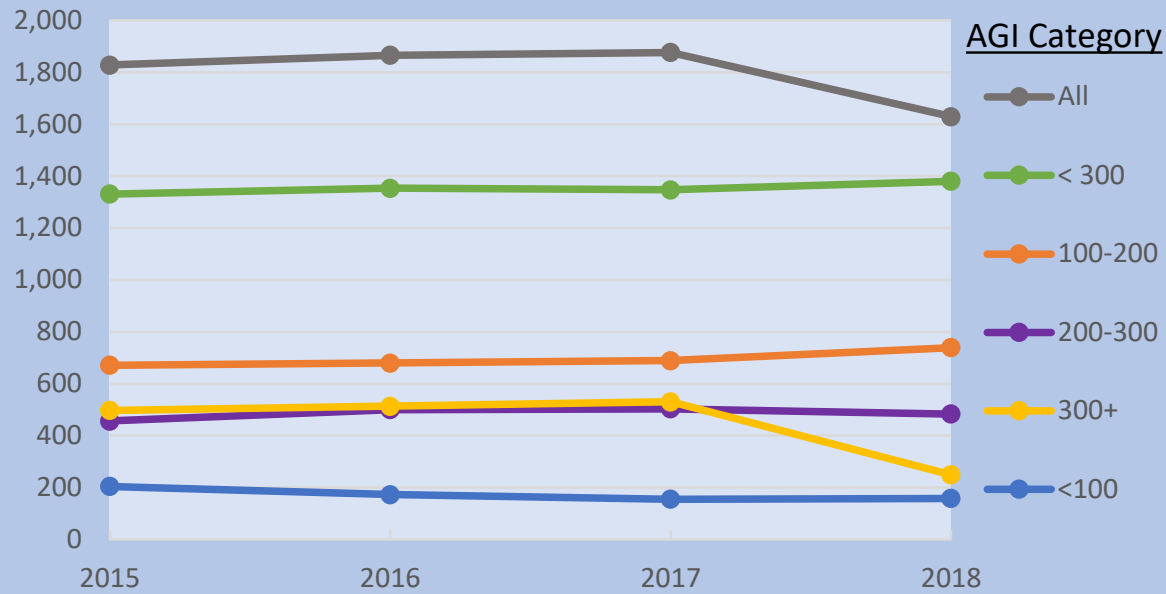
Cost of Credit



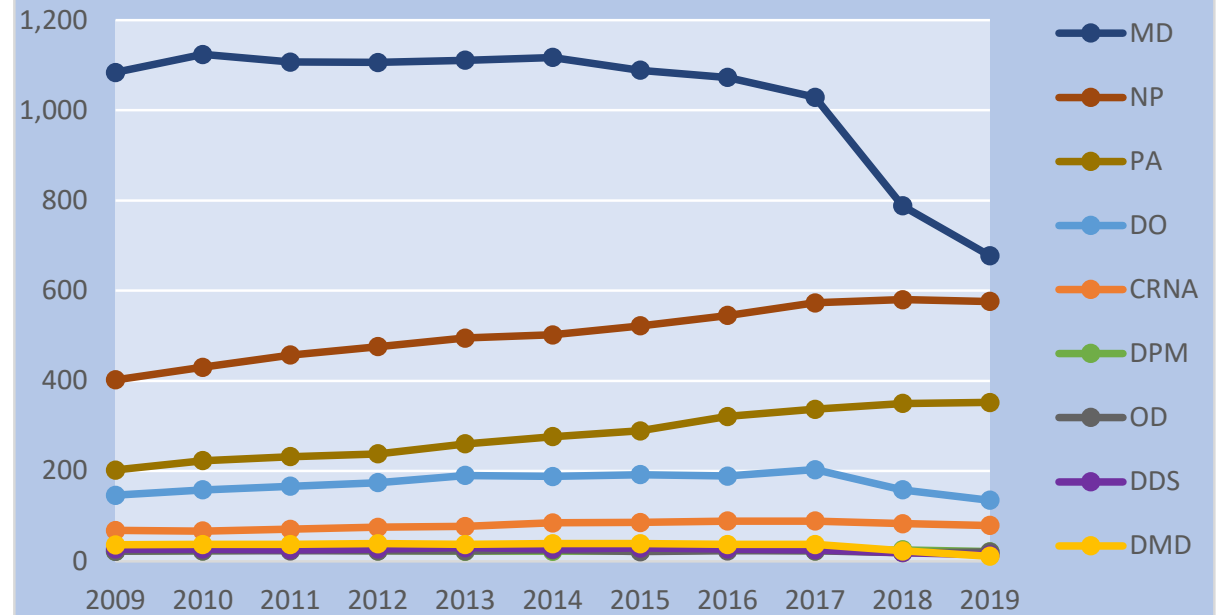


Credit Claimants

Number Claiming Credit by AGI Group & Year



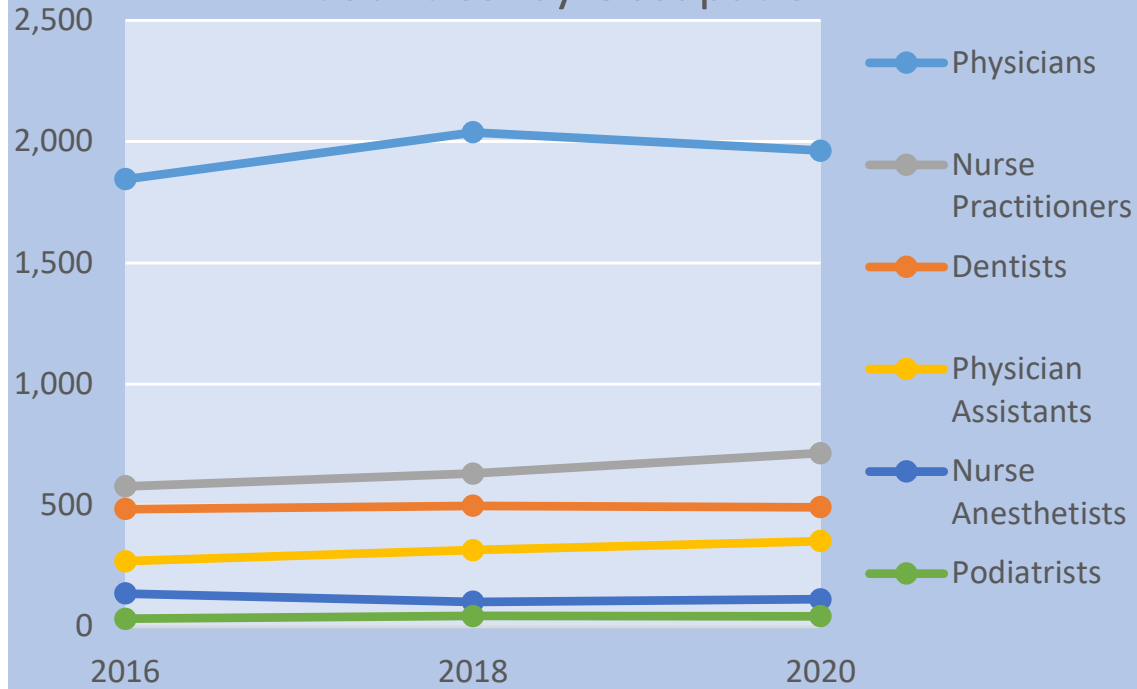
Certifications by Licensure Type and Year



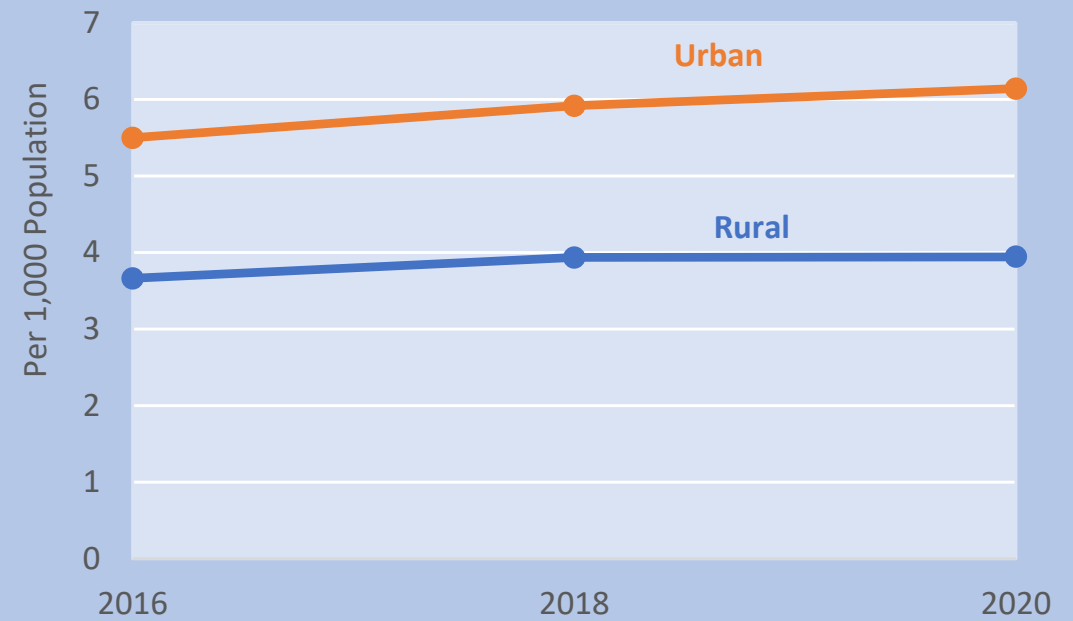


Landscape Post Credit Policy Changes

Number of License Renewals in Rural Counties by Occupation



Select Providers Practicing per 1,000 of Population



Questions?

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

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