



Rural Medical Tax Credits

House Committee On Behavioral Health and Health Care– John Calhoun – 1.30.2025

Chair Nosse, Vice Chairs Javadi and Nelson, members of the committee

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

HB 2204 relates to podiatric physicians and optometrists' eligibility for the rural medical tax credit. Today 3 other bills add mental health professionals, naturopaths, pharmacists, medical lab personnel, and anesthetists while a 5th bill doubles the size of the rural medical tax credit and eliminates a \$300,000 income cap. This all represents a significant and costly expansion of the use of tax credits.

Rather than my testifying on each one and wasting your time, I hope you will allow me the freedom to talk about the general approach of using tax credits to deal with compensation issues and my comments apply to all 5 bills being discussed today.

There is no denying that rural medical care is suffering and recruiting medical providers is both difficult and getting more so. However, this is only a subset of a national problem in healthcare. There is a shortage of personnel everywhere. Doctors and nurses feel burned out. Our healthcare system got stressed by the COVID Pandemic and is not getting better. The Providence strike by nurses and doctors and the need for Legacy to find a merger partner are symptoms of this crisis. The Providence strike is primarily about a lack of staff resulting in work stress.

Using tax credits that reduce general fund revenue is not the answer to this problem. The rural medical tax credit is simply another form of payment for services. It is not free money. It does not address the other recruiting issues in rural communities.

As my associate Rich Swift will testify on HB 2390, Coordinated Care Organizations were established to address system wide healthcare problems including compensation. It is very ineffective to use a one size fits all tax credit to the different needs of medical professional compensation across the state and across professions. A \$5,000 credit means a lot more to someone earning \$100,000 vs someone paid \$500,000.

In addition to rural medical tax credits there are over 60 other tax credit bills for this session with more coming. Many of them are also designed to address problems in rural communities. Yesterday there was a hearing on a tax credit for volunteer fire fighters with strong emotional appeal. Legislators will have a difficult time deciding which, if any, can be funded this year when we already face a \$100 million deficit. I would urge you to look at the bigger picture and ask yourselves if tax credits are a real and lasting solution to medical personnel shortages.

We read the bills and follow the money