

SB 143 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 6/3

WHAT THE MEASURE DOES:

Extends sunset, from January 1, 2022 to January 1, 2028, of tax credit available to certain medical providers practicing in rural areas. For taxpayers meeting credit eligibility requirements in tax year 2027, extends sunset from January 1, 2031 to January 1, 2037.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Certain medical providers are allowed a non-refundable tax credit equal to either \$3,000, \$4,000 or \$5,000 against their personal income taxes. Eligible providers include physicians, dentists, podiatrists, optometrists, physician assistants, nurse practitioners and certified registered nurse anesthetists. The value of the tax credit depends on a medical provider's distance from a community with a population of 40,000 or more. The credit is also limited to providers with adjusted gross income up to \$300,000. There are three exceptions to the limit: physicians who practice as a general surgeon, physicians who specialize in obstetrics, or physicians who specialize in family or general practice and provide obstetrical services. 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 (Medicaid) base equal to their county's population of such patients up to 20 percent for Medicare and 15 percent for medical assistance patients.

Despite the current sunset of January 1, 2022, there is a grandfather clause allowing taxpayers that meet the eligibility requirements for tax year 2021 to continue using the credit for any tax year through 2031. Additionally, there is a ten-year lifetime limit on using the credit though the ten-year limit only applies to tax years beginning on or after 2018.