A BILL FOR AN ACT

RELATING TO RURAL PHYSICIANS TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The legislature finds that a problematic
- 2 medical environment has resulted in scores of physicians leaving
- 3 the state. Rural areas, especially on the neighbor islands,
- 4 have seen an increasing exodus of much-needed trained
- 5 physicians, who for various reasons have found it more suitable
- 6 to leave the state for other parts of the country.
- 7 This Act addresses this problem, in part, by providing a
- 8 tax incentive to encourage physicians to establish their
- 9 practice in rural communities.
- 10 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
- 11 amended by adding a new section to be appropriately designated
- 12 and to read as follows:
- 13 "\$235- Rural physicians; tax credit. (a) There shall
- 14 be allowed to each individual taxpayer who is a qualified
- 15 physician and who is not claimed, or is not otherwise eliqible
- 16 to be claimed, as a dependent by another taxpayer for federal or
- 17 state income tax purposes, a rural physicians tax credit that
- shall be deductible from the taxpayer's net income tax liability
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imposed by this chapter for the taxable year in which the tax
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2
    credit is properly claimed.
         As used in this section:
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         "Qualified physician" means a physician licensed under
4
    chapter 453 who moves to, and establishes residence and
5
6
    practices medicine in, a rural area of the state.
7
         "Rural area" means an area designated by the department of
    health that is in critical need of physicians.
8
9
         (b) To qualify for the tax credit, the taxpayer shall be
    in compliance with all applicable federal, state, and county
10
    statutes, rules, and regulations.
11
         (c) The tax credit shall be equal to the following sliding
12
    scale of the number of years a qualified physician practices in
13
    a rural area and a correlating percentage of the qualified
14
    physician's insurance premium cost that qualifies for the tax
15
16
    credit:
                                       Percentage of insurance
17
    Years of continuous medical
                                       premium (tax credit):
18
    practice in a rural area:
19
                                       Ten per cent;
         (1) One year
                                       Twenty per cent;
20
         (2) Two years
21
         (3) Three years
                                       Thirty per cent;
22
                                       Forty per cent;
         (4) Four years
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1	(5) Five years Fifty per cent;
2	(6) Six years ` Sixty per cent; and
3	(7) Seven years Seventy per cent;
4	provided that the calculation of the years of continuous medical
5	practice shall commence in the year following December 31, 2008;
6	and provided further that the tax credit may be claimed only
7	once per taxable year.
8	(d) If the tax credit under this section exceeds the
9	taxpayer's net income tax liability, the amount of the excess
10	tax credit may be claimed in subsequent years until exhausted.
11	(e) Every claim, including amended claims, for the tax
12	credit under this section shall be filed on or before the end of
13	the twelfth month following the close of the taxable year for
14	which the tax credit may be claimed. Failure to meet the filing
15	requirements of this subsection shall constitute a waiver of the
16	right to claim the tax credit.
17	(f) The director of taxation:
18	(1) Shall prepare forms as may be necessary to claim a tax
19	<pre>credit under this section;</pre>
20	(2) May require proof of the claim for the tax credit; and
21	(3) May adopt rules pursuant to chapter 91 to effectuate
22	the purposes of this section."



- 1 SECTION 3. New statutory material is underscored.
- 2 SECTION 4. This Act shall take effect upon its approval
- 3 and apply to taxable years beginning after December 31, 2008.

Report Title:

Tax Credit; Physicians; Rural Areas

Description:

Provides a tax credit on a sliding scale for amounts paid for medical malpractice insurance premiums by physicians that move to, and practice medicine in, rural areas. (HB1317 HD1)