

**TAX CREDIT: PHYSICIANS IN
UNDERSERVED AREAS**

House Bill 4303
Sponsor: Rep. Samuel Buzz Thomas
Committee: Tax Policy

Complete to 8-15-01

A SUMMARY OF HOUSE BILL 4303 AS INTRODUCED 2-20-01

The bill would amend the Income Tax Act to create a tax credit for certain physicians practicing in areas designated as health professional shortage areas by the director of the Department of Community Health. The credit would apply for tax years beginning after December 31, 2000.

The credit could be claimed by full-time or part-time medical care practitioners board certified in cardiology, family practice, general practice, nephrology, pediatrics, or internal medicine. The credit would equal \$5,000 for a full-time practitioner (one practicing 40 hours per week or more) and proportionately less for part-time practitioners, based on the average number of hours per week of medical practice. The credit would not be refundable; that is, if the credit exceeded the taxpayer's tax liability, the excess amount would not be refunded. However, excess amounts could be carried forward for five years or until used up, whichever occurred first.

If a practitioner interrupted his or her practice to participate in a continuing education program or a medically related sabbatical lasting more than one year, the credit could be claimed for any five tax years within the eight consecutive years that included the practice interruption. A practitioner who was participating in the Michigan essential health provider program or J-1 Visa program could claim the credit only in the five tax years beginning in the year after the obligations under that program had been completed. If an area previously designated as a shortage area no longer qualified (according to the Department of Community Health), a physician practicing in the area could continue to claim the credit.

The Department of Community Health would be required to certify to the Department of Treasury whether a physician claiming the credit was qualified. The physician claiming the credit would have to attach to his or her return an affidavit stating he or she met all of the conditions and criteria for the credit.

MCL 206.269

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