

SENATE BILL NO. 553  
INTRODUCED BY J. BLACK

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING INCENTIVES FOR RECRUITING PHYSICIANS TO PRACTICE IN CERTAIN AREAS; EXPANDING THE REPAYMENT OF EDUCATIONAL DEBT TO INCLUDE PHYSICIANS PRACTICING IN MEDICALLY UNDERSERVED AREAS; INCREASING THE AMOUNT OF EDUCATIONAL DEBT THAT MAY BE PAID BY THE BOARD OF REGENTS; INCREASING THE FEE THAT MAY BE ASSESSED TO CERTAIN STUDENTS PREPARING TO BE PHYSICIANS; PHASING OUT THE TAX CREDIT FOR A PHYSICIAN PRACTICING IN RURAL AREAS; PROVIDING FOR TRANSFERS FROM THE STATE GENERAL FUND TO THE STATE SPECIAL REVENUE ACCOUNT FOR PAYING EDUCATIONAL DEBT BASED ON THE PHASEOUT OF THE PHYSICIAN TAX CREDIT; AMENDING SECTIONS 15-30-189, 20-26-1501, 20-26-1502, AND 20-26-1503, MCA; REPEALING SECTIONS 15-30-188, 15-30-189, 15-30-190, AND 15-30-191, MCA; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY DATES."

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

**Section 1.** Section 15-30-189, MCA, is amended to read:

**"15-30-189. Tax credit for physician practicing in rural area.** ~~A~~ For tax years beginning after December 31, 2006, and before January 1, 2008, a licensed physician who commences practice in a rural area in Montana on a full-time basis is entitled to a credit against taxes imposed by 15-30-103 in an amount of \$5,000 a year for each of 4 successive years, beginning with the year in which the practice commences. To qualify for the credit provided in this section, the physician shall maintain ~~his~~ the practice for at least 9 months of the ~~taxable~~ tax year in which the credit is claimed."

NEW SECTION. **Section 2. General fund transfer.** (1) By November 1, 2008, the department of revenue shall determine the total amount of the tax credit claimed under 15-30-188 through 15-30-191 that was taken by physicians practicing in rural areas for tax years 2006 and 2007 and calculate the average of those amounts. The department of revenue shall report the average amount determined under this subsection to the state treasurer.

(2) (a) For the fiscal year beginning July 1, 2008, the state treasurer shall transfer 25% of the amount reported under subsection (1) from the general fund to the incentive for physicians practicing in rural areas or

medically underserved areas state special revenue account created in 20-26-1501. The transfer under this subsection (2)(a) may not occur until after the amount is reported by the department of revenue under subsection (1).

(b) For the fiscal year beginning July 1, 2009, the state treasurer shall transfer 50% of the amount reported under subsection (1) from the general fund to the incentive for physicians practicing in rural areas or medically underserved areas state special revenue account created in 20-26-1501.

(c) For the fiscal year beginning July 1, 2010, the state treasurer shall transfer 75% of the amount reported under subsection (1) from the general fund to the incentive for physicians practicing in rural areas or medically underserved areas state special revenue account created in 20-26-1501.

(d) For each fiscal year beginning after June 30, 2011, the state treasurer shall transfer 100% of the amount reported under subsection (1) from the general fund to the incentive for physicians practicing in rural areas or medically underserved areas state special revenue account created in 20-26-1501.

**Section 3.** Section 20-26-1501, MCA, is amended to read:

**"20-26-1501. ~~Rural physician incentive~~ Incentive for physicians practicing in rural areas or medically underserved areas state special revenue account.** There is ~~a rural physician~~ an incentive for physicians practicing in rural areas or medically underserved areas state special revenue account in the state treasury. Money is payable into the account as provided in [section 2] and 20-26-1502. Income and earnings on the account must be redeposited in the account. The account must be administered by the board of regents as provided in this part."

**Section 4.** Section 20-26-1502, MCA, is amended to read:

**"20-26-1502. ~~Fee assessments -- deposits.~~** The board of regents may assess a fee to students preparing to be physicians in the fields of medicine or osteopathic medicine who are supported by the state pursuant to an interstate compact for a professional education program in those fields, as those fields are defined by the compact. The fee may not exceed an amount equal to ~~8%~~ 16% of the annual individual medicine support fee paid by the state pursuant to 20-25-804. The fee must be assessed by the board of regents and deposited in the ~~rural physician incentive~~ for physicians practicing in rural areas or medically underserved areas state special revenue account established in 20-26-1501."

**Section 5.** Section 20-26-1503, MCA, is amended to read:

**"20-26-1503. Use of ~~rural physician incentive for physicians practicing in rural areas or medically underserved areas~~ state special revenue account.** (1) The ~~rural physician incentive for physicians practicing in rural areas or medically underserved areas~~ state special revenue account is statutorily appropriated, as provided in 17-7-502, to the board of regents to be used to pay:

(a) the educational debts of ~~rural~~ physicians who practice in rural areas or medically underserved areas of the state that demonstrate a need for assistance in physician recruitment; and

(b) the expenses of administering the ~~rural physician incentive program for physicians practicing in rural areas or medically underserved areas~~. The expenses of administering the program may not exceed 10% of the annual fees assessed pursuant to 20-26-1502.

(2) The board of regents shall establish procedures for determining ~~the~~ rural areas and medically underserved areas of the state that qualify for assistance in physician recruitment. An eligible area must demonstrate that a physician shortage exists or that the area has been unsuccessful in recruiting physicians ~~by~~ in other mechanisms ways.

(3) A physician from an area determined to be eligible under subsection (2) may apply to the board of regents for payment of an educational debt directly related to a professional school, as provided in subsection (4). Physicians who have paid the fee authorized in 20-26-1502 must be given a preference over other applicants. To receive the educational debt payments, the physician shall sign an annual contract with the board of regents. The contract must provide that the physician is liable for the payments if the physician ceases to practice in the eligible area during the contract period.

(4) The maximum amount of educational debt payment that a ~~rural~~ physician practicing in a rural area or medically underserved area may receive is ~~\$45,000~~ \$100,000 over a 5-year period or a proportionally reduced amount for a shorter period.

(5) The amount contractually committed in a year may not exceed the annual amount deposited in the ~~rural physician incentive for physicians practicing in rural areas or medically underserved areas~~ state special revenue account."

**NEW SECTION. Section 6. Repealer.** Sections 15-30-188, 15-30-189, 15-30-190, and 15-30-191, MCA, are repealed.

**NEW SECTION. Section 7. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 17, chapter 1, and the provisions of Title 17, chapter 1, apply to [section 2].

**NEW SECTION. Section 8. Effective dates.** (1) Except as provided in subsections (2) through (4), [this act] is effective July 1, 2008.

(2) [Section 1 and this section] are effective on passage and approval.

(3) [Section 5] is effective July 1, 2009.

(4) [Section 6] is effective December 31, 2010.

**NEW SECTION. Section 9. Applicability.** (1) [Section 1] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

(2) [Section 4] applies to fees charged after June 30, 2008.

(3) [Section 5] applies to applications for payment of educational debt made after June 30, 2009.

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