
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 eligible
16 to be claimed, as a dependent by another taxpayer for federal or
17 state income tax purposes, a rural physicians tax credit that
18 shall be deductible from the taxpayer's net income tax liability



1 imposed by this chapter for the taxable year in which the tax
2 credit is properly claimed.

3 As used in this section:

4 "Qualified physician" means a physician licensed under
5 chapter 453 who moves to, and establishes residence and
6 practices medicine in, a rural area of the state.

7 "Rural area" means an area designated by the department of
8 health that is in critical need of physicians.

9 (b) To qualify for the tax credit, the taxpayer shall be
10 in compliance with all applicable federal, state, and county
11 statutes, rules, and regulations.

12 (c) The tax credit shall be equal to the following sliding
13 scale of the number of years a qualified physician practices in
14 a rural area and a correlating percentage of the qualified
15 physician's insurance premium cost that qualifies for the tax
16 credit:

17 Years of continuous medical Percentage of insurance
18 practice in a rural area: premium (tax credit):

- 19 (1) One year Ten per cent;
- 20 (2) Two years Twenty per cent;
- 21 (3) Three years Thirty per cent;
- 22 (4) Four years Forty per cent;



- 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)

