

# FYI – For Your Information

## Health Care Professional Credit

### GENERAL INFORMATION

For any tax year beginning on or after January 1, 2000, but prior to January 1, 2008, during which the state's fiscal year ends with a qualified surplus, an income tax credit is available for Colorado residents who work as health care professionals in rural areas of Colorado. [§39-22-126, C.R.S.].

**NOTE: The health care professional credit is not available for tax years 2002 through 2007. The State of Colorado did not have a budget surplus for the years ending June 30, 2002 through June 30, 2005, and as a result of Referendum C that passed at the November 2005 statewide election, there will not be a budget surplus refund for the years ending June 30, 2006 through June 30, 2007.**

### TAXPAYERS WHO QUALIFY FOR THE CREDIT

Qualified taxpayers are health care professionals who resided and practiced full-time in a Colorado rural health care professional shortage area and who have committed to residing and practicing in that area for at least three years and up to five years. The health care professionals must also be borrowers on student loans issued under a recognized program used by him or her for higher education opportunities resulting in a degree that enables them to be licensed or certified as a health care professional.

### DEFINITIONS

“Health care professional” means a physician, physician assistant or advanced practice nurse who is licensed under the laws of Colorado.

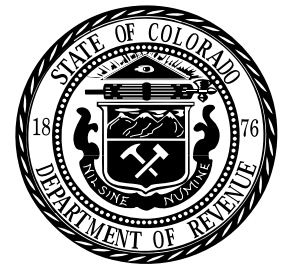
For tax years beginning on or after January 1, 2001 the definition includes dentists. For tax years beginning on or after January 1, 2002 the definition includes dental hygienists.

“Rural health care professional shortage area” means any area outside Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo or Weld counties, and any area within those counties that is located 30 or more miles from the nearest hospital containing 30 or more licensed beds.

For information on where these “rural health care professional shortage areas” are, contact the Office of Rural and Primary Health, Colorado Department of Public Health and Environment, (303) 692-2470.

“Student loan” means a student obligation or other debt obligation for higher education purposes or for the purpose of consolidating or refinancing a loan for higher education purposes.

“Full time” means at least 20 hours per week on average for 180 days in the first year, and at least 20 hours per week on average for at least ten months in subsequent years of participation in the income tax credit program.



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## **COMPUTING THE CREDIT**

The credit will be the smaller of:

- 1) 1/3 of the amount due on the health care professional's student loan on January 1 of the first tax year the credit is claimed,  
or
- 2) the total amount due on the health care professional's student loan on January 1 of the first tax year the credit is claimed minus the total of the credits claimed in prior years,  
or
- 3) the total of the Colorado tax and Colorado alternative minimum tax liabilities for the year.

If other tax credits reduce the net tax liability for the tax year below the amount in number 3 (above), any health care professional credit that exceeds this amount will be refunded to the taxpayer.

## **LIMITATIONS**

The credit may only be claimed during years:

- 1) in which the taxpayer was current on their student loan payments, and
- 2) the taxpayer actually resides and practices in the Colorado rural health care professional shortage area per an agreement with the Department of Public Health and Environment, and
- 3) within the first four years following the year the credit was first claimed, and
- 4) that the student loan has an outstanding balance for at least part of the year.

## **RECAPTURE OF THE CREDIT**

Any taxpayer who has claimed this credit and

- 1) moves out of the rural health care professional shortage area or ceases to practice in such area during the period they were committed to reside and practice in that area, or
- 2) pays off their student loan by means of any other loan repayment program must repay the entire amount of the total credit claimed with the income

tax return for the year in which the move occurs, in which the practice ends, or in which the loan is paid by the loan repayment program. This repayment will be reported on the "Recapture of prior year credits" line on Form 104.

## **DOCUMENTATION**

A certification form from the Department of Public Health and Environment must be attached to any income tax return on which this credit is claimed. This form will certify that the taxpayer has met the requirements of this credit.

## **QUALIFIED SURPLUS**

The qualified surplus that is needed for the Health Care Professional credit to be available in any given tax year is \$402.3 million that must be refunded under section 20 (7) (a) of Article X of the state constitution. The \$402.3 million amount will be adjusted annually for the rate of growth of Colorado personal income.

## **FURTHER INFORMATION**

FYIs, commonly used forms and additional tax information are available on the Web at [www.taxcolorado.com](http://www.taxcolorado.com)

For additional income tax information visit the "Tax Information Index" which covers a variety of topics including links to forms, publications, regulations, statutes and questions and answers. The "Tax Information Index" is located at [www.taxcolorado.com](http://www.taxcolorado.com)

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.