



Veterinary Medicine Loan Repayment Program Enhancement Act (VMLRPEA) , S. 440 / H.R. 3095



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This bill will help America's farmers and ranchers get the veterinary services they need.

What will this bill do?

Veterinarians protect the nation's food supply and keep animals healthy.

Veterinarians awarded through the Veterinary Medicine Loan Repayment Program (VMLRP) provide routine and emergency veterinary services and other services as required for the interstate movement of livestock as well as disease surveillance and diagnostics for state and federal animal health programs. They provide herd health plans including: preventative medicine and nutrition and reproduction management consultation services. VMLRP veterinarians play a role in a state's veterinary emergency response team and take part in disease control and eradication programs. They provide veterinary medical care primarily for food animals, including: beef and dairy cattle, poultry, swine, dairy and meat goats, and sheep in the U.S. Department of Agriculture's designated veterinary shortage areas.

VMLRP awardees, FDA Guidance 209 and the Veterinary Feed Directive (VFD)

VMLRP awardees will play an important role in protecting food safety as well as public health and animal welfare by overseeing the use of antimicrobials in food-producing animals, per the FDA's Guidance for Industry #209, which phases out using antibiotics for growth promotion in food animals. On June 3, the FDA finalized its Veterinary Feed Directive (VFD) final rule, which mandates how medically important antibiotics given to food animals are to be used and distributed to livestock producers. A livestock producer is now required to get approval from a veterinarian for antibiotics used in animal feed. The FDA intends to move all medically-important antibiotics out of over-the-counter status to VFD status by 2017.

VMLRP awards are subject to a 39 percent withholding tax. The cost per participant over an initial three-year contract is up to \$104,250 (\$75,000 for the loan repayment award and \$29,250 for withholding taxes). The USDA pays the withholding tax to the Internal Revenue Service on behalf of its participants. **Why 39 percent?** The VMLRP was modeled after the National Health Service Corps' Loan Repayment Program, which was subject to a 39 percent withholding tax until Congress exempted the awards in 2004.

Joint Tax Estimate (dated April 29, 2015) \$52 million over ten years.

Congress set a precedent in 2004. The National Health Service Corps' loan repayment program awards were exempted from the withholding tax by the American Jobs Creation Act (PL 108-357), enacted on Oct. 22, 2004, which was the year after the VMRLP was established.

By enacting this legislation, similar state loan repayment programs would also exempt veterinarians from this withholding tax.

Twenty states have authorized loan repayment programs for veterinarians, including: Arkansas, Connecticut, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Minnesota, Missouri, Nebraska, New Hampshire, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Vermont, Washington, and Wyoming.

Status of the bill:

- Senators Mike Crapo (R-Idaho) and Debbie Stabenow (D-Mich.) introduced **S. 440** on Feb. 10, 2015, and it was referred to the Senate Committee on Finance. Senators are urged to cosponsor this bill by contacting Casey Atterby (Crapo) at 202.224.6142 or Grant Colvin (Stabenow) at 202.224.1405.
- Rep. Adrian Smith (R-Neb.) with Rep. Ron Kind (D-Wisc.) introduced **H.R. 3095** on July 16. Representatives are urged to cosponsor this bill by contacting Josh Jackson (Smith) at 202.225.6435 or Hana Greenberg at 202.225.5506.

Key points:

- VMLRP repays up to \$75,000 in qualified educational loans for veterinarians who sign contracts with the USDA to practice food animal or public health medicine in designated veterinary shortage areas.
- The average graduating debt for veterinarians in 2014 was \$135,283.
- VMLRP awards are subject to a 39 percent withholding tax.
- If Congress passes this bill, the USDA can get more veterinarians into areas where America's ranchers and farmers need them most without having to increase the program's annual congressional appropriations.
- Congress has appropriated \$33.4 million to the VMLRP since fiscal 2006, including \$5 million in fiscal 2015. About \$13 million of this has gone to pay withholding taxes on awards.
- Since 2010, 291 VMLRP awards have been made to veterinarians while 858 have applied, showing keen interest in the program and fierce competition for awards.
- VMLRP veterinarians now practice in 45 states, Puerto Rico and on U.S. federal lands.

For more information, contact Gina Luke at 202.289.3204 or gluke@avma.org. Learn more: avma.org/advocacy

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