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# A BILL FOR AN ACT

RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that demand for  
2   healthcare providers in Hawaii is growing because of an increase  
3   in population size, particularly among the aged population; an  
4   improvement in access to care due to broader insurance coverage;  
5   and a higher prevalence of chronic diseases. At the same time,  
6   there is a primary care provider shortage in Hawaii that will be  
7   exacerbated by the projected retirements of current physicians  
8   and advanced practice registered nurses. If nothing is done to  
9   address the gap between healthcare supply and demand, patients  
10   will suffer from longer wait times to see providers and poorer  
11   health outcomes. Even more so, the evolution of healthcare  
12   delivery means academic institutions across Hawaii face  
13   challenges in ensuring an adequate number of future healthcare  
14   professionals who are well-distributed by location and by  
15   specialty and who are prepared to deliver primary, specialty,  
16   and behavioral health care in rural, urban, and suburban  
17   settings across Hawaii. Thus, the legislature acknowledges that



1 in order to meet these growing healthcare demands, the State  
2 must work with academic institutions and healthcare  
3 professionals to ensure that there is an adequate and well-  
4 prepared healthcare workforce.

5 The legislature further finds that Hawaii high school  
6 students and residents are interested in pursuing careers in the  
7 healthcare service industry. However, in-state educational  
8 institutions are constrained by the lack of clinical education  
9 and field work sites in Hawaii and the limited supply of  
10 qualified primary and specialty care preceptors. The  
11 legislature recognizes that current efforts are underway to  
12 address these clinical site limitations, including travel  
13 support from health professional schools in Hawaii for students  
14 and residents who are incurring high costs for training away  
15 from their home island. With out-of-state training having such  
16 a high cost, the State must consider expanding in-state  
17 healthcare provider education capacity.

18 The legislature also finds that the development of new  
19 clinical preceptors and training sites is increasingly  
20 difficult. The cohort of preceptors consists largely of  
21 volunteers who share the kuleana of educating the future



1 healthcare workforce. Yet, providers who offer such volunteer-  
2 based education assume this responsibility above and beyond  
3 their regular patient-care responsibilities, subjecting  
4 themselves to preceptor fatigue, especially in busy clinical  
5 settings. Developing sufficient clinical training opportunities  
6 and field placements in areas of high demand requires a  
7 sufficient number of appropriately trained preceptors, but the  
8 limited availability of preceptors restricts in-state healthcare  
9 academic institutions from expanding healthcare provider  
10 training. Some states, including Maryland, Georgia, and  
11 Colorado, have identified preceptor tax exemptions as a means to  
12 increase the supply of health professional preceptors and  
13 trainees.

14       The purpose of this Act is to create a tax credit that  
15 encourages preceptors to offer professional instruction,  
16 training, and supervision to students and residents seeking  
17 careers as healthcare providers throughout Hawaii, with the  
18 intention of building capacity for clinical education at in-  
19 state academic programs that are nationally accredited for the  
20 training of medical, nursing, dental hygiene, social work,



1 psychology, physical therapist assistant, or pharmacy  
2 professionals.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§235- Healthcare preceptor tax credit. (a) There  
7 shall be allowed to each taxpayer subject to the tax imposed by  
8 this chapter, a healthcare preceptor tax credit for supervising  
9 volunteer-based supervised clinical training rotations which  
10 shall be deductible from the taxpayer's net income tax  
11 liability, if any, imposed by this chapter for the taxable year  
12 in which the credit is properly claimed.

13 (b) The amount of the credit determined under this section  
14 for the taxable year shall be equal to \$1,000 for each  
15 volunteer-based supervised clinical training rotation supervised  
16 by the taxpayer; provided that the aggregate amount of tax  
17 credit awarded to any taxpayer pursuant to this section shall  
18 not exceed \$5,000 for any income tax year regardless of the  
19 number of volunteer-based supervised clinical training rotations  
20 supervised by the taxpayer.

21 (c) The director of taxation:



1       (1) Shall prepare any forms that may be necessary to claim  
2       a tax credit under this section; and

3       (2) May require the taxpayer to furnish the certificate  
4       issued under subsection (d) and any other reasonable  
5       information necessary to ascertain the validity of the  
6       claim for the tax credit made under this section.

7       (d) The preceptor credit assurance committee, established  
8       pursuant to section 321- , shall:

9       (1) Maintain records of the names, addresses, and license  
10       number of the qualified taxpayers claiming the credits  
11       under this section; and

12       (2) Verify the number of volunteer-based supervised  
13       clinical training rotations each taxpayer supervised  
14       by verifying:

15       (A) That each taxpayer meets the requirements to  
16       serve as a preceptor;

17       (B) The number of hours the taxpayer spent  
18       supervising an eligible primary care student or  
19       trainee in each volunteer-based supervised  
20       clinical training rotation;



1           (C) That the eligible student or trainee was enrolled  
2           in an academic program in this State; and

3           (D) Whether the taxpayer was uncompensated.

4 Upon each determination, the preceptor credit assurance  
5 committee shall issue a certificate to the taxpayer verifying  
6 the number of volunteer-based supervised clinical training  
7 rotations supervised by the taxpayer.

8           (e) If in any taxable year the annual amount of certified  
9 credits reaches \$2,000,000 in the aggregate, the preceptor  
10 credit assurance committee shall immediately discontinue  
11 certifying credits and notify the department of taxation. In no  
12 instance shall the preceptor credit assurance committee certify  
13 a total amount of credits exceeding \$2,000,000 per taxable year.  
14 To comply with this restriction, the preceptor credit assurance  
15 committee shall certify credits on a first come, first served  
16 basis.

17           (f) A tax credit under this section that exceeds the  
18 taxpayer's net income tax liability may be used as a credit  
19 against the taxpayer's net income tax liability in subsequent  
20 years until exhausted. All claims for tax credits under this  
21 section, including any amended claims, shall be filed on or



1 before the end of the twelfth month following the close of the  
2 taxable year for which the credits may be claimed. Failure to  
3 comply with this subsection shall constitute a waiver of the  
4 right to claim the credit.

5 (g) For the purpose of this section:

6 "Academic program" means an academic degree granting or  
7 graduate medical education program that holds either its  
8 principal accreditation or a physical location in Hawaii that  
9 provides education to students of whom more than fifty per cent  
10 are residents of Hawaii.

11 "Advanced practice registered nurse student" means an  
12 individual participating in a degree-granting academic program  
13 that is nationally accredited by the Commission on Collegiate  
14 Nursing Education for the education of primary care advanced  
15 practice registered nurses and recognized by the board of  
16 nursing pursuant to chapter 457.

17 "Dental hygienist student" means an individual  
18 participating in an academic program that is nationally  
19 accredited for the training of dental hygienists or expanded  
20 dental hygienists pursuant to chapter 447.



1 "Eligible professional degree or training certificate"

2 means a degree or certificate that fulfills a requirement to be  
3 a dental hygienist pursuant to chapter 447, a physician or  
4 osteopathic physician pursuant to chapter 453, an advanced  
5 practice registered nurse pursuant to chapter 457, a physical  
6 therapist assistant pursuant to chapter 461J, a pharmacist  
7 pursuant to chapter 461, a psychologist pursuant to chapter 465,  
8 or a social worker pursuant to chapter 467E.

9 "Eligible student or trainee" means an advanced practice  
10 registered nurse student, dental hygienist student, medical  
11 student, pharmacy student, psychology student, social work  
12 student, or physical therapist assistant student.

13 "Medical student" means an individual participating in an  
14 academic program nationally accredited by the Liaison Committee  
15 on Medical Education or American Osteopathic Association  
16 Commission on Osteopathic College Accreditation leading to the  
17 doctor of medicine or doctor of osteopathic medicine degree.

18 For the purposes of this section the term medical student  
19 includes graduates from Liaison Committee on Medical Education  
20 and American Osteopathic Association Commission on Osteopathic  
21 College Accreditation programs who have continued their





1 training, in the role of resident or fellow, to obtain the  
2 additional qualifications needed for both medical licensure  
3 pursuant to chapter 453 and specialty certification.

4 "Nationally accredited" means holding an institutional  
5 accreditation by name for such primary care education pursuant  
6 to chapter 447, 453, 457, 461, 461J, or 467E.

7 "Pharmacy student" means an individual participating in an  
8 academic program that is nationally accredited for the training  
9 of individuals to become registered pharmacists pursuant to  
10 chapter 461.

11 "Preceptor" means a dentist or dental surgeon licensed  
12 pursuant to chapter 448, a physician or osteopathic physician  
13 licensed pursuant to chapter 453, an advanced practice  
14 registered nurse licensed pursuant to chapter 457, a pharmacist  
15 licensed pursuant to chapter 461, a physical therapist licensed  
16 pursuant to chapter 461J, a psychologist licensed pursuant to  
17 chapter 465, or a social worker pursuant to chapter 467E who may  
18 be either licensed or unlicensed.

19 "Psychology student" means an individual participating in  
20 an academic program that is nationally accredited for the



1 training of individuals to become psychologists pursuant to  
2 chapter 465.

3 "Physical therapist assistant student" means an individual  
4 participating in an academic program that is nationally  
5 accredited for the training of individuals to become registered  
6 physical therapist assistants pursuant to chapter 461J.

7 "Social worker student" means an individual participating  
8 in an academic program in this State that is nationally  
9 accredited for the training of social work professionals  
10 pursuant to chapter 467E.

11 "Volunteer-based supervised clinical training rotation"  
12 means an uncompensated period of supervised clinical training on  
13 behalf of an eligible student or trainee that totals at least  
14 eighty hours of supervisory time annually, in which a preceptor  
15 provides personalized instruction, training, and supervision  
16 that is offered to an eligible student or trainee to enable the  
17 eligible student or trainee to obtain an eligible professional  
18 degree or training certificate."

19 SECTION 3. Chapter 321, Hawaii Revised Statutes, is  
20 amended by adding a new section to be appropriately designated  
21 and to read as follows:



1       "§321-    Preceptor credit assurance committee.    (a)   There  
2 is established the preceptor credit assurance committee within  
3 the department of health, to be convened by the university of  
4 Hawaii Hawaii/Pacific basin area health education center and  
5 center for nursing.   The preceptor credit assurance committee  
6 shall:

7       (1)   Develop and implement a plan for allocating and  
8 distributing healthcare preceptor tax credits under  
9 section 235-   including:

10       (A)   A process to ensure that requests for credit are  
11 reviewed and verifications are processed by the  
12 thirtieth of January of each calendar year; and

13       (B)   A documentation process for the deans, directors,  
14 or their designees to qualify a preceptor for the  
15 tax credit.   This shall include:

16       (i)   Preceptor name, address, place of practice,  
17 and Hawaii provider license number;

18       (ii)   Dates and hours of volunteer-based  
19 supervised clinical rotation per eligible  
20 student;



- 1                    (iii) Attestation that the volunteer-based  
2                    supervised clinical rotation per eligible  
3                    student or trainee is uncompensated; and  
4                    (iv) Other information as identified as necessary  
5                    by the committee;
- 6            (2) Complete duties as described in section 235- ; and  
7            (3) Be composed of representatives of academic programs  
8            with eligible students or trainees.
- 9            (b) There shall be no civil liability for any member of  
10 the preceptor credit assurance committee for any act done in  
11 furtherance of the purpose for which the preceptor credit  
12 assurance committee was established.
- 13            (c) The committee may hold a meeting closed to the public  
14 pursuant to section 92-4 for the purpose of considering  
15 information affecting the privacy of an individual, provided  
16 that information in which an individual has a significant  
17 privacy interest as provided in subsection 92F-14(b) shall be  
18 considered to be information affecting the privacy of an  
19 individual.
- 20            (d) As used in this section:



1       "Academic program" shall have the same meaning as in  
2 section 235- .

3       "Eligible student or trainee" shall have the same meaning  
4 as in section 235- .

5       "Preceptor" shall have the same meaning as in section 235-  
6  .

7       "Volunteer-based supervised clinical rotation" shall have  
8 the same meaning as in section 235- ."

9       SECTION 4. The department of health shall evaluate the  
10 efficacy of the healthcare preceptor tax credit established by  
11 this Act and submit a report to the legislature no later than  
12 June 30, 2024, which shall include the department's findings and  
13 a recommendation of whether the tax credit should be retained or  
14 repealed.

15       SECTION 5. New statutory material is underscored.

16       SECTION 6. This Act shall take effect on July 1, 3000;  
17 provided that section 2 shall apply to taxable years beginning  
18 after December 31, 2018.



**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists;  
Pharmacists; Psychologists; Preceptors; Social Workers; Tax  
Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, psychologists, pharmacists, and social workers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate. Establishes the Preceptor Credit Assurance Committee to issue certificates to volunteer preceptors upon verifying that the volunteer preceptors meet the requirements of the tax credit. (SB2298 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

