

1 SB192  
2 215806-1  
3 By Senator Weaver  
4 RFD: Finance and Taxation Education  
5 First Read: 08-FEB-22

8 SYNOPSIS: This bill would establish the Preceptor Tax  
9 Incentive Program to provide an opportunity for  
10 students enrolled in certain health professions  
11 training programs to train in rural and underserved  
12 counties in the state and to address primary care  
13 shortages in the state.

14 This bill would provide an income tax credit  
15 incentive of \$500 for each 160 hour clinical  
16 preceptorship rotation per calendar year for an  
17 otherwise unpaid community-based faculty preceptor  
18 physician for the following types of students:  
19 Medical allopathic or osteopathic, dental, and  
20 optometric.

21 This bill would also provide an income tax  
22 credit incentive of \$425 for each 160 hour clinical  
23 preceptorship rotation per calendar year for an  
24 otherwise unpaid community-based certified  
25 registered nurse practitioner, certified nurse  
26 midwife, certified registered nurse anesthetist, or  
27 physician assistant.

1  
2 A BILL  
3 TO BE ENTITLED  
4 AN ACT  
5

6 Relating to state income tax; to establish the  
7 Preceptor Tax Incentive Program to provide income tax credit  
8 incentives for certain medical students who train in rural and  
9 underserved counties in the state.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. (a) The Preceptor Tax Incentive Program  
12 is created.

13 (b) For the purposes of this section, the following  
14 terms shall have the following meanings:

15 (1) CLINICAL PRECEPTORSHIP. A clinical educational  
16 or training rotation for a student in any of the following  
17 programs, that are physically located in this state and  
18 approved by and provided through a qualified health  
19 professions training program, for which the clinical  
20 preceptor, also physically located in this state, is otherwise  
21 not compensated for the preceptorship:

- 22 a. A medical allopathic or osteopathic program.  
23 b. A dental program.  
24 c. An optometric program.  
25 d. A physician assistant program.  
26 e. A nurse practitioner program.  
27 f. A nurse midwife program.

1 g. A nurse anesthetist program.

2 (2) COMMUNITY-BASED FACULTY PRECEPTOR. A physician,  
3 advanced practice nurse, or physician assistant who is  
4 licensed in this state and receives no financial compensation  
5 from any source for the teaching of students in a medical  
6 program, dental program, optometric program, physician  
7 assistant program, or nurse practitioner, nurse midwife, or  
8 nurse anesthetist program.

9 (3) COMMUNITY-BASED NURSE PRACTITIONER PRECEPTOR. A  
10 certified registered nurse practitioner licensed under Chapter  
11 21 of Title 34, Code of Alabama 1975, who provides medical  
12 services in a health care facility that is physically located  
13 in this state and not owned or operated by a qualified  
14 nursing, medical, or osteopathic school and who, through an  
15 agreement with a qualified nursing school physically located  
16 in this state, provides one or more clinical preceptorships  
17 for training to students in a nurse practitioner, nurse  
18 midwife, or nurse anesthetist program for which he or she  
19 receives no monetary compensation.

20 (4) COMMUNITY-BASED PHYSICIAN ASSISTANT PRECEPTOR.  
21 An assistant to physician licensed under Chapter 24 of Title  
22 34, Code of Alabama 1975, who provides medical services in a  
23 health care facility that is physically located in this state  
24 and not owned or operated by a qualified medical, nursing, or  
25 osteopathic school and who, through an agreement with a  
26 qualified health professions program physically located in  
27 this state, provides one or more clinical preceptorships for

1 students in a physician assistant program for which he or she  
2 receives no monetary compensation.

3 (5) COMMUNITY-BASED PHYSICIAN, DENTIST, OR OPTOMETRY  
4 PRECEPTOR. A physician licensed under Chapter 24 of Title 34,  
5 Code of Alabama 1975; a dentist licensed under Chapter 9 of  
6 Title 34, Code of Alabama 1975; or an optometrist licensed  
7 under Chapter 22 of Title 34, Code of Alabama 1975, who  
8 provides medical services in a health care facility that is  
9 physically located in this state and not owned or operated by  
10 a qualified medical, dental, optometric, nursing, or  
11 osteopathic school and who, through an agreement with a  
12 qualified medical school physically located in this state,  
13 provides one or more clinical preceptorships for students in a  
14 medical program, dental program, optometric program, physician  
15 assistant program, or nurse practitioner, nurse midwife, or  
16 nurse anesthetist program for which he or she receives no  
17 monetary compensation.

18 (6) HEALTH PROFESSIONAL SHORTAGE AREA. Areas of the  
19 state that are designated by the Health Resources and Services  
20 Administration as having shortages of primary medical care,  
21 dental care, or mental health care providers. A shortage area  
22 may be geographic-based, population-based, or facility-based.  
23 Health professional shortage area scores are based on  
24 discipline-specific methodology, however, three scoring  
25 criteria are common across all health professional shortage  
26 area disciplines:

27 a. Population to provider ratio.

1           b. Percentage of the population below 100 percent of  
2 the federal poverty level.

3           c. Travel time to the nearest source of care outside  
4 the designated shortage area.

5           (7) MEDICALLY UNDERSERVED AREA and MEDICALLY  
6 UNDERSERVED POPULATION.

7           a. An area or population in this state identified by  
8 the Health Resources and Services Administration Agency of the  
9 United States Department of Health and Human Services as a  
10 geographic area and population with a lack of access to  
11 primary care services based on the following established  
12 indicators:

13                 1. Provider per 1,000 population ratio.

14                 2. Percentage of population at 100 percent of the  
15 federal poverty level.

16                 3. Percentage of population age 65 and older.

17                 4. Infant mortality rate.

18           b. A calculated index of medical underservice score  
19 of 62.0 or below qualifies for designation as a medically  
20 underserved area or medically underserved population.

21           (8) PROGRAM. The Preceptor Tax Incentive Program.

22           (9) QUALIFIED HEALTH PROFESSIONS TRAINING PROGRAM.

23 An institution of higher education that is physically located  
24 in this state and has an accredited educational program for  
25 medicine, dentistry, optometry, physician assistants, or nurse  
26 practitioners, nurse midwives, and nurse anesthetists.

1           (10) RURAL AREA. As defined by the United States  
2           Census Bureau, in the context of health care, health data, and  
3           the location of health care services, all population, housing,  
4           and territory not included within a state-urbanized area with  
5           a population of 50,000 or more.

6           (c) (1) Beginning with the 2022 tax year, a  
7           community-based physician, dentist, or optometry preceptor,  
8           community-based physician assistant preceptor, or  
9           community-based nurse practitioner, nurse midwife, or nurse  
10          anesthetist preceptor physically located in this state shall  
11          be allowed a credit against the tax imposed by Section  
12          40-18-2, Code of Alabama 1975, if he or she conducts an unpaid  
13          clinical preceptorship, in the following amounts:

14                 a. A community-based physician, dentist, or  
15                 optometrist preceptor shall be allowed a credit of five  
16                 hundred dollars (\$500) per rotation, up to an annual maximum  
17                 of six thousand dollars (\$6,000).

18                 b. A community-based physician assistant preceptor  
19                 shall be allowed a credit of four hundred twenty-five dollars  
20                 (\$425) per rotation, up to an annual maximum of five thousand  
21                 one hundred dollars (\$5,100).

22                 c. A community-based nurse practitioner, certified  
23                 nurse midwife, or certified registered nurse anesthetist  
24                 preceptor shall be allowed a credit of four hundred  
25                 twenty-five dollars (\$425) per rotation, up to an annual  
26                 maximum of five thousand one hundred dollars (\$5,100).

1           (2) An individual shall not accrue more than 12  
2 clinical preceptorships of any of the above categories in one  
3 calendar year.

4           (3) A community-based faculty preceptor shall not be  
5 eligible to earn hours credited toward a clinical  
6 preceptorship tax credit if he or she has not registered with  
7 the Alabama Statewide Area Health Education Center Program  
8 Office in Birmingham, Alabama.

9           (4) The Alabama Statewide Area Health Education  
10 Center Program Office shall administer the program and certify  
11 clinical preceptorship rotations on behalf of all eligible  
12 public and private training programs for medicine, optometry,  
13 and dental physician assistant, or nurse practitioner, nurse  
14 midwife, and nurse anesthetist programs physically located in  
15 this state.

16           (5) To receive the credit provided by this section,  
17 a community-based faculty preceptor shall claim the credit on  
18 his or her state income tax return for the tax year in which  
19 he or she completed the clinical preceptorship rotation; shall  
20 certify that he or she, and the health care center or facility  
21 through which he or she is employed, did not receive monetary  
22 payment during the tax year from any source for the training  
23 of medical, optometry, and dental physician assistant, or  
24 nurse practitioner, nurse midwife, and nurse anesthetist  
25 students; and shall submit supporting documentation to the  
26 Department of Revenue.



1                   (6) In no event shall the total amount of the tax  
2 credit provided by this section for a taxable year exceed the  
3 income tax liability of the taxpayer. No tax credit shall be  
4 allowed the taxpayer against his or her tax liability for  
5 prior or succeeding years.

6                   (d) Adjudication of possible filing errors or  
7 violations of the law shall be determined by the Department of  
8 Revenue.

9                   Section 2. This act shall become effective on the  
10 first day of the third month following its passage and  
11 approval by the Governor, or its otherwise becoming law.