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SYNOPSIS:

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

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

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

A BILL  
TO BE ENTITLED  
AN ACT



29 Relating to state income tax; to establish the  
30 Preceptor Tax Incentive Program to provide income tax credit  
31 incentives for certain medical students who train in rural and  
32 underserved counties in the state.

33 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

34 Section 1. (a) The Preceptor Tax Incentive Program is  
35 created.

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

38 (1) CLINICAL PRECEPTORSHIP. A clinical educational or  
39 training rotation for a student in any of the following  
40 programs, that are physically located in this state and  
41 approved by and provided through a qualified health  
42 professions training program, for which the clinical  
43 preceptor, also physically located in this state, is otherwise  
44 not compensated for the preceptorship:

- 45 a. A medical allopathic or osteopathic program.
- 46 b. A dental program.
- 47 c. An optometric program.
- 48 d. A physician assistant program.
- 49 e. An anesthesia assistant program
- 50 f. A certified registered nurse practitioner program.
- 51 g. A certified nurse midwife program.
- 52 h. A certified registered nurse anesthetist program.

53 (2) COMMUNITY-BASED FACULTY PRECEPTOR. A physician,  
54 advanced practice nurse, or assistant to physician who is  
55 licensed in this state and receives no financial compensation  
56 from any source for the teaching of students in a medical



57 program, dental program, optometric program, physician  
58 assistant program, anesthesia assistant program, or certified  
59 registered nurse practitioner, certified nurse midwife, or  
60 certified registered nurse anesthetist program.

61 (3) COMMUNITY-BASED NURSE PRACTITIONER PRECEPTOR. A  
62 certified registered nurse practitioner licensed under Chapter  
63 21 of Title 34, Code of Alabama 1975, and practicing pursuant  
64 to a collaboration agreement with a licensed physician, who  
65 provides medical services in a health care facility that is  
66 physically located in this state and not owned or operated by  
67 a qualified nursing, medical, or osteopathic school and who,  
68 through an agreement with a qualified nursing school  
69 physically located in this state, provides one or more  
70 clinical preceptorships for training to students in a  
71 certified registered nurse practitioner, certified nurse  
72 midwife, or certified registered nurse anesthetist program for  
73 which he or she receives no monetary compensation.

74 (4) COMMUNITY-BASED ASSISTANT TO PHYSICIAN PRECEPTOR.  
75 An assistant to physician licensed under Chapter 24 of Title  
76 34, Code of Alabama 1975, and practicing pursuant to a  
77 registration agreement with a licensed physician, who provides  
78 medical services in a health care facility that is physically  
79 located in this state and not owned or operated by a qualified  
80 medical, nursing, or osteopathic school and who, through an  
81 agreement with a qualified health professions program  
82 physically located in this state, provides one or more  
83 clinical preceptorships for students in a physician assistant  
84 or anesthesia assistant program for which he or she receives



85 no monetary compensation.

86 (5) COMMUNITY-BASED PHYSICIAN, DENTIST, OR OPTOMETRY  
87 PRECEPTOR. A physician licensed under Chapter 24 of Title 34,  
88 Code of Alabama 1975; a dentist licensed under Chapter 9 of  
89 Title 34, Code of Alabama 1975; or an optometrist licensed  
90 under Chapter 22 of Title 34, Code of Alabama 1975, who  
91 provides medical services in a health care facility that is  
92 physically located in this state and not owned or operated by  
93 a qualified medical, dental, optometric, nursing, or  
94 osteopathic school and who, through an agreement with a  
95 qualified medical school physically located in this state,  
96 provides one or more clinical preceptorships for students in a  
97 medical program, dental program, optometric program, physician  
98 assistant program, anesthesia assistant program, or certified  
99 registered nurse practitioner, certified nurse midwife, or  
100 certified registered nurse anesthetist program for which he or  
101 she receives no monetary compensation.

102 (6) HEALTH PROFESSIONAL SHORTAGE AREA. Areas of the  
103 state that are designated by the Health Resources and Services  
104 Administration of the United States Department of Health and  
105 Human Services as having shortages of primary medical care,  
106 dental care, or mental health care providers. A shortage area  
107 may be geographic-based, population-based, or facility-based.  
108 Health professional shortage area scores are based on  
109 discipline-specific methodology, however, three scoring  
110 criteria are common across all health professional shortage  
111 area disciplines:

112 a. Population to provider ratio.



113           b. Percentage of the population below 100 percent of  
114 the federal poverty level.

115           c. Travel time to the nearest source of care outside  
116 the designated shortage area.

117           (7) MEDICALLY UNDERSERVED AREA and MEDICALLY  
118 UNDERSERVED POPULATION.

119           a. An area or population in this state identified by  
120 the Health Resources and Services Administration Agency of the  
121 United States Department of Health and Human Services as a  
122 geographic area and population with a lack of access to  
123 primary care services based on the following established  
124 indicators:

125                 1. Provider per 1,000 population ratio.

126                 2. Percentage of population at 100 percent of the  
127 federal poverty level.

128                 3. Percentage of population age 65 and older.

129                 4. Infant mortality rate.

130           b. A calculated index of medical underservice score of  
131 62.0 or below qualifies for designation as a medically  
132 underserved area or medically underserved population.

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

134           (9) QUALIFIED HEALTH PROFESSIONS TRAINING PROGRAM. An  
135 institution of higher education that is physically located in  
136 this state and has an accredited educational program for  
137 medicine, dentistry, optometry, physician assistants,  
138 anesthesia assistants, or certified registered nurse  
139 practitioners, certified nurse midwives, and certified  
140 registered nurse anesthetists.



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

146 (c) (1) Beginning with the 2024 tax year, a  
147 community-based physician, dentist, or optometry preceptor,  
148 community-based assistant to physician preceptor, or  
149 community-based nurse practitioner, nurse midwife, or nurse  
150 anesthetist preceptor physically located in this state shall  
151 be allowed a credit against the tax imposed by Section  
152 40-18-2, Code of Alabama 1975, if he or she conducts an unpaid  
153 clinical preceptorship, in the following amounts:

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

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

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

167 (2) An individual shall not accrue more than 12  
168 clinical preceptorships of any of the above categories in one



169 calendar year.

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

175 (4) The Alabama Statewide Area Health Education Center  
176 Program Office shall administer the program and certify  
177 clinical preceptorship rotations on behalf of all eligible  
178 public and private training programs for medicine, optometry,  
179 and dental physician assistant, anesthesia assistant, or  
180 certified registered nurse practitioner, certified nurse  
181 midwife, and certified registered nurse anesthetist programs  
182 physically located in this state.

183 (5) To receive the credit provided by this section, a  
184 community-based faculty preceptor shall claim the credit on  
185 his or her state income tax return for the tax year in which  
186 he or she completed the clinical preceptorship rotation; shall  
187 certify that he or she, and the health care center or facility  
188 through which he or she is employed, did not receive monetary  
189 payment during the tax year from any source for the training  
190 of medical, optometry, dental, physician assistant, anesthesia  
191 assistant, or certified registered nurse practitioner,  
192 certified nurse midwife, and certified registered nurse  
193 anesthetist students; and shall submit supporting  
194 documentation to the Department of Revenue.

195 (6) In no event shall the total amount of the tax  
196 credit provided by this section for a taxable year exceed the



197 income tax liability of the taxpayer. No tax credit shall be  
198 allowed the taxpayer against his or her tax liability for  
199 prior or succeeding years.

200 (d) Adjudication of possible filing errors or  
201 violations of the law shall be determined by the Department of  
202 Revenue.

203 (e) The Alabama Statewide Area Health Education Center  
204 Program Office shall do both of the following:

205 (1) Issue to an eligible taxpayer a credit certificate  
206 to indicate the number of approved preceptor rotations and  
207 other information required by the Department of Revenue to  
208 certify the credit being claimed.

209 (2) Submit an annual informational report to the  
210 Department of Revenue by January 31 annually, which provides  
211 all taxpayer issued certificates with information required by  
212 the Department of Revenue for credit verification.

213 (f) The certification obtained from the Alabama  
214 Statewide Area Health Education Center Program Office, and any  
215 other documentation required, shall be submitted by the  
216 taxpayer with his or her annual tax return on which the credit  
217 is being claimed. Failure to provide the required documents  
218 shall result in the automatic denial of the credit.

219 (g) The Department of Revenue may adopt rules for the  
220 implementation and administration of this section.

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

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