

**HB133 ENGROSSED**



1 W12A9E-2  
2 By Representatives Rafferty, Daniels  
3 RFD: Ways and Means Education  
4 First Read: 21-Mar-23  
5  
6 2023 Regular Session



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A BILL  
TO BE ENTITLED  
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

- a. A medical allopathic or osteopathic program.
- b. A dental program.
- c. An optometric program.
- d. A physician assistant program.



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- 29 e. An anesthesia assistant program  
30 f. A certified registered nurse practitioner program.  
31 g. A certified nurse midwife program.  
32 h. A certified registered nurse anesthetist program.

33 (2) COMMUNITY-BASED FACULTY PRECEPTOR. A physician,  
34 advanced practice nurse, or assistant to physician who is  
35 licensed in this state and receives no financial compensation  
36 from any source for the teaching of students in a medical  
37 program, dental program, optometric program, physician  
38 assistant program, anesthesia assistant program, or certified  
39 registered nurse practitioner, certified nurse midwife, or  
40 certified registered nurse anesthetist program.

41 (3) COMMUNITY-BASED NURSE PRACTITIONER PRECEPTOR. A  
42 certified registered nurse practitioner licensed under Chapter  
43 21 of Title 34, Code of Alabama 1975, and practicing pursuant  
44 to a collaboration agreement with a licensed physician, who  
45 provides medical services in a health care facility that is  
46 physically located in this state and not owned or operated by  
47 a qualified nursing, medical, or osteopathic school and who,  
48 through an agreement with a qualified nursing school  
49 physically located in this state, provides one or more  
50 clinical preceptorships for training to students in a  
51 certified registered nurse practitioner, certified nurse  
52 midwife, or certified registered nurse anesthetist program for  
53 which he or she receives no monetary compensation.

54 (4) COMMUNITY-BASED ASSISTANT TO PHYSICIAN PRECEPTOR.  
55 An assistant to physician licensed under Chapter 24 of Title  
56 34, Code of Alabama 1975, and practicing pursuant to a



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57 registration agreement with a licensed physician, who provides  
58 medical services in a health care facility that is physically  
59 located in this state and not owned or operated by a qualified  
60 medical, nursing, or osteopathic school and who, through an  
61 agreement with a qualified health professions program  
62 physically located in this state, provides one or more  
63 clinical preceptorships for students in a physician assistant  
64 or anesthesia assistant program for which he or she receives  
65 no monetary compensation.

66 (5) COMMUNITY-BASED PHYSICIAN, DENTIST, OR OPTOMETRY  
67 PRECEPTOR. A physician licensed under Chapter 24 of Title 34,  
68 Code of Alabama 1975; a dentist licensed under Chapter 9 of  
69 Title 34, Code of Alabama 1975; or an optometrist licensed  
70 under Chapter 22 of Title 34, Code of Alabama 1975, who  
71 provides medical services in a health care facility that is  
72 physically located in this state and not owned or operated by  
73 a qualified medical, dental, optometric, nursing, or  
74 osteopathic school and who, through an agreement with a  
75 qualified medical school physically located in this state,  
76 provides one or more clinical preceptorships for students in a  
77 medical program, dental program, optometric program, physician  
78 assistant program, anesthesia assistant program, or certified  
79 registered nurse practitioner, certified nurse midwife, or  
80 certified registered nurse anesthetist program for which he or  
81 she receives no monetary compensation.

82 (6) HEALTH PROFESSIONAL SHORTAGE AREA. Areas of the  
83 state that are designated by the Health Resources and Services  
84 Administration of the United States Department of Health and



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85 Human Services as having shortages of primary medical care,  
86 dental care, or mental health care providers. A shortage area  
87 may be geographic-based, population-based, or facility-based.  
88 Health professional shortage area scores are based on  
89 discipline-specific methodology, however, three scoring  
90 criteria are common across all health professional shortage  
91 area disciplines:

92 a. Population to provider ratio.

93 b. Percentage of the population below 100 percent of  
94 the federal poverty level.

95 c. Travel time to the nearest source of care outside  
96 the designated shortage area.

97 (7) MEDICALLY UNDERSERVED AREA and MEDICALLY  
98 UNDERSERVED POPULATION.

99 a. An area or population in this state identified by  
100 the Health Resources and Services Administration Agency of the  
101 United States Department of Health and Human Services as a  
102 geographic area and population with a lack of access to  
103 primary care services based on the following established  
104 indicators:

105 1. Provider per 1,000 population ratio.

106 2. Percentage of population at 100 percent of the  
107 federal poverty level.

108 3. Percentage of population age 65 and older.

109 4. Infant mortality rate.

110 b. A calculated index of medical underservice score of  
111 62.0 or below qualifies for designation as a medically  
112 underserved area or medically underserved population.



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

114 (9) QUALIFIED HEALTH PROFESSIONS TRAINING PROGRAM. An  
115 institution of higher education that is physically located in  
116 this state and has an accredited educational program for  
117 medicine, dentistry, optometry, physician assistants,  
118 anesthesia assistants, or certified registered nurse  
119 practitioners, certified nurse midwives, and certified  
120 registered nurse anesthetists.

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

126 (c)(1) Beginning with the 2024 tax year, a  
127 community-based physician, dentist, or optometry preceptor,  
128 community-based assistant to physician preceptor, or  
129 community-based nurse practitioner, nurse midwife, or nurse  
130 anesthetist preceptor physically located in this state shall  
131 be allowed a credit against the tax imposed by Section  
132 40-18-2, Code of Alabama 1975, if he or she conducts an unpaid  
133 clinical preceptorship, in the following amounts:

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

138 b. A community-based assistant to physician preceptor  
139 shall be allowed a credit of four hundred twenty-five dollars  
140 (\$425) per rotation, up to an annual maximum of five thousand



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141 one hundred dollars (\$5,100).

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

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

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

155 (4) The Alabama Statewide Area Health Education Center  
156 Program Office shall administer the program and certify  
157 clinical preceptorship rotations on behalf of all eligible  
158 public and private training programs for medicine, optometry,  
159 and dental physician assistant, anesthesia assistant, or  
160 certified registered nurse practitioner, certified nurse  
161 midwife, and certified registered nurse anesthetist programs  
162 physically located in this state.

163 (5) To receive the credit provided by this section, a  
164 community-based faculty preceptor shall claim the credit on  
165 his or her state income tax return for the tax year in which  
166 he or she completed the clinical preceptorship rotation; shall  
167 certify that he or she, and the health care center or facility  
168 through which he or she is employed, did not receive monetary



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169 payment during the tax year from any source for the training  
170 of medical, optometry, dental, physician assistant, anesthesia  
171 assistant, or certified registered nurse practitioner,  
172 certified nurse midwife, and certified registered nurse  
173 anesthetist students; and shall submit supporting  
174 documentation to the Department of Revenue.

175 (6) In no event shall the total amount of the tax  
176 credit provided by this section for a taxable year exceed the  
177 income tax liability of the taxpayer. No tax credit shall be  
178 allowed the taxpayer against his or her tax liability for  
179 prior or succeeding years.

180 (d) Adjudication of possible filing errors or  
181 violations of the law shall be determined by the Department of  
182 Revenue.

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

185 (1) Issue to an eligible taxpayer a credit certificate  
186 to indicate the number of approved preceptor rotations and  
187 other information required by the Department of Revenue to  
188 certify the credit being claimed.

189 (2) Submit an annual informational report to the  
190 Department of Revenue by January 31 annually, which provides  
191 all taxpayer issued certificates with information required by  
192 the Department of Revenue for credit verification.

193 (f) The certification obtained from the Alabama  
194 Statewide Area Health Education Center Program Office, and any  
195 other documentation required, shall be submitted by the  
196 taxpayer with his or her annual tax return on which the credit





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197 is being claimed. Failure to provide the required documents  
198 shall result in the automatic denial of the credit.

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

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



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House of Representatives

207 Read for the first time and referred .....21-Mar-23  
208 to the House of Representatives  
209 committee on Ways and Means  
210 Education  
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212 Read for the second time and placed .....19-Apr-23  
213 on the calendar:  
214 0 amendments  
215  
216 Read for the third time and passed .....25-Apr-23  
217 as amended  
218 Yeas 104  
219 Nays 0  
220 Abstains 0

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John Treadwell  
Clerk