
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 healthcare in primary,
16 specialty, and behavioral health care in rural, urban, and
17 suburban settings across Hawaii. Thus, the legislature



1 acknowledges that in order to meet these growing healthcare
2 demands, the State must work with academic institutions and
3 healthcare professionals to ensure that there is an adequate and
4 well-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 sites in Hawaii and the limited supply of qualified primary and
10 specialty care preceptors. The legislatures recognizes that
11 current efforts are underway to address these clinical site
12 limitations, including travel support from health professional
13 schools in Hawaii for students and residents who are incurring
14 high costs for training away from their home island. With out-
15 of-state training having such a high cost, the State must
16 consider expanding in-state healthcare provider education
17 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 in areas of high demand requires a sufficient number of
7 appropriately trained preceptors, but the limited availability
8 of preceptors restricts in-state healthcare academic
9 institutions from expanding healthcare provider training. Some
10 states, including Maryland, Georgia, and Colorado, have
11 identified preceptor tax exemptions as a means to increase the
12 supply of health professional preceptors and trainees.

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



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

4 "§235- Healthcare preceptor tax credit. (a) There
5 shall be allowed to each taxpayer subject to the tax imposed by
6 this chapter, a healthcare preceptor tax credit for supervising
7 volunteer-based supervised clinical training rotations which
8 shall be deductible from the taxpayer's net income tax
9 liability, if any, imposed by this chapter for the taxable year
10 in which the credit is properly claimed.

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

19 (c) The director of taxation:

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



- 1 (2) May require the taxpayer to furnish reasonable
2 information to ascertain the validity of the claim for
3 the tax credit made under this section; and
- 4 (3) May adopt rules pursuant to chapter 91 necessary to
5 effectuate the purposes of this section.
- 6 (d) The healthcare preceptor tax credit working group,
7 established pursuant to section 321- , shall:
- 8 (1) Maintain records of the names and addresses of the
9 qualified taxpayers claiming the credits under this
10 section; and
- 11 (2) Certify the number of volunteer-based supervised
12 clinical training rotations each taxpayer supervised
13 by verifying for each volunteer-based supervised
14 clinical training rotation the number of hours the
15 taxpayer spent supervising an eligible student or
16 trainee and whether the taxpayer was uncompensated.
- 17 Upon each determination, the healthcare preceptor tax credit
18 working group shall issue a certificate to the taxpayer
19 verifying the number of volunteer-based supervised clinical
20 training rotations supervised by the taxpayer.



1 (e) If in any taxable year the annual amount of certified
2 credits reaches \$2,000,000 in the aggregate, the healthcare
3 preceptor tax credit working group shall immediately discontinue
4 certifying credits and notify the department of taxation. In no
5 instance shall the healthcare preceptor tax credit working group
6 certify a total amount of credits exceeding \$2,000,000 per
7 taxable year. To comply with this restriction, the healthcare
8 preceptor tax credit working group shall certify credits on a
9 first come, first served basis.

10 (f) A tax credit under this section that exceeds the
11 taxpayer's income tax liability may be used as a credit against
12 the taxpayer's income tax liability in subsequent years until
13 exhausted. All claims for tax credits under this section,
14 including any amended claims, shall be filed on or before the
15 end of the twelfth month following the close of the taxable year
16 for which the credits may be claimed. Failure to comply with
17 this subsection shall constitute a waiver of the right to claim
18 the credit.

19 (g) For the purpose of this section:

20 "Academic program" means an academic program that holds its
21 principal accreditation in Hawaii.



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1 "Advanced practice registered nurse student" means an
2 individual participating in an academic program that is
3 nationally accredited for the training of individuals to become
4 advanced practice registered nurses pursuant to chapter 457.

5 "Dental hygienist student" means an individual
6 participating in an academic program that is nationally
7 accredited for the training of dental hygienists or expanded
8 dental hygienist pursuant to chapter 447.

9 "Eligible professional degree or training certificate"
10 means a degree or certificate that fulfills a requirement to be
11 a dental hygienist pursuant to chapter 447, a physician or
12 osteopathic physician pursuant to chapter 453, an advanced
13 practice registered nurse pursuant to chapter 457, a pharmacist
14 pursuant to chapter 461, or a psychologist pursuant to chapter
15 465.

16 "Eligible student or trainee" means an advanced practice
17 registered nurse student, dental hygienist student, medical
18 student, pharmacy student, psychology student, or resident or
19 similar health science trainee.



1 "Medical student" means an individual participating in an
2 academic program that is nationally accredited for the training
3 of physicians or osteopathic physicians pursuant to chapter 453.

4 "Nationally accredited" means holding an institutional
5 accreditation by name to offer post-secondary education as a
6 United States-based institution from a national accrediting
7 agency recognized by the United States Department of Education.

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

12 "Preceptor" means a dentist or dental surgeon licensed
13 pursuant to chapter 448, a physician or osteopathic physician
14 licensed pursuant to chapter 453, an advanced practice
15 registered nurse licensed pursuant to chapter 457, a pharmacist
16 licensed pursuant to chapter 461, or a psychologist licensed
17 pursuant to chapter 465.

18 "Psychology student" means an individual participating in
19 an academic program that is nationally accredited for the
20 training of individuals to become psychologists pursuant to
21 chapter 465.



1 "Resident or similar health science trainee" means a post-
2 graduate health science trainee enrolled in an accredited
3 academic program that is nationally accredited for such training
4 pursuant to chapter 447, 453, 457, 461, or 465.

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

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

16 "§321- Healthcare preceptor tax credit working group.

17 (a) There is established the healthcare preceptor tax credit
18 working group within the department of health, to be convened by
19 the University of Hawaii Hawaii/Pacific basin area health
20 education center and center for nursing. The working group
21 shall:



1 (1) Discuss and create a comprehensive plan to address
2 healthcare preceptor shortages in this State; and

3 (2) Develop and implement a plan for allocating and
4 distributing healthcare preceptor tax credits under
5 section 235- .

6 (b) The working group shall be composed of the following
7 members or their designees:

8 (1) Deans or directors of each academic program that is
9 nationally accredited for the training of dental
10 hygienists pursuant to chapter 447;

11 (2) Deans or directors of each academic program that is
12 nationally accredited for the training of physicians
13 or osteopathic physicians pursuant to chapter 453;

14 (3) Deans or directors of each academic program that is
15 nationally accredited for the training of advanced
16 practice registered nurses pursuant to chapter 457;
17 and

18 (4) Deans or directors of each academic program that is
19 nationally accredited for the training of pharmacists
20 pursuant to chapter 461.

21 (c) As used in this section:



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

3 "Nationally accredited" shall have the same meaning as in
4 section 235- ."

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

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect upon its approval;
13 provided that section 2 shall apply to taxable years beginning
14 after December 31, 2018.

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INTRODUCED BY:

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H.B. NO. 1967

Report Title:

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

Description:

Allows advanced practice registered nurses, physicians, dentists, and pharmacists 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.

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