
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 healthcare preceptor tax credit working group,
8 established pursuant to section 321- , shall:

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

12 (2) Certify the number of volunteer-based supervised
13 clinical training rotations each taxpayer supervised
14 by verifying for each volunteer-based supervised
15 clinical training rotation the number of hours the
16 taxpayer spent supervising an eligible student or
17 trainee and whether the taxpayer was uncompensated.

18 Upon each determination, the healthcare preceptor tax credit
19 working group shall issue a certificate to the taxpayer
20 verifying the number of volunteer-based supervised clinical
21 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.



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 physical
14 therapist assistant pursuant to chapter 461J, a pharmacist
15 pursuant to chapter 461, a psychologist pursuant to chapter 465,
16 or a social worker pursuant to chapter 467E.

17 "Eligible student or trainee" means an advanced practice
18 registered nurse student, dental hygienist student, medical
19 student, pharmacy student, psychology student, social work
20 student, physical therapist assistant student, or resident or
21 similar health science trainee.



1 "Medical student" means an individual participating in an
2 academic program accredited by Liaison Committee on Medical
3 Education or Commission on Osteopathic College Accreditation
4 leading to the doctor of medicine or doctor of osteopathic
5 medicine degree. For the purposes of this section the term
6 medical student includes graduates from Liaison Committee on
7 Medical Education and Commission on Osteopathic College
8 Accreditation programs who have continued their training to
9 obtain the additional qualifications needed for both medical
10 licensure pursuant to chapter 453 and specialty certification.
11 These LCME and COCA graduates are called "residents" or
12 "fellows" who are in a graduate medical education program
13 accredited by the Accreditation Council for Graduate Medical
14 Education.

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

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



1 of individuals to become registered pharmacists pursuant to
2 chapter 461.

3 "Preceptor" means a dentist or dental surgeon licensed
4 pursuant to chapter 448, a physician or osteopathic physician
5 licensed pursuant to chapter 453, an advanced practice
6 registered nurse licensed pursuant to chapter 457, a pharmacist
7 licensed pursuant to chapter 461, a physical therapist licensed
8 pursuant to chapter 461J, a psychologist licensed pursuant to
9 chapter 465, or a social worker pursuant to chapter 467E who may
10 be either licensed or unlicensed.

11 "Psychology student" means an individual participating in
12 an academic program that is nationally accredited for the
13 training of individuals to become psychologists pursuant to
14 chapter 465.

15 "Physical therapist assistant student" means an individual
16 participating in an academic program that is nationally
17 accredited for the training of individuals to become registered
18 physical therapist assistants pursuant to chapter 461J.

19 "Resident or similar health science trainee" means a post-
20 graduate health science trainee enrolled in an accredited



1 academic program that is nationally accredited for such training
2 pursuant to chapter 447, 453, 457, 461, 461J, 465, or 467E.

3 "Social worker student" means an individual participating
4 in an academic program in this State that is nationally
5 accredited for the training of social work professionals
6 pursuant to chapter 467E.

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

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

18 "§321- Healthcare preceptor tax credit working group.

19 (a) There is established the healthcare preceptor tax credit
20 working group within the department of health, to be convened by
21 the University of Hawaii Hawaii/Pacific basin area health



1 education center and center for nursing. The working group
2 shall:

3 (1) Discuss and create a comprehensive plan to address
4 healthcare preceptor shortages in this State; and
5 (2) Develop and implement a plan for allocating and
6 distributing healthcare preceptor tax credits under
7 section 235- .

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

10 (1) Deans or directors of each academic program that is
11 nationally accredited for the training of dental
12 hygienists pursuant to chapter 447;
13 (2) Deans or directors of each academic program that is
14 nationally accredited for the training of physicians
15 or osteopathic physicians pursuant to chapter 453;
16 (3) Deans or directors of each academic program that is
17 nationally accredited for the training of advanced
18 practice registered nurses pursuant to chapter 457;
19 (4) Deans or directors of each academic program that is
20 nationally accredited for the training of pharmacists
21 pursuant to chapter 461;



(5) Deans or directors of each academic program that is nationally accredited for the training of psychologists pursuant to chapter 465; and

(6) Deans or directors of each academic program that is nationally accredited for the training of social workers pursuant to chapter 467E.

(c) As used in this section:

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

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

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

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 3000; provided that section 2 shall apply to taxable years beginning 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. (HB1967 HD1)

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