
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 preceptor credit assurance committee, established
8 pursuant to section 321- , shall:

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

12 (2) Verify the number of volunteer-based supervised
13 clinical training rotations each taxpayer supervised
14 by verifying:

15 (A) That each taxpayer meets the requirements to
16 serve as a preceptor;

17 (B) The number of hours the taxpayer spent
18 supervising an eligible primary care student or
19 trainee in each volunteer-based supervised
20 clinical training rotation;



1 (C) That the eligible student or trainee was enrolled
2 in an academic program in this State; and

3 (D) Whether the taxpayer was uncompensated.

4 Upon each determination, the preceptor credit assurance
5 committee shall issue a certificate to the taxpayer verifying
6 the number of volunteer-based supervised clinical training
7 rotations supervised by the taxpayer.

8 (e) If in any taxable year the annual amount of certified
9 credits reaches \$2,000,000 in the aggregate, the preceptor
10 credit assurance committee shall immediately discontinue
11 certifying credits and notify the department of taxation. In no
12 instance shall the preceptor credit assurance committee certify
13 a total amount of credits exceeding \$2,000,000 per taxable year.
14 To comply with this restriction, the preceptor credit assurance
15 committee shall certify credits on a first come, first served
16 basis.

17 (f) A tax credit under this section that exceeds the
18 taxpayer's net income tax liability may be used as a credit
19 against the taxpayer's net income tax liability in subsequent
20 years until exhausted. All claims for tax credits under this
21 section, including any amended claims, shall be filed on or



1 before the end of the twelfth month following the close of the
2 taxable year for which the credits may be claimed. Failure to
3 comply with this subsection shall constitute a waiver of the
4 right to claim the credit.

5 (g) For the purpose of this section:

6 "Academic program" means an academic degree granting or
7 graduate medical education program that holds either its
8 principal accreditation or a physical location in Hawaii that
9 provides education to students of whom more than fifty per cent
10 are residents of Hawaii.

11 "Advanced practice registered nurse student" means an
12 individual participating in a degree-granting academic program
13 that is nationally accredited by the Commission on Collegiate
14 Nursing Education for the education of primary care advanced
15 practice registered nurses and recognized by the board of
16 nursing pursuant to chapter 457.

17 "Dental hygienist student" means an individual
18 participating in an academic program that is nationally
19 accredited for the training of dental hygienists or expanded
20 dental hygienists pursuant to chapter 447.



1 "Eligible professional degree or training certificate"
2 means a degree or certificate that fulfills a requirement to be
3 a dental hygienist pursuant to chapter 447, a physician or
4 osteopathic physician pursuant to chapter 453, an advanced
5 practice registered nurse pursuant to chapter 457, a physical
6 therapist assistant pursuant to chapter 461J, a pharmacist
7 pursuant to chapter 461, a psychologist pursuant to chapter 465,
8 or a social worker pursuant to chapter 467E.

9 "Eligible student or trainee" means an advanced practice
10 registered nurse student, dental hygienist student, medical
11 student, pharmacy student, psychology student, social work
12 student, or physical therapist assistant student.

13 "Medical student" means an individual participating in an
14 academic program nationally accredited by the Liaison Committee
15 on Medical Education or American Osteopathic Association
16 Commission on Osteopathic College Accreditation leading to the
17 doctor of medicine or doctor of osteopathic medicine degree.
18 For the purposes of this section the term medical student
19 includes graduates from Liaison Committee on Medical Education
20 and American Osteopathic Association Commission on Osteopathic
21 College Accreditation programs who have continued their



1 training, in the role of resident or fellow, to obtain the
2 additional qualifications needed for both medical licensure
3 pursuant to chapter 453 and specialty certification.

4 "Nationally accredited" means holding an institutional
5 accreditation by name for such primary care education pursuant
6 to chapter 447, 453, 457, 461, 461J, or 467E.

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

11 "Preceptor" means a dentist or dental surgeon licensed
12 pursuant to chapter 448, a physician or osteopathic physician
13 licensed pursuant to chapter 453, an advanced practice
14 registered nurse licensed pursuant to chapter 457, a pharmacist
15 licensed pursuant to chapter 461, a physical therapist licensed
16 pursuant to chapter 461J, a psychologist licensed pursuant to
17 chapter 465, or a social worker pursuant to chapter 467E who may
18 be either licensed or unlicensed.

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



1 training of individuals to become psychologists pursuant to
2 chapter 465.

3 "Physical therapist assistant student" means an individual
4 participating in an academic program that is nationally
5 accredited for the training of individuals to become registered
6 physical therapist assistants pursuant to chapter 461J.

7 "Social worker student" means an individual participating
8 in an academic program in this State that is nationally
9 accredited for the training of social work professionals
10 pursuant to chapter 467E.

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

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



1 "§321- Preceptor credit assurance committee. (a) There
2 is established the preceptor credit assurance committee within
3 the department of health, to be convened by the university of
4 Hawaii Hawaii/Pacific basin area health education center and
5 center for nursing. The preceptor credit assurance committee
6 shall:

- 7 (1) Develop and implement a plan for allocating and
8 distributing healthcare preceptor tax credits under
9 section 235- including:
- 10 (A) A process to ensure that requests for credit are
11 reviewed and verifications are processed by the
12 thirtieth of January of each calendar year; and
- 13 (B) A documentation process for the deans, directors,
14 or their designees to qualify a preceptor for the
15 tax credit. This shall include:
- 16 (i) Preceptor name, address, place of practice,
17 and Hawaii provider license number;
- 18 (ii) Dates and hours of volunteer-based
19 supervised clinical rotation per eligible
20 student;



- 1 (iii) Attestation that the volunteer-based
- 2 supervised clinical rotation per eligible
- 3 student or trainee is uncompensated; and
- 4 (iv) Other information as identified as necessary
- 5 by the committee;
- 6 (2) Complete duties as described in section 235- ; and
- 7 (3) Be composed of representatives of academic programs
- 8 with eligible students or trainees.
- 9 (b) There shall be no civil liability for any member of
- 10 the preceptor credit assurance committee for any act done in
- 11 furtherance of the purpose for which the preceptor credit
- 12 assurance committee was established.
- 13 (c) The committee may hold a meeting closed to the public
- 14 pursuant to section 92-4 for the purpose of considering
- 15 information affecting the privacy of an individual, provided
- 16 that information in which an individual has a significant
- 17 privacy interest as provided in subsection 92F-14(b) shall be
- 18 considered to be information affecting the privacy of an
- 19 individual.
- 20 (d) As used in this section:



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

3 "Eligible student or trainee" shall have the same meaning
4 as in section 235- .

5 "Preceptor" shall have the same meaning as in section 235-
6 .

7 "Volunteer-based supervised clinical rotation" shall have
8 the same meaning as in section 235- ."

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

15 SECTION 5. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 3000;
17 provided that section 2 shall apply to taxable years beginning
18 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. Establishes the Preceptor Credit Assurance Committee to issue certificates to volunteer preceptors upon verifying that the volunteer preceptors meet the requirements of the tax credit. (SB2298 HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

