
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 legislature 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 primary care physicians and advanced practice
17 registered nurses throughout Hawaii, with the intention of
18 building capacity for clinical education at in-state academic
19 programs that are nationally accredited for the training of
20 primary care physicians and advanced practice registered nurses.



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 volunteer-
7 based supervised clinical rotations for primary care physician
8 students and advanced practice registered nurse students, which
9 shall be deductible from the taxpayer's net income tax
10 liability, if any, imposed by this chapter for the taxable year
11 in which the credit is properly claimed.

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

20 (c) The director of taxation:



- 1 (1) Shall prepare any forms that may be necessary to claim
2 a tax credit under this section;
- 3 (2) May require the taxpayer to furnish reasonable
4 information to ascertain the validity of the claim for
5 the tax credit made under this section; and
- 6 (3) May adopt rules pursuant to chapter 91 necessary to
7 effectuate the purposes of this section.
- 8 (d) The preceptor credit assurance committee, established
9 pursuant to section 321- , shall:
- 10 (1) Maintain records of the names, addresses, and license
11 numbers of the qualified taxpayers claiming the
12 credits under this section; and
- 13 (2) Certify the number of volunteer-based supervised
14 clinical training rotations each taxpayer conducted
15 by:
- 16 (A) Verifying that each volunteer preceptor meets the
17 requirements to serve as a preceptor;
- 18 (B) Verifying the number of hours the taxpayer spent
19 supervising an eligible student in each
20 volunteer-based supervised clinical training
21 rotation;



1 (C) Verifying that the eligible student was enrolled
2 in an academic program in Hawaii; and

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



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

5 (g) For the purposes 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 nationally accredited academic
13 program that is for the education of advanced practice
14 registered nurses and recognized by the board of nursing
15 pursuant to chapter 457.

16 "Eligible professional degree or training certificate"
17 means a degree or certificate that fulfills a requirement to be
18 a physician or osteopathic physician pursuant to chapter 453, or
19 an advanced practice registered nurse pursuant to chapter 457.



1 "Eligible student" means an advanced practice registered
2 nurse student or medical student enrolled in an academic program
3 and is a resident of Hawaii.

4 "Medical student" means an individual participating in a
5 nationally accredited academic program leading to the medical
6 doctor or doctor of osteopathy degree. "Medical student"
7 includes graduates from nationally accredited academic programs
8 who have continued their training, in the role of resident or
9 fellow, to obtain the additional qualifications needed for
10 medical licensure pursuant to chapter 453 or specialty
11 certification.

12 "Nationally accredited" means holding an institutional
13 accreditation by name to offer post-secondary medical primary
14 care education. Accreditation for medical students shall be
15 offered by the Liaison Committee on Medical Education or
16 American Osteopathic Association Commission on Osteopathic
17 College Accreditation. Accreditation for advanced practice
18 registered nurse students shall be offered by the Commission on
19 Collegiate Nursing Education.

20 "Preceptor" means a physician or osteopathic physician
21 licensed pursuant to chapter 453 or an advanced practice



1 registered nurse licensed pursuant to chapter 457 who is a
2 resident of Hawaii and who maintains a professional primary care
3 practice in this State.

4 "Primary care" means the first contact and principal point
5 of continuing care for patients provided by a healthcare
6 provider, including health promotion, disease prevention, health
7 maintenance, counseling, patient education, diagnosis and
8 treatment of acute and chronic illnesses, and coordination of
9 other specialist care that the patient may need.

10 "Resident of Hawaii" includes any individual who is a
11 resident pursuant to section 78-1, and any individual who meets
12 the criteria for students in academic programs which have
13 defined application residency requirements which emphasize a
14 holistic commitment to Hawaii.

15 "Volunteer-based supervised clinical training rotation"
16 means an uncompensated period of supervised clinical training of
17 an eligible student that totals at least eighty hours of
18 supervisory time annually, in which a preceptor provides
19 personalized instruction, training, and supervision to an
20 eligible student to enable the eligible student to obtain an
21 eligible professional degree or training certificate."



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

4 "§321- Preceptor credit assurance committee. (a) There
5 is established the preceptor credit assurance committee within
6 the department of health, to be convened by the University of
7 Hawaii Hawaii/Pacific basin area health education center and
8 center for nursing. The committee shall develop and implement a
9 plan for allocating and distributing healthcare preceptor tax
10 credits under section 235- , including:

11 (1) Developing a process ensuring that requests for credit
12 are reviewed and verifications are processed no later
13 than thirty days following the close of each calendar
14 year;

15 (2) Developing the documentation process for the committee
16 to certify a preceptor for the tax credit; provided
17 that the documentation to be collected shall include:

18 (A) The preceptor's name, address, place of practice,
19 and Hawaii provider license number;

20 (B) Dates and hours of volunteer-based supervised
21 clinical training rotation per eligible student;



1 (C) Attestation that the preceptor is uncompensated
2 for the volunteer-based supervised clinical
3 training rotation; and

4 (D) Other information as identified as necessary by
5 the committee.

6 (b) The committee shall be composed of representatives of
7 academic programs with eligible students.

8 (c) Members of the committee shall be immune from civil
9 liability for any official act, decision, or omission performed
10 for the purpose for which the committee was established, except
11 for any acts, decisions, or omissions that constitute gross
12 negligence or wilful misconduct.

13 (d) The proceedings of the committee shall not be subject
14 to part I of chapter 92.

15 (e) As used in this section, "academic program", "eligible
16 student", "preceptor", "nationally accredited", and "volunteer-
17 based supervised clinical training rotation" shall have the same
18 meanings as in section 235- ."

19 SECTION 4. The department of health shall evaluate the
20 efficacy of the healthcare preceptor tax credit established by
21 this Act and submit a report to the legislature no later than



1 June 30, 2024, which shall include the department's findings and
2 a recommendation of whether the tax credit should be retained or
3 repealed, and if retained, whether the tax credit should be
4 expanded to other professions.

5 SECTION 5. New statutory material is underscored.

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

9



Report Title:

Primary Care Providers; Advanced Practice Registered Nurses;
Doctors; Preceptors; Income Tax Credit

Description:

Allows advanced practice registered nurses and physicians to receive income 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. (SD1)

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

