

JAN 28 2026

A BILL FOR AN ACT

RELATING TO HEALTH CARE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that there is a shortage
2 of health care providers in the State, including primary care
3 providers and specialty providers, which will be exacerbated by
4 the projected retirement of existing physicians, advanced
5 practice registered nurses, pharmacists, and other health care
6 workers. Although students are interested in pursuing careers
7 in Hawaii's health care service industry, in-state educational
8 institutions are constrained by the lack of clinical education
9 sites in the State and the limited supply of expert clinicians
10 who volunteer as qualified preceptors. One way to encourage the
11 participation of preceptors is to offer an income tax credit for
12 health care professionals who serve as preceptors.

13 The purpose of the existing healthcare preceptor income tax
14 credit is to incentivize volunteer preceptors to offer
15 professional instruction, training, and supervision to students
16 and residents seeking careers as health care providers in the
17 State. The legislature finds that although many providers have



1 trained eligible students, modifications to the existing program
2 will amplify the success of the program.

3 The legislature further finds that the preceptor tax credit
4 program has been successful in facilitating the growth of the
5 preceptor program. The five-year evaluation of the program
6 found a seventy-seven per cent increase in active preceptors who
7 taught at least one rotation, and seventy-six providers started
8 precepting during this five-year period. The evaluation also
9 recommended that, to improve the function of the program,
10 additional health care provider professions that have
11 established graduate schools in Hawaii should be added to the
12 tax credit eligibility, the primary care specialty requirement
13 for preceptors should be removed, and the requirement that the
14 preceptor credit should be only for precepting students enrolled
15 in a primary care program should be removed.

16 The legislature recognizes that removing the primary care
17 specialty provision expands the program to specialty areas and
18 also elevates the training opportunities in primary care.
19 Programs training future health care providers in primary care
20 benefit by exposing students to technical training in focused
21 specialty areas like cardiology, pulmonology, and behavioral



1 health. The legislature further recognizes that the health care
2 workforce has shortages in professions beyond those included in
3 the tax credit and whose workforce expansion is also limited by
4 available preceptors, including social workers, physician
5 assistants, and licensed dietitians, as well as workers in high-
6 demand specialties, such as behavioral health. Furthermore, the
7 advanced training environments, such as residencies, provide an
8 extended safety net for new-career health care professionals and
9 rely on preceptors for mentorship and clinical advancement of
10 the residents. As such, the healthcare preceptor tax credit
11 should not be limited to medical, advanced practice registered
12 nurse, and pharmacy students. Rather, the program should expand
13 to apply to physician assistants, licensed dieticians, and
14 social workers and include qualified residency programs for
15 eligible professions.

16 Finally, the legislature finds that the definition of
17 "volunteer-based supervised clinical training rotation" should
18 be clarified to facilitate the preceptor credit assurance
19 committee's implementation of the tax credit.

20 Accordingly, the purpose of this Act is to:



1 (1) Amend the healthcare preceptor tax credit to improve
2 accessibility and further promote the education of
3 health care professionals by:
4 (A) Removing language limiting access to only those
5 in primary care;
6 (B) Adding physician assistants, licensed dietitians,
7 and social workers as eligible preceptors and
8 students; and
9 (C) Expanding eligibility to residency and fellowship
10 programs; and

11 (2) Revise the membership of the preceptor credit
12 assurance committee to include the director of health
13 and representatives of residency programs with
14 eligible students.

15 SECTION 2. Section 235-110.25, Hawaii Revised Statutes, is
16 as follows:

17 1. By amending subsection (e) to read:

18 "(e) If in any taxable year the annual amount of certified

19 credits for all taxpayers reaches \$1,500,000 in the aggregate,

20 the preceptor credit assurance committee shall immediately

21 discontinue certifying credits and notify the department of



1 taxation. In no instance shall the preceptor credit assurance
2 committee certify a total amount of credits exceeding \$1,500,000
3 per taxable year. To comply with this restriction, the
4 preceptor credit assurance committee shall certify or deny
5 credits in the order submitted for certification; provided that
6 credits shall not be submitted for certification ~~[prior to]~~
7 before the volunteer-based supervised clinical training rotation
8 being performed."

9 2. By amending subsection (g) to read:

10 "(g) For the purposes of this section:

11 "Academic program" means an academic degree granting
12 program or graduate medical education program that:

13 (1) Holds either its principal accreditation or a physical
14 location in Hawaii; and

15 (2) Provides education to students, of whom more than
16 fifty per cent are residents of Hawaii.

17 "Advanced practice registered nurse student" means an
18 individual participating in a nationally accredited academic
19 program that is for the education of advanced practice
20 registered nurses and recognized by the state board of nursing
21 pursuant to chapter 457. "Advanced practice registered nurse



1 student" includes a graduate from a nationally accredited
2 academic program who has continued their training in the role of
3 resident or fellow.

4 "Dietetics student" means an individual participating in an
5 academic program that is nationally accredited for the training
6 of individuals to become registered dietitians pursuant to
7 chapter 448B. "Dietetics student" includes students enrolled in
8 nationally accredited academic programs that require supervised
9 practice hours.

10 "Eligible professional degree or training certificate"
11 means a degree or certificate that fulfills a requirement to be
12 a licensed dietitian, pursuant to chapter 448B; a physician or
13 an osteopathic physician, pursuant to chapter 453[~~r~~]; a
14 physician assistant pursuant to chapter 453; an advanced
15 practice registered nurse, pursuant to chapter 457[~~r~~ or]; a
16 registered pharmacist, pursuant to chapter 461[~~r~~]; or a social
17 worker, pursuant to chapter 467E.

18 "Eligible student" means an advanced practice registered
19 nurse student, dietetics student, medical student, [~~or~~] pharmacy
20 student, physician assistant student, or social work student, or



1 resident, who is enrolled in an eligible academic program[~~–~~],
2 residency program, or fellowship.

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

11 "Nationally accredited" means holding an institutional
12 accreditation by name to offer post-secondary medical ~~primary~~
13 ~~care~~ education. Accreditation ~~for medical students~~ shall be
14 offered as follows:

15 (1) For medical students, by the Liaison Committee on
16 Medical Education [~~or~~], American Osteopathic
17 Association Commission on Osteopathic College
18 Accreditation[~~– Accreditation for advanced practice~~
19 ~~registered nurse students shall be offered~~, or any
20 other accreditation body recognized by the preceptor
21 credit assurance committee;



1 (2) For advanced practice registered nurse students, by
2 the Commission on Collegiate Nursing Education[–] or
3 any other accreditation body recognized by the
4 preceptor credit assurance committee;

5 (3) For nursing residency programs, by the Commission on
6 Collegiate Nursing Education, American Nurses
7 Credentialing Center, Consortium for Advanced Practice
8 Providers, or any other accreditation body recognized
9 by the preceptor credit assurance committee;

10 (4) For pharmacy students, by the Accreditation Council
11 for Pharmacy Education or any other accreditation body
12 recognized by the preceptor credit assurance
13 committee;

14 (5) For pharmacy residency programs, by the American
15 Society of Health-System Pharmacists;

16 (6) For physician assistant students, by the Accreditation
17 Review Commission on Education for the Physician
18 Assistant;

19 (7) For physician assistant residency programs, by the
20 Consortium for Advanced Practice Providers,
21 Accreditation Review Commission on Education for the



1 Physician Assistant, or any other accreditation body
2 recognized by the preceptor credit assurance
3 committee;
4 (8) For dietetics students, by the Accreditation Council
5 for Education in Nutrition and Dietetics or any other
6 accreditation body recognized by the preceptor credit
7 assurance committee; and
8 (9) For social work students, by the Council on Social
9 Work Education or any other accreditation body
10 recognized by the preceptor credit assurance
11 committee.
12 New or additional accreditation bodies may be eligible; provided
13 that they are recognized by the preceptor credit assurance
14 committee.
15 "Pharmacy student" means an individual participating in an
16 academic program that is nationally accredited for the training
17 of individuals to become registered pharmacists pursuant to
18 chapter 461. "Pharmacy student" includes a graduate from a
19 nationally accredited academic program who has continued their
20 training in the role of resident or fellow.



1 "Physician assistant student" means an individual
2 participating in an academic program that is nationally
3 accredited for the education of physician assistants to become a
4 nationally certified and licensed physician assistant pursuant
5 to section 453-5.3. "Physician assistant student" includes a
6 graduate from a nationally accredited academic program who has
7 continued their training in the role of resident or fellow.

8 "Preceptor" means a licensed dietitian, licensed pursuant
9 to chapter 448B; a physician [or] osteopathic physician, or
10 physician assistant, licensed pursuant to chapter 453[;] an
11 advanced practice registered nurse, licensed pursuant to chapter
12 457[; or]; a registered pharmacist, licensed pursuant to chapter
13 461[; or a social worker, licensed pursuant to chapter 467E,
14 who is a resident of Hawaii [and who], maintains a professional
15 [primary care] practice in [this] the State[.], and whose
16 specialty supports the development and training of an eligible
17 student for clinical health care practice.

18 "Primary care" means the principal point of continuing
19 care for patients provided by a healthcare provider, including
20 health promotion, disease prevention, health maintenance,
21 counseling, patient education, diagnosis and treatment of acute



1 ~~and chronic illnesses, and coordination of other specialist care~~
2 ~~that the patient may need.]~~

3 "Residency program" means a residency or fellowship program
4 that provides continuing training for eligible professions, in
5 the role of resident or fellow, to obtain the additional
6 qualifications that support professional practice. "Residency
7 program" includes a program offered through academic programs or
8 employers; provided that the program is nationally accredited
9 and holds either its principal accreditation or a physical
10 location in the State.

11 "Social work student" means an individual participating in
12 an academic program that is nationally accredited for the
13 training of individuals to become a social worker licensed
14 pursuant to chapter 467E. "Social work student" includes a
15 graduate from a nationally accredited academic program who has
16 continued their training in the role of resident or fellow.

17 "Volunteer-based supervised clinical training rotation"
18 means ~~[an uncompensated]~~ a period of supervised clinical
19 training [off] to an eligible student that totals at least eighty
20 hours of supervisory time annually, in which a preceptor
21 provides personalized instruction, training, and supervision to



1 an eligible student to enable the eligible student to obtain an
2 eligible professional degree or training certificate[‐];
3 provided that, while a preceptor may be compensated for
4 providing standard clinical services, the preceptor shall be
5 uncompensated for:

6 (1) Clinical training above or beyond clinical salary or
7 reimbursements for clinical services; and
8 (2) Provision of clinical training services from tuition
9 funds or from state general funds."

10 SECTION 3. Section 321-2.7, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By amending subsections (a) and (b) to read:
13 "(a) There is established the preceptor credit assurance
14 committee within the department of health. The committee shall
15 develop and implement a plan for certifying healthcare preceptor
16 tax credits under section 235-110.25, including:
17 (1) Developing a process ensuring that requests for credit
18 certification are reviewed and verifications are
19 processed no later than thirty days following the
20 close of each calendar year; and



1 (2) Developing the documentation process for the committee
2 to certify a preceptor for the tax credit; provided
3 that the documentation to be collected shall include:
4 (A) The preceptor's name, address, place of practice,
5 and Hawaii provider license number;
6 (B) Dates and hours of volunteer-based supervised
7 clinical training rotation per eligible student;
8 (C) Attestation that the preceptor is uncompensated
9 for the volunteer-based supervised clinical
10 training rotation; [and] provided that, if the
11 preceptor is compensated for providing standard
12 clinical services, attestation that the preceptor
13 is uncompensated for:
14 (i) Clinical training above or beyond clinical
15 salary or reimbursements for clinical
16 services; and
17 (ii) Provision of clinical training services from
18 tuition funds or from state general funds;
19 and
20 (D) Other information deemed necessary by the
21 committee.



3 (1) The director of health, or the director's designee;
4 and

5 (2) Representatives of:

6 [+] (A) The Hawaii/Pacific basin area health education
7 center;

8 [(2)] (B) The center for nursing; [and]

9 [+(3)] (C) Academic programs with eligible students [–]; and
10 (D) Residency programs with eligible students."

11 2. By amending subsection (e) to read:

12 (e) As used in this section, "academic program",

13 "eligible student", "preceptor", "residency program", and

14 "volunteer-based supervised clinical training rotation" [shall]

15 have the same meanings as in section 235-110.25."

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval;
19 provided that section 2 shall apply to taxable years beginning
20 after December 31, 2026.



S.B. NO. 3202

INTRODUCED BY:



S.B. NO. 3202

Report Title:

Healthcare Preceptor Tax Credit; Licensed Dietitians; Physician Assistants; Social Workers; Residency Programs; Preceptor Credit Assurance Committee

Description:

Amends the Healthcare Preceptor Tax Credit to remove language limiting access only to those practicing in primary care, to add licensed dietitians, physician assistants, and social workers as eligible preceptors and students, and to include residency and fellowship programs. Adds the Director of Health and a representative of residency programs with eligible students to the Preceptor Credit Assurance Committee. Applies to taxable years beginning after 12/31/2026.

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