



Date: October 18, 2023

To: David Armstrong, HWTAC

From: Kelsie George, NCSL

Topic: States with Preceptor Tax Credits

Brian Patrick Kennedy

Speaker Pro Tempore
Rhode Island General
Assembly
President, NCSL

Dear David,

As discussed during the 2023 Health Workforce Research Symposium, below is information on state preceptor tax incentive programs. The list below includes states that have enacted legislation addressing preceptor tax incentives. Please feel free to share this information with event attendees.

Sabrina N. Lewellen

Deputy Director - Senate
Assistant Secretary of the
Senate
Arkansas General
Assembly
Staff Chair, NCSL

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Tim Storey
Chief Executive Officer
NCSL

Sincerely,

Kelsie George
Policy Specialist, NCSL Health Program
kelsie.george@ncsl.org

Preceptor Tax Credits

A shortage of clinical preceptors has driven a decline in residency sites, particularly in rural communities. [Providers may face](#) increasing workload expectations, time constraints, provider administrative demands, potential lower clinical productivity, and self-perceived lack of qualification by the providers.

[In a 2020 survey by the American Association of Medical Colleges](#), 31% of responding medical colleges reported being concerned about whether their incoming students would find appropriate residency positions after graduating. Medical schools reported higher levels of concern about graduate medical education opportunities within their state (51%) and nationally (65%).

To incentivize licensed medical professionals to serve as preceptors for new medical graduates, states commonly offer income tax credits. Enacted state legislation are included in the table below; this list is not meant to be exhaustive. At least eight states have established preceptor tax incentives through legislation.

In addition, Maine awarded \$2.25 million to strengthen the state's health workforce, including \$1.6 million from the [Governor's Maine Jobs and Recovery Plan](#) to recruit and support preceptors in rural health systems and expand graduate medical education programs within the state.



State	Legislation (Year)	Summary
Alabama	HB 133 (2023)	Relating to state income tax; to establish the Preceptor Tax Incentive Program to provide income tax credit incentives for certain medical students who train in rural and underserved counties in the state.
Arizona	HB 2862 (2022)	Appropriated \$500,000 for preceptor grant program for graduate students. The amount appropriated to the department of health services for the preceptor grant program for graduate students is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. Any monies remaining unexpended on July 1, 2026 revert to the state general fund.
	HB 2691 (2022)	Appropriates specified sum in specified fiscal years for the Arizona Nurse Education Investment Pilot Program, which is established to increase the capacity of nursing education programs in the state by fostering collaboration among state education and health care communities and the state and federal governments; addresses nursing shortage.
Colorado	HB 1142 (2016)	Concerns the creation of a credit against the State income tax for rural health care professional primary care preceptors training students matriculating at State institutions of higher education; adds provisions relative to credit for health care preceptors working in health professional shortage areas; specifies the manner in which the taxpayer is required to apply for the credit and procedures to be followed if a preceptor fails to satisfy the requirements.
	HB 1088 (2019)	Modifies the existing income tax credit for health care preceptors working in health care professional shortage areas; clarifies the definition of preceptorship and extending the existing sunset date for the tax credit.
	HB1005 (2022)	Relates to the income tax credit for health care preceptors working in rural and frontier areas; modifies the tax credit by extending the period for which the tax credit may be claimed to tax years commencing prior to January 1, 2033 and allowing up to 300, rather than 200, preceptors to claim the credit in any tax year; expands who may offer a preceptorship to include specified professions, including a medical doctor, doctor of osteopathic medicine, advanced practice nurse, and a physician assistant.
Georgia	HB 287 (2019)	Deletes an income tax deduction for certain physicians serving as community based faculty physicians; creates a new income tax credit for taxpayers who are licensed physicians, advanced practice registered nurses, or physician assistants who provide uncompensated preceptorship training to medical students, advanced practice registered nurse students, or physician assistant students for certain periods of time.
Hawaii	SB 2298 (2018)	Creates a tax credit that encourages preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as primary care physicians and advanced practice registered nurses throughout the state, with the intention of building capacity for clinical education at in-state academic programs that are nationally accredited for the training of primary care physicians, advanced practice registered nurses, and pharmacy professionals.
Louisiana	HB 326 (2018)	The Legislature of Louisiana hereby finds that there is a serious need for adequately trained certified nurse aides and, therefore, it is in the best interest of the state to maximize the opportunities which are available to students who are seeking to become certified nurse aides. The legislature further finds that a clinical preceptor nurse aide training program operated by the Louisiana Technical and Community College System in conjunction with nursing homes located throughout the state not only provides a viable method of training but also provides such training at a considerably lower cost than the traditional method of training.
	SB 93 (2011)	Makes the medication attendant certification pilot program for certified nurse aides a permanent program; makes changes concerning certain reports; authorizes the development of a clinical preceptor nurse aide training program by the Louisiana Technical and Community College System in conjunction with nursing homes.
Maryland	HB 1252 (2021)	Alters the number of training hours that a licensed physician is required to perform in a preceptor program rotation in order to qualify for a certain credit against the State income tax; clarifies the issuance of a credit certificate in certain preceptorship programs; authorizes a credit against the State income tax for certain health care practitioners who serve as certain preceptors for a certain preceptorship program approved by the State Department of Health for physician assistant students.
	SB 102 (2021)	Alters the number of training hours that a licensed physician is required to perform in a preceptor program rotation in order to qualify for a certain credit against the State income tax; clarifies the issuance of a credit certificate in certain preceptorship programs; authorizes a credit against the State income tax for certain health care practitioners who serve as certain preceptors for a certain preceptorship program approved by the State Department of Health for physician assistant students.



	HB 683 (2017)	Alters a credit against the State income tax for individuals who, under certain circumstances, serve as preceptors in certain preceptorship programs and work in certain areas of the State with health care workforce shortages; alters the application of a fee assessed by the Board of Nursing for the renewal of a certain nurse practitioner; alters the number of hours a nurse practitioner or licensed physician must work in a certain preceptorship program in order to qualify for the tax credit.
	HB 1494 (2016)	Provides for a State income tax credit for physicians or nurse practitioners serving without compensation as preceptors working a certain number of hours in areas with workforce shortages; limits the credit; provides for carryovers, certain application and approval requirements, certain required notification and reporting of the Department of Health and Mental Hygiene, implementation, a Nurse Practitioner Preceptorship Tax Credit Fund, a Health Personnel Shortage Incentive Grant Program, and license fees.
Missouri	HB 2331 (2022)	<p>2. (1) Beginning January 1, 2023, any community-based faculty preceptor who serves as the community-based faculty preceptor for a medical student core preceptorship or a physician assistant student core preceptorship shall be allowed a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, in an amount equal to one thousand dollars for each preceptorship, up to a maximum of three thousand dollars per tax year, if he or she completes up to three preceptorship rotations during the tax year and did not receive any direct compensation for the preceptorships.</p> <p>3. (1) Funding for the tax credit program authorized under this section shall be generated by the division from a license fee increase of seven dollars per license for physicians and surgeons and from a license fee increase of three dollars per license for physician assistants. The license fee increases shall take effect beginning January 1, 2023, based on the underlying license fee rates prevailing on that date. The underlying license fee rates shall be determined under section 334.090 and all other applicable provisions of chapter 334.</p>

Additional Resources:

- [Health Workforce Resources](#) (2023)
- [Expanded Medical Training Could Help Hospitals in Rural, Underserved Areas](#) (July 2023)
- [Building a Health Workforce for the Future](#) (July 2023)
- [Understanding Medicaid's Role in Graduate Medical Education](#) (March 2023)
- [State Strategies to Recruit and Retain the Behavioral Health Workforce](#) (March 2022)
- [Supporting Direct Care Workers: Recruitment and Retention Strategies](#) (April 2022)