

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1422

Bill Subtitle: TO ENACT THE PRECEPTOR TAX INCENTIVE PROGRAM; AND TO PROVIDE INCENTIVES FOR CERTAIN MEDICAL OR COUNSELING PROFESSIONALS TO TRAIN STUDENTS WHO ARE LEARNING TO BECOME MEDICAL OR COUNSELING PROFESSIONALS.

Basic Change :

Sponsor: Rep. L. Johnson

HB1422 creates a refundable income tax credit for a faculty preceptor who provides qualifying preceptorship rotations to certain medical, nursing, or counseling students.

An individual who can serve as a faculty preceptor for purposes of the income tax credit includes a:

- Physician licensed by the Arkansas State Medical Board;
- Registered nurse, advanced practice registered nurse, or registered nurse practitioner licensed by the Arkansas State Board of Nursing;
- Physician assistant licensed by the Arkansas State Medical Board; or
- Professional counselor, associate counselor, or marriage and family counselor licensed by the Arkansas Board of Examiners in Counseling.

HB1422 defines a "preceptorship rotation" as community-based preceptorship training of at least 160 hours.

HB1422 defines an "uncompensated faculty preceptor" as a faculty preceptor who provides a preceptorship rotation and receives no financial remuneration for conducting the preceptorship rotation. The bill provides an uncompensated faculty preceptor a tax credit in the amount of \$1,000 per student during a calendar year with a maximum tax credit of \$10,000 per year.

HB1422 defines a "compensated faculty preceptor" as a faculty preceptor who provides a preceptorship rotation and receives payment as an independent contractor for conducting the preceptorship rotation. The bill provides a compensated faculty preceptor a tax credit in an amount equal to the amount the taxpayer received as compensation for conducting the preceptor training with a maximum tax credit of \$6,000 per year.

HB1422 is effective for tax years beginning on or after January 1, 2023.

Revenue Impact :

FY2024 - \$1 million General Revenue Reduction

Taxpayer Impact :

An uncompensated faculty preceptor will be allowed a refundable income tax credit in the amount of \$1,000 per student who participated in preceptor training during the calendar year up to a total of \$10,000 in credits per year. A compensated faculty preceptor will be allowed an income tax credit in an amount equal to compensation received for preceptor training, not to exceed \$6,000 per year. A taxpayer will be required to maintain records documenting medical or counseling licensure, preceptor contracts with educational institutions, preceptor rotations and document qualified students.

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Resources Required :

Computer programs, tax forms, and instructions would need to be created. The Arkansas Integrated Revenue System (AIRS) will require programming for a new income tax credit at an estimated cost of \$32,000. The Tax Credits Section of the Department of Finance and Administration (DFA) would require additional staff to review a preceptor's medical licensure, to confirm medical or counseling student enrollment in an Arkansas training program, to verify preceptorship rotations encompassed a minimum of 160 hours, and to award tax credits. Anticipated personnel cost totaling \$49,739.22 per year for one Tax Auditor.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as to the tax credit as well as the tax community. Rules for establishing credit eligibility and qualifying amounts may need to be promulgated.

Other Comments :

None.

Legal Analysis :

HB1422 may benefit from an amendment to provide a mechanism for certifying who is entitled to the income tax credit and the amount of the income tax credit to which someone is entitled.