

---

---

# 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 shall  
7 be allowed to each taxpayer subject to the tax imposed by this  
8 chapter, a healthcare preceptor tax credit that shall be  
9 deductible from the taxpayer's net income tax liability, if any,  
10 imposed by this chapter for the taxable year in which the credit  
11 is properly claimed.

12 (b) The amount of the credit shall be equal to \$  
13 for each volunteer-based supervised clinical training rotation  
14 supervised by the taxpayer, up to a maximum of \$ per  
15 taxable year regardless of the number of volunteer-based  
16 supervised clinical training rotations supervised by the  
17 taxpayer.

18 (c) The director of taxation:

19 (1) Shall prepare any forms that may be necessary to claim  
20 a tax credit under this section; and



1       (2) May require the taxpayer to furnish the certificate  
2       issued under subsection (d) and any other reasonable  
3       information necessary to ascertain the validity of the  
4       claim for the tax credit made under this section.

5       (d) The preceptor credit assurance committee, established  
6 pursuant to section 321- , shall:

7       (1) Maintain records of the names, addresses, and license  
8       number of the taxpayers claiming the credit under this  
9       section; and

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

13      (A) That the taxpayer meets the requirements to serve  
14      as a preceptor;

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

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

21      (D) Whether the taxpayer was uncompensated; and



1       (3) Issue a certificate to the taxpayer verifying the  
2       number of volunteer-based supervised clinical training  
3       rotations supervised by the taxpayer. The taxpayer  
4       shall file the certificate with the taxpayer's return  
5       to the department.

6       (e) The preceptor credit assurance committee shall certify  
7       credits on a first come, first served basis. If in any taxable  
8       year the annual amount of certified credits reaches \$        in  
9       the aggregate, the preceptor credit assurance committee shall  
10      immediately discontinue certifying credits and notify the  
11      department of taxation. In no instance shall the preceptor  
12      credit assurance committee certify a total amount of credits  
13      exceeding \$        per taxable year.

14      (f) If the tax credit under this section exceeds the  
15      taxpayer's net income tax liability, the excess of the credit  
16      over liability may be used as a credit against the taxpayer's  
17      net income tax liability in subsequent years until exhausted.  
18      All claims for the tax credit under this section, including  
19      amended claims, shall be filed on or before the end of the  
20      twelfth month following the close of the taxable year for which  
21      the credits may be claimed. Failure to comply with the



1 foregoing provision shall constitute a waiver of the right to  
2 claim the credit.

3 (g) For the purpose of this section:

4 "Academic program" means an academic degree granting or  
5 graduate medical education program that:

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

8 (2) Provides education to students of whom more than fifty  
9 per cent are residents of Hawaii.

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

16 "Dental hygienist student" means an individual  
17 participating in an academic program that:

18 (1) Is nationally accredited for the training of dental  
19 hygienists; and

20 (2) Meets the requirements established pursuant to chapter  
21 447.



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 physical therapist  
4       assistant pursuant to chapter 461J, a physician or osteopathic  
5       physician pursuant to chapter 453, an advanced practice  
6       registered nurse pursuant to chapter 457, a pharmacist pursuant  
7       to chapter 461, a psychologist pursuant to chapter 465, or a  
8       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, physical therapist assistant student,  
12       psychology student, or social work 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       "Medical student" includes a graduate from a Liaison Committee  
19       on Medical Education or American Osteopathic Association  
20       Commission on Osteopathic College Accreditation program who has  
21       continued their training, as a resident or fellow, to obtain the



1 additional qualifications needed for both medical licensure  
2 pursuant to chapter 453 and specialty certification.

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

6 "Pharmacy student" means an individual participating in an  
7 academic program that:

8 (1) Is nationally accredited for the training of  
9 individuals to become registered pharmacists; and

10 (2) Meets the requirements established pursuant to chapter  
11 461.

12 "Physical therapist assistant student" means an individual  
13 participating in an academic program that:

14 (1) Is nationally accredited for the training of  
15 individuals to become registered physical therapist  
16 assistants; and

17 (2) Meets the requirements established pursuant to chapter  
18 461J.

19 "Preceptor" means a dentist or dental surgeon licensed  
20 pursuant to chapter 448, a physician or osteopathic physician  
21 licensed pursuant to chapter 453, an advanced practice



1 registered nurse licensed pursuant to chapter 457, a pharmacist  
2 licensed pursuant to chapter 461, a physical therapist licensed  
3 pursuant to chapter 461J, a psychologist licensed pursuant to  
4 chapter 465, or a social worker pursuant to chapter 467E who may  
5 be either licensed or unlicensed.

6 "Psychology student" means an individual participating in  
7 an academic program that:

- 8 (1) Is nationally accredited for the training of  
9 individuals to become psychologists; and  
10 (2) Meets the requirements established pursuant to chapter  
11 465.

12 "Social worker student" means an individual participating  
13 in an academic program in this State that:

- 14 (1) Is nationally accredited for the training of social  
15 work professionals; and  
16 (2) Meets the requirements established pursuant to chapter  
17 467E.

18 "Volunteer-based supervised clinical training rotation"  
19 means an uncompensated period of supervised clinical training on  
20 behalf of an eligible student or trainee that totals at least  
21 eighty hours of supervisory time annually, in which a preceptor



1 provides personalized instruction, training, and supervision  
2 that is offered to an eligible student or trainee to enable the  
3 eligible student or trainee to obtain an eligible professional  
4 degree or training certificate."

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

8 "§321- Preceptor credit assurance committee. (a) There  
9 is established the preceptor credit assurance committee within  
10 the department of health. The preceptor credit assurance  
11 committee shall:

12 (1) Develop and implement a plan for certifying healthcare  
13 preceptor tax credits under section 235- including:

14 (A) A process to ensure that requests for credit  
15 certification are reviewed and verifications are  
16 processed by the thirtieth of January of each  
17 calendar year; and

18 (B) A documentation process for the deans, directors,  
19 or their designees to qualify a preceptor for the  
20 tax credit. This shall include:



- 1            (i) Each preceptor's name, address, place of
- 2                            practice, and Hawaii provider license
- 3                            number;
- 4            (ii) Dates and hours of volunteer-based
- 5                            supervised clinical rotation per eligible
- 6                            student or trainee;
- 7            (iii) Attestation that the volunteer-based
- 8                            supervised clinical rotation per eligible
- 9                            student or trainee is uncompensated; and
- 10           (iv) Other information deemed necessary by the
- 11                            committee;
- 12           (2) Complete duties as described in section 235- ; and
- 13           (3) Be composed of representatives of:
- 14                            (A) The university of Hawaii Hawaii/Pacific basin
- 15                            area health education center;
- 16                            (B) The university of Hawaii center for nursing; and
- 17                            (C) Academic programs with eligible students or
- 18                            trainees.
- 19           (b) There shall be no civil liability for any member of
- 20 the preceptor credit assurance committee for any act done in

1 furtherance of the purpose for which the preceptor credit  
2 assurance committee was established.

3 (c) The committee may hold a meeting closed to the public  
4 pursuant to section 92-4 for the purpose of considering  
5 information affecting the privacy of an individual; provided  
6 that information in which an individual has a significant  
7 privacy interest as provided in subsection 92F-14(b) shall be  
8 considered to be information affecting the privacy of an  
9 individual.

10 (d) As used in this section:

11 "Academic program" shall have the same meaning as in  
12 section 235- .

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

15 "Preceptor" shall have the same meaning as in section  
16 235- .

17 "Volunteer-based supervised clinical rotation" shall have  
18 the same meaning 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  
3 without modification, amended, or repealed.

4 SECTION 5. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 3000;  
6 provided that section 2 shall apply to taxable years beginning  
7 after December 31, 2018.



**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists;  
Pharmacists; Physical Therapists; Psychologists; Preceptors;  
Social Workers; Tax Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, psychologists, pharmacists, physical therapists, and social workers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students or trainees that enable the students or trainees 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 HD3)

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

