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A BILL  
TO BE ENTITLED  
AN ACT

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.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as  
the Preceptor Tax Incentive Program Act.

Section 2. For the purposes of this act, the following  
terms have the following meanings:

(1) CLINICAL PRECEPTORSHIP. A clinical educational or  
training rotation for a student in any of the following  
programs that are physically located in this state and  
approved by and provided through a qualified health  
professions training program, for which the community-based  
faculty preceptor, also physically located in this state, is  
otherwise not compensated for the preceptorship:

- a. A medical allopathic or osteopathic program.
- b. A dental program.
- c. An optometric program.



- 29 d. A physician assistant program.
- 30 e. An anesthesia assistant program.
- 31 f. A certified registered nurse practitioner program.
- 32 g. A certified nurse midwife program.
- 33 h. A certified registered nurse anesthetist program.

34 (2) COMMUNITY-BASED ADVANCE PRACTICE NURSE PRECEPTOR. A  
35 certified registered advance practice nurse licensed under  
36 Chapter 21 of Title 34, Code of Alabama 1975, who provides  
37 medical services in a health care facility that is physically  
38 located in this state and not owned or operated by a qualified  
39 nursing, medical, or osteopathic school and who, through an  
40 agreement with a qualified nursing school physically located  
41 in this state, provides one or more clinical preceptorships  
42 for training to students in a certified registered nurse  
43 practitioner, certified nurse midwife, or certified registered  
44 nurse anesthetist program for which he or she receives no  
45 monetary compensation.

46 (3) COMMUNITY-BASED ASSISTANT TO PHYSICIAN PRECEPTOR.  
47 An assistant to physician licensed under Chapter 24 of Title  
48 34, Code of Alabama 1975, and practicing pursuant to a  
49 registration agreement with a licensed physician, who provides  
50 medical services in a health care facility that is physically  
51 located in this state and not owned or operated by a qualified  
52 medical, nursing, or osteopathic school and who, through an  
53 agreement with a qualified health professions program  
54 physically located in this state, provides one or more  
55 clinical preceptorships for students in a physician assistant  
56 or anesthesia assistant program for which he or she receives



57 no monetary compensation.

58 (4) COMMUNITY-BASED FACULTY PRECEPTOR. A  
59 community-based advance practice nurse preceptor;  
60 community-based assistant to physician preceptor; or  
61 community-based physician, dentist, or optometrist preceptor.

62 (5) COMMUNITY-BASED PHYSICIAN, DENTIST, OR OPTOMETRIST  
63 PRECEPTOR. A physician licensed under Chapter 24 of Title 34,  
64 Code of Alabama 1975; a dentist licensed under Chapter 9 of  
65 Title 34, Code of Alabama 1975; or an optometrist licensed  
66 under Chapter 22 of Title 34, Code of Alabama 1975, who  
67 provides medical services in a health care facility that is  
68 physically located in this state and not owned or operated by  
69 a qualified medical, dental, optometric, nursing, or  
70 osteopathic school and who, through an agreement with a  
71 qualified medical school physically located in this state,  
72 provides one or more clinical preceptorships for students in a  
73 medical program, dental program, optometric program, physician  
74 assistant program, anesthesia assistant program, or certified  
75 registered nurse practitioner, certified nurse midwife, or  
76 certified registered nurse anesthetist program for which he or  
77 she receives no monetary compensation.

78 (6) MEDICALLY UNDERSERVED RURAL AREA. A primary care  
79 service area with a deficit, or surplus of less than 2.0  
80 primary-care physicians, as shown by the most-recent Status  
81 Report of the Alabama Primary Care Physician Workforce from  
82 the Office for Family Health Education and Research at the UAB  
83 Huntsville Regional Medical Campus.

84 (7) PROGRAM. The Preceptor Tax Incentive Program.



85 (8) QUALIFIED HEALTH PROFESSIONS TRAINING PROGRAM. An  
86 institution of higher education that is physically located in  
87 this state and has an accredited educational program for  
88 medicine, dentistry, optometry, physician assistants,  
89 anesthesia assistants, or certified registered nurse  
90 practitioners, certified nurse midwives, or certified  
91 registered nurse anesthetists.

92 Section 3. (a) (1) The Alabama Statewide Area Health  
93 Education Center Program Office shall administer the program  
94 and certify clinical preceptorships on behalf of all eligible  
95 qualified health professions training programs.

96 (2) A clinical preceptorship may not be certified as  
97 eligible under the program unless the clinical preceptorship  
98 is performed in a medically underserved rural area.

99 (b) (1) Prior to the certification of any clinical  
100 preceptorship, the Alabama Statewide Area Health Education  
101 Center Program Office shall conduct a needs assessment of the  
102 current number and current need for community-based faculty  
103 preceptors in the state and submit a final report of the  
104 assessment to the Governor, Speaker of the House of  
105 Representatives, President Pro-Tempore of the Senate, the  
106 Chairs of the Senate Healthcare and House Health Committees,  
107 and the Chairs of the Senate Committee on Finance and Taxation  
108 Education and the House Ways and Means Education Committees.

109 (2) The Alabama Statewide Area Health Education Center  
110 Program Office shall consult with the Alabama Commission on  
111 the Evaluation of Services to develop the appropriate measures  
112 and methodology for conducting the needs assessment.



113           Section 4. (a) (1) Beginning with the 2024 tax year, a  
114 community-based faculty preceptor, if he or she conducts a  
115 clinical preceptorship, shall be allowed a credit against the  
116 tax imposed by Section 40-18-2, Code of Alabama 1975, in the  
117 following amounts:

118           a. A community-based physician, dentist, or optometrist  
119 preceptor shall be allowed a credit of five hundred dollars  
120 (\$500) per rotation, up to an annual maximum of six thousand  
121 dollars (\$6,000).

122           b. A community-based assistant to physician preceptor  
123 shall be allowed a credit of four hundred twenty-five dollars  
124 (\$425) per rotation, up to an annual maximum of five thousand  
125 one hundred dollars (\$5,100).

126           c. A community-based advance practice nurse preceptor  
127 shall be allowed a credit of four hundred twenty-five dollars  
128 (\$425) per rotation, up to an annual maximum of five thousand  
129 one hundred dollars (\$5,100).

130           (2) An individual may not accrue more than 12 clinical  
131 preceptorships in any combination of the above categories in  
132 one calendar year.

133           (b) A community-based faculty preceptor may not earn  
134 hours credited toward the tax credit pursuant to subsection  
135 (a) unless the clinical preceptorship has been certified by  
136 the Alabama Statewide Area Health Education Center Program  
137 Office as eligible for the credit.

138           (c) (1) To receive the credit provided by this act, a  
139 community-based faculty preceptor shall claim the credit on  
140 his or her state income tax return for the tax year in which



141 he or she completed the clinical preceptorship rotation; shall  
142 certify that he or she, and the health care center or facility  
143 through which he or she is employed, did not receive monetary  
144 payment during the tax year from any source for the training  
145 of medical, optometry, dental, physician assistant, anesthesia  
146 assistant, or certified registered nurse practitioner,  
147 certified nurse midwife, and certified registered nurse  
148 anesthetist students; and shall submit supporting  
149 documentation, including certification obtained from the  
150 Alabama Statewide Area Health Education Center Program Office,  
151 to the Department of Revenue.

152 (2) Failure to provide the required documents shall  
153 result in the automatic denial of the credit.

154 (d) In no event shall the total amount of the tax  
155 credit provided by this section for a taxable year exceed the  
156 income tax liability of the taxpayer. No tax credit shall be  
157 allowed the taxpayer against his or her tax liability for  
158 prior or succeeding years.

159 (e) Adjudication of possible filing errors or  
160 violations of this act shall be determined by the Department  
161 of Revenue.

162 Section 5. The Alabama Statewide Area Health Education  
163 Center Program Office shall do both of the following:

164 (1) Issue to an eligible taxpayer a credit certificate  
165 to indicate the number of approved preceptor rotations and  
166 other information required by the Department of Revenue to  
167 certify the credit being claimed.

168 (2) Submit an annual informational report to the



169 Department of Revenue by January 31 annually, which provides  
170 all taxpayer issued certificates with information required by  
171 the Department of Revenue for credit verification.

172 Section 6. (a) Annually, on or before the first day of  
173 December, the Alabama Statewide Area Health Education Center  
174 Program Office shall report on the condition, performance, and  
175 accomplishments of the program to the Governor, Speaker of the  
176 House of Representatives, President Pro-Tempore of the Senate,  
177 the Chairs of the Senate Healthcare and House Health  
178 Committees, and the Chairs of the Senate Committee on Finance  
179 and Taxation Education and the House Ways and Means Education  
180 Committees.

181 (b) The Alabama Statewide Area Health Education Center  
182 Program Office shall consult with the Alabama Commission on  
183 the Evaluation of Services to develop performance metrics and  
184 other measures of success to include in the annual report  
185 required pursuant to subsection (a). During the 2030 fiscal  
186 year, the program shall undergo an evaluation by the Alabama  
187 Commission on the Evaluation of Services to determine whether  
188 the program is impacting the determined measures of success.

189 Section 7. The Department of Revenue may adopt rules  
190 for the implementation and administration of this act.

191 Section 8. This act shall be repealed on September 29,  
192 2031, unless extended by act of the Legislature

193 Section 9. This act shall become effective on the first  
194 day of the third month following its passage and approval by  
195 the Governor, or its otherwise becoming law.