

**House Ways and Means Education Reported Substitute
for HB133**



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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. (a) The Preceptor Tax Incentive Program is created.

(b) For the purposes of this section, the following terms shall 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 clinical 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.
- d. A physician assistant program.



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

33 (2) COMMUNITY-BASED FACULTY PRECEPTOR. A physician,
34 advanced practice nurse, or assistant to physician who is
35 licensed in this state and receives no financial compensation
36 from any source for the teaching of students in a medical
37 program, dental program, optometric program, physician
38 assistant program, anesthesia assistant program, or certified
39 registered nurse practitioner, certified nurse midwife, or
40 certified registered nurse anesthetist program.

41 (3) COMMUNITY-BASED NURSE PRACTITIONER PRECEPTOR. A
42 certified registered nurse practitioner licensed under Chapter
43 21 of Title 34, Code of Alabama 1975, and practicing pursuant
44 to a collaboration agreement with a licensed physician, who
45 provides medical services in a health care facility that is
46 physically located in this state and not owned or operated by
47 a qualified nursing, medical, or osteopathic school and who,
48 through an agreement with a qualified nursing school
49 physically located in this state, provides one or more
50 clinical preceptorships for training to students in a
51 certified registered nurse practitioner, certified nurse
52 midwife, or certified registered nurse anesthetist program for
53 which he or she receives no monetary compensation.

54 (4) COMMUNITY-BASED ASSISTANT TO PHYSICIAN PRECEPTOR.
55 An assistant to physician licensed under Chapter 24 of Title
56 34, Code of Alabama 1975, and practicing pursuant to a



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57 registration agreement with a licensed physician, who provides
58 medical services in a health care facility that is physically
59 located in this state and not owned or operated by a qualified
60 medical, nursing, or osteopathic school and who, through an
61 agreement with a qualified health professions program
62 physically located in this state, provides one or more
63 clinical preceptorships for students in a physician assistant
64 or anesthesia assistant program for which he or she receives
65 no monetary compensation.

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

82 (6) HEALTH PROFESSIONAL SHORTAGE AREA. Areas of the
83 state that are designated by the Health Resources and Services
84 Administration of the United States Department of Health and



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85 Human Services as having shortages of primary medical care,
86 dental care, or mental health care providers. A shortage area
87 may be geographic-based, population-based, or facility-based.
88 Health professional shortage area scores are based on
89 discipline-specific methodology, however, three scoring
90 criteria are common across all health professional shortage
91 area disciplines:

92 a. Population to provider ratio.

93 b. Percentage of the population below 100 percent of
94 the federal poverty level.

95 c. Travel time to the nearest source of care outside
96 the designated shortage area.

97 (7) MEDICALLY UNDERSERVED AREA and MEDICALLY
98 UNDERSERVED POPULATION.

99 a. An area or population in this state identified by
100 the Health Resources and Services Administration Agency of the
101 United States Department of Health and Human Services as a
102 geographic area and population with a lack of access to
103 primary care services based on the following established
104 indicators:

105 1. Provider per 1,000 population ratio.

106 2. Percentage of population at 100 percent of the
107 federal poverty level.

108 3. Percentage of population age 65 and older.

109 4. Infant mortality rate.

110 b. A calculated index of medical underservice score of
111 62.0 or below qualifies for designation as a medically
112 underserved area or medically underserved population.



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113 (8) PROGRAM. The Preceptor Tax Incentive Program.

114 (9) QUALIFIED HEALTH PROFESSIONS TRAINING PROGRAM. An
115 institution of higher education that is physically located in
116 this state and has an accredited educational program for
117 medicine, dentistry, optometry, physician assistants,
118 anesthesia assistants, or certified registered nurse
119 practitioners, certified nurse midwives, and certified
120 registered nurse anesthetists.

121 (10) RURAL AREA. As defined by the United States Census
122 Bureau, in the context of health care, health data, and the
123 location of health care services, all population, housing, and
124 territory not included within a state-urbanized area with a
125 population of 50,000 or more.

126 (c)(1) Beginning with the 2024 tax year, a
127 community-based physician, dentist, or optometry preceptor,
128 community-based assistant to physician preceptor, or
129 community-based nurse practitioner, nurse midwife, or nurse
130 anesthetist preceptor physically located in this state shall
131 be allowed a credit against the tax imposed by Section
132 40-18-2, Code of Alabama 1975, if he or she conducts an unpaid
133 clinical preceptorship, in the following amounts:

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

138 b. A community-based assistant to physician preceptor
139 shall be allowed a credit of four hundred twenty-five dollars
140 (\$425) per rotation, up to an annual maximum of five thousand



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141 one hundred dollars (\$5,100).

142 c. A community-based nurse practitioner, certified
143 nurse midwife, or certified registered nurse anesthetist
144 preceptor shall be allowed a credit of four hundred
145 twenty-five dollars (\$425) per rotation, up to an annual
146 maximum of five thousand one hundred dollars (\$5,100).

147 (2) An individual shall not accrue more than 12
148 clinical preceptorships of any of the above categories in one
149 calendar year.

150 (3) A community-based faculty preceptor shall not be
151 eligible to earn hours credited toward a clinical
152 preceptorship tax credit if he or she has not registered with
153 the Alabama Statewide Area Health Education Center Program
154 Office in Birmingham, Alabama.

155 (4) The Alabama Statewide Area Health Education Center
156 Program Office shall administer the program and certify
157 clinical preceptorship rotations on behalf of all eligible
158 public and private training programs for medicine, optometry,
159 and dental physician assistant, anesthesia assistant, or
160 certified registered nurse practitioner, certified nurse
161 midwife, and certified registered nurse anesthetist programs
162 physically located in this state.

163 (5) To receive the credit provided by this section, a
164 community-based faculty preceptor shall claim the credit on
165 his or her state income tax return for the tax year in which
166 he or she completed the clinical preceptorship rotation; shall
167 certify that he or she, and the health care center or facility
168 through which he or she is employed, did not receive monetary



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169 payment during the tax year from any source for the training
170 of medical, optometry, dental, physician assistant, anesthesia
171 assistant, or certified registered nurse practitioner,
172 certified nurse midwife, and certified registered nurse
173 anesthetist students; and shall submit supporting
174 documentation to the Department of Revenue.

175 (6) In no event shall the total amount of the tax
176 credit provided by this section for a taxable year exceed the
177 income tax liability of the taxpayer. No tax credit shall be
178 allowed the taxpayer against his or her tax liability for
179 prior or succeeding years.

180 (d) Adjudication of possible filing errors or
181 violations of the law shall be determined by the Department of
182 Revenue.

183 (e) The Alabama Statewide Area Health Education Center
184 Program Office shall do both of the following:

185 (1) Issue to an eligible taxpayer a credit certificate
186 to indicate the number of approved preceptor rotations and
187 other information required by the Department of Revenue to
188 certify the credit being claimed.

189 (2) Submit an annual informational report to the
190 Department of Revenue by January 31 annually, which provides
191 all taxpayer issued certificates with information required by
192 the Department of Revenue for credit verification.

193 (f) The certification obtained from the Alabama
194 Statewide Area Health Education Center Program Office, and any
195 other documentation required, shall be submitted by the
196 taxpayer with his or her annual tax return on which the credit



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197 is being claimed. Failure to provide the required documents
198 shall result in the automatic denial of the credit.

199 (g) The Department of Revenue may adopt rules for the
200 implementation and administration of this section.

201 Section 2. This act shall become effective on the first
202 day of the third month following its passage and approval by
203 the Governor, or its otherwise becoming law.

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