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Draft State Legislation: "A Geographically Targeted Approach for a Preceptor Tax Incentive Using Primary Care Health Professional Shortage Areas (HPSAs)"

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Cover Page Footnote

The KY Legislative Research Commission staff of the House are recognized for their contribution.

1 AN ACT relating to a tax credit for primary care preceptors.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Core clinical rotation" means a clinical training requirement of a health*
7 *professions teaching program totaling at least one hundred sixty (160)*
8 *hours of supervised training completed by a student under the guidance of a*
9 *preceptor in a Primary Care Health Professional Shortage Area;*

10 *(b) "Participating teaching program" means an accredited:*

11 *1. Medical or osteopathic school;*

12 *2. Physician assistant program; or*

13 *3. Nurse practitioner program;*

14 *based and operating in the Commonwealth, which elects to support the*
15 *participation of preceptors;*

16 *(c) "Preceptor":*

17 *1. Means an experienced, Kentucky-licensed medical practitioner who*
18 *provides supervision of clinical training during a student's education,*
19 *without compensation, and voluntarily supervises a minimum of three*
20 *(3) but no more than ten (10) core clinical rotations for students per*
21 *year; and*

22 *2. Includes:*

23 *a. A physician;*

24 *b. An advanced practice registered nurse; or*

25 *c. A physician assistant;*

26 *(d) "Primary care Health Professional Shortage Area" or "primary care*
27 *HPSA" means a Kentucky geographic area, population group, or health*

1 care facility that has been designated by the United States Health Resources
2 and Services Administration as having a shortage of primary care health
3 professionals; and

4 (e) "Student" means an individual enrolled in a participating teaching
5 program;

6 (2) (a) Effective for taxable years beginning on or after January 1, 2023, but
7 before January 1, 2027, a nonrefundable, nontransferable, primary care
8 preceptor tax credit shall be permitted against the tax imposed by KRS
9 141.020, with the ordering of the credit as provided in Section 2 of this Act.

10 (b) 1. The credit shall be claimed by the preceptor during the taxable year in
11 which the core clinical rotation is completed by the student.

12 2. A partial credit shall not be permitted if the student does not complete
13 the core clinical rotation.

14 3. Any unused portion of the tax credit shall not be carried forward to
15 another tax year.

16 (c) 1. The primary care preceptor tax credit shall be computed based upon
17 the amount of core clinical rotations completed in a primary care
18 HPSA.

19 2. Physician preceptors shall be awarded a credit of:

20 a. Five hundred dollars (\$500) for each of the first three (3) core
21 clinical rotations; and

22 b. One thousand dollars (\$1,000) for each of the remaining core
23 clinical rotations.

24 3. Advanced practice registered nurse and physician assistant preceptors
25 shall be awarded a credit of:

26 a. Three hundred seventy five dollars (\$375) for each of the first
27 three (3) core clinical rotations; and

1 **b. Seven hundred fifty dollars (\$750) for each of the remaining**
2 **core clinical rotations.**

3 **(3) (a) For each year the credit is permitted, each participating teaching program**
4 **in a primary care HPSA, to which a student has matriculated shall issue a**
5 **rotation certification letter to each preceptor on or before January 31, 2024,**
6 **and on or before each January 31 thereafter as long as the credit is**
7 **available.**

8 **(b) The rotation certification letter shall:**

9 **1. State the number of core clinical rotations performed by the preceptor;**
10 **and**

11 **2. List the core clinical rotations administered by the voluntary**
12 **preceptor, including the:**

13 **a. Rotation type;**

14 **b. Beginning and ending dates of the rotation;**

15 **c. Name of the student completing the rotation; and**

16 **d. School and participating teaching program of the student.**

17 **(4) The department shall report to the Legislative Research Commission and the**
18 **Council on Postsecondary Education by May 1, 2024, and annually thereafter as**
19 **long as the credit is permitted.**

20 **(5) (a) The purpose of this tax credit is to encourage Kentucky-licensed medical**
21 **practitioners to provide experience for medical students in primary care**
22 **Health Professional Shortage Areas and to increase the amount of primary**
23 **care preceptors in the state.**

24 **(b) In order for the General Assembly to evaluate the fulfillment of the**
25 **purposes of this credit, the department shall provide the following**
26 **information to the Interim Joint Committee on Appropriations and Revenue**
27 **on or before November 1, 2024, and annually thereafter as long as the**

- 1 *credit is permitted:*
- 2 *1. The cumulative amount of tax credits claimed by individuals for each*
- 3 *taxable year;*
- 4 *2. The cumulative number of returns that claimed the credit for each*
- 5 *taxable year;*
- 6 *3. Based on the mailing address of the return, the cumulative total*
- 7 *amount of credits claimed by county for each taxable year; and*
- 8 *4. Based on ranges of adjusted gross income of no larger than five*
- 9 *thousand dollars (\$5,000), the cumulative amount of tax credits*
- 10 *claimed by individuals for each adjusted gross income range for each*
- 11 *taxable year.*

12 ➔Section 2. KRS 141.0205 is amended to read as follows:

13 If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax

14 imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of

15 the credits shall be determined as follows:

- 16 (1) The nonrefundable business incentive credits against the tax imposed by KRS
- 17 141.020 shall be taken in the following order:
- 18 (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 19 (b) The economic development credits computed under KRS 141.347, 141.381,
- 20 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
- 21 207, and 154.12-2088;
- 22 (c) The qualified farming operation credit permitted by KRS 141.412;
- 23 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 24 (e) The health insurance credit permitted by KRS 141.062;
- 25 (f) The tax paid to other states credit permitted by KRS 141.070;
- 26 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 27 (h) The recycling or composting equipment credit permitted by KRS 141.390;

- 1 (i) The tax credit for cash contributions in investment funds permitted by KRS
2 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
3 154.20-258;
- 4 (j) The research facilities credit permitted by KRS 141.395;
- 5 (k) The employer High School Equivalency Diploma program incentive credit
6 permitted under KRS 151B.402;
- 7 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 8 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 9 (n) The clean coal incentive credit permitted by KRS 141.428;
- 10 (o) The ethanol credit permitted by KRS 141.4242;
- 11 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 12 (q) The energy efficiency credits permitted by KRS 141.436;
- 13 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 14 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 15 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 16 (u) The distilled spirits credit permitted by KRS 141.389;
- 17 (v) The angel investor credit permitted by KRS 141.396;
- 18 (w) The film industry credit permitted by KRS 141.383 for applications approved
19 on or after April 27, 2018, but before January 1, 2022;
- 20 (x) The inventory credit permitted by KRS 141.408; and
- 21 (y) The renewable chemical production credit permitted by KRS 141.4231.
- 22 (2) After the application of the nonrefundable credits in subsection (1) of this section,
23 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
24 shall be taken in the following order:
- 25 (a) The individual credits permitted by KRS 141.020(3);
- 26 (b) The credit permitted by KRS 141.066;
- 27 (c) The tuition credit permitted by KRS 141.069;

- 1 (d) The household and dependent care credit permitted by KRS 141.067;
- 2 (e) The income gap credit permitted by KRS 141.066;~~and~~
- 3 (f) The Education Opportunity Account Program tax credit permitted by KRS
- 4 141.522; and
- 5 **(g) The primary care preceptor tax credit permitted by Section 1 of this Act.**
- 6 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 7 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 8 taken in the following order:
- 9 (a) The individual withholding tax credit permitted by KRS 141.350;
- 10 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 11 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 12 171.397(1)(b);
- 13 (d) The film industry tax credit permitted by KRS 141.383 for applications
- 14 approved prior to April 27, 2018, or on or after January 1, 2022; and
- 15 (e) The development area tax credit permitted by KRS 141.398.
- 16 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 17 tax imposed by KRS 141.040.
- 18 (5) The following nonrefundable credits shall be applied against the sum of the tax
- 19 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 20 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 21 (a) The economic development credits computed under KRS 141.347, 141.381,
- 22 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
- 23 207, and 154.12-2088;
- 24 (b) The qualified farming operation credit permitted by KRS 141.412;
- 25 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 26 (d) The health insurance credit permitted by KRS 141.062;
- 27 (e) The unemployment credit permitted by KRS 141.065;

- 1 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 2 (g) The coal conversion credit permitted by KRS 141.041;
- 3 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
4 ending prior to January 1, 2008;
- 5 (i) The tax credit for cash contributions to investment funds permitted by KRS
6 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
7 154.20-258;
- 8 (j) The research facilities credit permitted by KRS 141.395;
- 9 (k) The employer High School Equivalency Diploma program incentive credit
10 permitted by KRS 151B.402;
- 11 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 12 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 13 (n) The clean coal incentive credit permitted by KRS 141.428;
- 14 (o) The ethanol credit permitted by KRS 141.4242;
- 15 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 16 (q) The energy efficiency credits permitted by KRS 141.436;
- 17 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
18 permitted by KRS 141.437;
- 19 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 20 (t) The railroad expansion credit permitted by KRS 141.386;
- 21 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 22 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 23 (w) The distilled spirits credit permitted by KRS 141.389;
- 24 (x) The film industry credit permitted by KRS 141.383 for applications approved
25 on or after April 27, 2018, but before January 1, 2022;
- 26 (y) The inventory credit permitted by KRS 141.408;
- 27 (z) The renewable chemical production tax credit permitted by KRS 141.4231;

1 and

2 (aa) The Education Opportunity Account Program tax credit permitted by KRS
3 141.522.

4 (6) After the application of the nonrefundable credits in subsection (5) of this section,
5 the refundable credits shall be taken in the following order:

6 (a) The corporation estimated tax payment credit permitted by KRS 141.044;

7 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
8 171.397(1)(b); and

9 (c) The film industry tax credit permitted by KRS 141.383 for applications
10 approved prior to April 27, 2018, or on or after January 1, 2022.

11 ➔Section 3. KRS 131.190 is amended to read as follows:

12 (1) No present or former commissioner or employee of the department, present or
13 former member of a county board of assessment appeals, present or former property
14 valuation administrator or employee, present or former secretary or employee of the
15 Finance and Administration Cabinet, former secretary or employee of the Revenue
16 Cabinet, or any other person, shall intentionally and without authorization inspect or
17 divulge any information acquired by him or her of the affairs of any person, or
18 information regarding the tax schedules, returns, or reports required to be filed with
19 the department or other proper officer, or any information produced by a hearing or
20 investigation, insofar as the information may have to do with the affairs of the
21 person's business.

22 (2) The prohibition established by subsection (1) of this section shall not extend to:

23 (a) Information required in prosecutions for making false reports or returns of
24 property for taxation, or any other infraction of the tax laws;

25 (b) Any matter properly entered upon any assessment record, or in any way made
26 a matter of public record;

27 (c) Furnishing any taxpayer or his or her properly authorized agent with

- 1 information respecting his or her own return;
- 2 (d) Testimony provided by the commissioner or any employee of the department
3 in any court, or the introduction as evidence of returns or reports filed with the
4 department, in an action for violation of state or federal tax laws or in any
5 action challenging state or federal tax laws;
- 6 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
7 energy resources assessed under KRS 132.820, or owners of surface land
8 under which the unmined minerals lie, factual information about the owner's
9 property derived from third-party returns filed for that owner's property, under
10 the provisions of KRS 132.820, that is used to determine the owner's
11 assessment. This information shall be provided to the owner on a confidential
12 basis, and the owner shall be subject to the penalties provided in KRS
13 131.990(2). The third-party filer shall be given prior notice of any disclosure
14 of information to the owner that was provided by the third-party filer;
- 15 (f) Providing to a third-party purchaser pursuant to an order entered in a
16 foreclosure action filed in a court of competent jurisdiction, factual
17 information related to the owner or lessee of coal, oil, gas reserves, or any
18 other mineral resources assessed under KRS 132.820. The department may
19 promulgate an administrative regulation establishing a fee schedule for the
20 provision of the information described in this paragraph. Any fee imposed
21 shall not exceed the greater of the actual cost of providing the information or
22 ten dollars (\$10);
- 23 (g) Providing information to a licensing agency, the Transportation Cabinet, or
24 the Kentucky Supreme Court under KRS 131.1817;
- 25 (h) Statistics of gasoline and special fuels gallonage reported to the department
26 under KRS 138.210 to 138.448;
- 27 (i) Providing any utility gross receipts license tax return information that is

1 necessary to administer the provisions of KRS 160.613 to 160.617 to
2 applicable school districts on a confidential basis;

3 (j) Providing documents, data, or other information to a third party pursuant to an
4 order issued by a court of competent jurisdiction; or

5 (k) Providing information to the Legislative Research Commission under:

6 1. KRS 139.519 for purposes of the sales and use tax refund on building
7 materials used for disaster recovery;

8 2. KRS 141.436 for purposes of the energy efficiency products credits;

9 3. KRS 141.437 for purposes of the ENERGY STAR home and the
10 ENERGY STAR manufactured home credits;

11 4. KRS 141.383 for purposes of the film industry incentives;

12 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
13 tax credits and the job assessment fees;

14 6. KRS 141.068 for purposes of the Kentucky investment fund;

15 7. KRS 141.396 for purposes of the angel investor tax credit;

16 8. KRS 141.389 for purposes of the distilled spirits credit;

17 9. KRS 141.408 for purposes of the inventory credit;

18 10. KRS 141.390 for purposes of the recycling and composting credit;

19 11. KRS 141.3841 for purposes of the selling farmer tax credit;

20 12. KRS 141.4231 for purposes of the renewable chemical production tax
21 credit;

22 13. KRS 141.524 for purposes of the Education Opportunity Account
23 Program tax credit;

24 14. KRS 141.398 for purposes of the development area tax credit;~~and~~

25 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
26 commercial mining of cryptocurrency; and

27 16. Section 1 of this Act for the purposes of the primary care preceptor tax

1 *credit.*

- 2 (3) The commissioner shall make available any information for official use only and on
3 a confidential basis to the proper officer, agency, board or commission of this state,
4 any Kentucky county, any Kentucky city, any other state, or the federal government,
5 under reciprocal agreements whereby the department shall receive similar or useful
6 information in return.
- 7 (4) Access to and inspection of information received from the Internal Revenue Service
8 is for department use only, and is restricted to tax administration purposes.
9 Information received from the Internal Revenue Service shall not be made available
10 to any other agency of state government, or any county, city, or other state, and shall
11 not be inspected intentionally and without authorization by any present secretary or
12 employee of the Finance and Administration Cabinet, commissioner or employee of
13 the department, or any other person.
- 14 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
15 requirements of KRS Chapter 137 and statistics of natural gas production as
16 reported to the department under the natural resources severance tax requirements
17 of KRS Chapter 143A may be made public by the department by release to the
18 Energy and Environment Cabinet, Department for Natural Resources.
- 19 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
20 submissions for the 1989 tax year, the department may make public or divulge only
21 those portions of mine maps submitted by taxpayers to the department pursuant to
22 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
23 out parcel areas. These electronic maps shall not be relied upon to determine actual
24 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
25 required under KRS Chapters 350 and 352 shall not be construed to constitute land
26 surveying or boundary surveys as defined by KRS 322.010 and any administrative
27 regulations promulgated thereto.