

AN ACT relating to the physician preceptor tax incentive program.

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

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

*(1) As used in this section:*

- (a) "AHEC" means the Kentucky area health education center system recognized by KRS 164.029, which is a collaborative effort among the University of Kentucky, the University of Louisville Health Science Center, and the regional centers associated with each university working to support, train, recruit, and retain the best health care professionals and to positively affect the distribution of those professionals throughout the Commonwealth;*
- (b) "AHEC-qualified site" means a location approved by AHEC where core clinical rotations are administered by a participating teaching program;*
- (c) "Core clinical rotation" means a clinical training requirement of a health professions teaching program totaling at least one hundred sixty (160) hours of supervised training completed by a student under the guidance of a voluntary preceptor at a Kentucky AHEC-qualified site;*
- (d) "Participating teaching program" means an accredited:*
  - 1. Medical or osteopathic school;*
  - 2. Physician assistant program; or*
  - 3. Nurse practitioner program;**based and operating in the Commonwealth which elects to support the participation of voluntary preceptors;*
- (e) "Student" means an individual enrolled in a participating teaching program;*
- (f) "Underserved area" means those areas determined by AHEC requiring*

additional health care professionals to meet the medical needs of citizens;  
and

(g) "Voluntary preceptor" means a Kentucky-licensed physician in a rural or urban underserved area in the Commonwealth who voluntarily teaches and supervises, without compensation, at least three (3), but no more than ten (10), core clinical rotations for students within a calendar year for a participating teaching program.

(2) (a) Effective for taxable years beginning on or after January 1, 2016, but before January 1, 2020, a voluntary preceptor credit shall be permitted against the tax imposed by KRS 141.020, with the ordering of the credit as provided in Section 2 of this Act, in an amount equal to five hundred dollars (\$500) for each core clinical rotation administered by a participating teaching program at an AHEC-qualified site, taught and supervised by a voluntary preceptor and completed by a student, except that the credit shall be no less than one thousand five hundred dollars (\$1,500) nor more than five thousand dollars (\$5,000).

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

2. No partial credit shall be permitted if the student does not complete the core clinical rotation.

(c) Any amount of credit not used in the taxable year within which the core clinical rotation is completed by the student shall not be carried forward or carried back and shall not be refundable or transferable.

(3) The purposes of the voluntary preceptor credit are to:

(a) Encourage Kentucky-licensed physicians in rural and urban underserved areas to become voluntary preceptors and train students in a participating

- teaching program;
- (b) Provide an incentive for voluntary preceptors to administer at least three (3) core clinical rotations;
- (c) Provide hands-on experience for students willing to train in AHEC-qualified sites; and
- (d) Ultimately provide additional medical personnel in rural and urban underserved areas of the Commonwealth.
- (4) (a) For each year the credit is permitted, each participating teaching program to which a student has matriculated shall issue a rotation certification letter to each voluntary preceptor, with a copy to the appropriate AHEC office, by January 31, 2017, and annually thereafter.
- (b) The letter shall:
1. State the number of core clinical rotations performed by the voluntary preceptor; and
  2. List the core clinical rotations administered by the voluntary preceptor, including:
    - a. The rotation type;
    - b. The beginning and ending dates of the rotation;
    - c. The name of the student completing the rotation; and
    - d. The school and participating teaching program for the student.
- (5) Voluntary preceptors may claim the credit by submitting the rotation certification letters received from the participating programs to the department.
- (6) Notwithstanding KRS 131.190, the department shall report to the Legislative Research Commission and the Council on Postsecondary Education by May 1, 2017, and annually thereafter, the voluntary preceptor data collected from across the Commonwealth.
- (7) In accordance with KRS Chapter 13A, the department shall promulgate an

administrative regulation to prescribe the format of the rotation certification letter related to the credit permitted by this section to be used by:

(a) The participating teaching program to report the amount of credit permitted; and

(b) The voluntary preceptor to claim the credit.

(8) On or before December 1, 2017, and annually thereafter as long as the credit is permitted, the department shall report to the Legislative Research Commission the cumulative amount of tax credits claimed by voluntary preceptors by taxable year.

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

If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of the credits shall be determined as follows:

- (1) The nonrefundable business incentive credits against the tax imposed by KRS 141.020 shall be taken in the following order:
  - (a) 1. For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(a);
  2. For taxable years beginning after December 31, 2006, the limited liability entity tax credit permitted by KRS 141.0401;
- (b) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;
- (c) The qualified farming operation credit permitted by KRS 141.412;
- (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- (e) The health insurance credit permitted by KRS 141.062;
- (f) The tax paid to other states credit permitted by KRS 141.070;

- (g) The credit for hiring the unemployed permitted by KRS 141.065;
  - (h) The recycling or composting equipment credit permitted by KRS 141.390;
  - (i) The tax credit for cash contributions in investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The coal incentive credit permitted ~~by~~ KRS 141.0405;
  - (k) The research facilities credit permitted ~~by~~ KRS 141.395;
  - (l) The employer GED incentive credit permitted ~~by~~ KRS 164.0062;
  - (m) The voluntary environmental remediation credit permitted by KRS 141.418;
  - (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (o) The environmental stewardship credit permitted by KRS 154.48-025;
  - (p) The clean coal incentive credit permitted by KRS 141.428;
  - (q) The ethanol credit permitted by KRS 141.4242;
  - (r) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (s) The energy efficiency credits permitted by KRS 141.436;
  - (t) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (u) The Endow Kentucky credit permitted by KRS 141.438;
  - (v) The New Markets Development Program credit permitted by KRS 141.434;
  - (w) The food donation credit permitted by KRS 141.392;
  - (x) The distilled spirits credit permitted by KRS 141.389; and
  - (y) The angel investor credit permitted by KRS 141.396.
- (2) After the application of the nonrefundable credits in subsection (1) of this section, the nonrefundable personal tax credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual credits permitted by KRS 141.020(3);
  - (b) The credit permitted by KRS 141.066;
  - (c) The tuition credit permitted by KRS 141.069;

- (d) The household and dependent care credit permitted by KRS 141.067;~~and~~
  - (e) The new home credit permitted by KRS 141.388; **and**
  - (f) **The voluntary preceptor credit permitted by Section 1 of this Act.**
- (3) After the application of the nonrefundable credits provided for in subsection (2) of this section, the refundable credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual withholding tax credit permitted by KRS 141.350;
  - (b) The individual estimated tax payment credit permitted by KRS 141.305;
  - (c) For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(c);
  - (d) The certified rehabilitation credit permitted by KRS 171.3961 and 171.397(1)(b); and
  - (e) The film industry tax credit **permitted**~~allowed~~ by KRS 141.383.
- (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the tax imposed by KRS 141.040.
- (5) The following nonrefundable credits shall be applied against the sum of the tax imposed by KRS 141.040 after subtracting the credit provided for in subsection (4) of this section, and the tax imposed by KRS 141.0401 in the following order:
- (a) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;
  - (b) The qualified farming operation credit permitted by KRS 141.412;
  - (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
  - (d) The health insurance credit permitted by KRS 141.062;
  - (e) The unemployment credit permitted by KRS 141.065;
  - (f) The recycling or composting equipment credit permitted by KRS 141.390;
  - (g) The coal conversion credit permitted by KRS 141.041;

- (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods ending prior to January 1, 2008;
  - (i) The tax credit for cash contributions to investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The coal incentive credit permitted ~~by~~ KRS 141.0405;
  - (k) The research facilities credit permitted ~~by~~ KRS 141.395;
  - (l) The employer GED incentive credit permitted ~~by~~ KRS 164.0062;
  - (m) The voluntary environmental remediation credit permitted by KRS 141.418;
  - (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (o) The environmental stewardship credit permitted by KRS 154.48-025;
  - (p) The clean coal incentive credit permitted by KRS 141.428;
  - (q) The ethanol credit permitted by KRS 141.4242;
  - (r) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (s) The energy efficiency credits permitted by KRS 141.436;
  - (t) The ENERGY STAR home or ENERGY STAR manufactured home credit permitted by KRS 141.437;
  - (u) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (v) The railroad expansion credit permitted by KRS 141.386;
  - (w) The Endow Kentucky credit permitted by KRS 141.438;
  - (x) The New Markets Development Program credit permitted by KRS 141.434;
  - (y) The food donation credit permitted by KRS 141.392; and
  - (z) The distilled spirits credit permitted by KRS 141.389.
- (6) After the application of the nonrefundable credits in subsection (5) of this section, the refundable credits shall be taken in the following order:
- (a) The corporation estimated tax payment credit permitted by KRS 141.044;
  - (b) The certified rehabilitation credit permitted by KRS 171.3961 and

171.397(1)(b); and

- (c) The film industry tax credit permitted by~~allowed in~~ KRS 141.383.