

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **1060**

HOUSE BILL NUMBER **248**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the physician preceptor tax incentive program.**

SPONSOR **Representative Moser**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(\$1,000,000)
EXPENDITURES			
NET EFFECT			(\$1,000,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: If enacted, the bill would create a nonrefundable income tax credit equal to \$500 for each core clinical rotation supervised by a voluntary preceptor, if the preceptor supervised at least 3, but no more than 6, clinical rotations.

PROVISIONS/MECHANICS: Creates a new section of KRS Chapter 141 to establish the voluntary preceptor tax credit for taxable years beginning on or after January 1, 2018, but before January 1, 2022. The credit will be claimed by a Kentucky-licensed physician, in a rural or urban underserved area in the Commonwealth, who voluntarily teaches and supervises the applicable clinical core rotations. Each clinical core rotation must total at least 160 hours of supervised training and be completed by a student at a Kentucky AHEC-qualified site. AHEC is the area health education center system, a collaborative effort among the University of Kentucky, University of Louisville, and the regional centers associated with each university. The student must be participating in a teaching program, including an accredited: (1) medical or osteopathic school; (2) physician assistant program; or (3) nurse practitioner program.

FISCAL EXPLANATION: The Kentucky AHEC system provided information related to the current number of preceptors and clinical rotations supervised. These physicians would be able

to immediately claim the new tax credit if the number of clinical rotations were maintained. Today, there are approximately 930 clinical rotations performed, creating a negative fiscal impact of \$465,000. Additionally, there are approximately 700 preceptors that are not supervising at least 3 clinical rotations today. It is anticipated that within a few years a 50% increase in the number of qualifying clinical rotations would occur, creating a total impact of \$700,000 for teaching and supervising new doctors. It is difficult to estimate the number of nurse practitioner students that would participate. However, based on a comparison of class sizes, it is estimated that within a few years an additional negative impact of approximately \$300,000 would occur related to nurse practitioners.

The new tax credit is nonrefundable and allowed against the tax imposed on individual income. Because the new tax credit begins January 1, 2018, all of the fiscal impact will fall outside this biennium.

DATA SOURCE(S): LRC staff

PREPARER: Jennifer Hays NOTE NUMBER: 49 REVIEW: JRS DATE: 2/13/2017

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