

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1090**

HOUSE BILL NUMBER **199**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the voluntary preceptor tax credit.**

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	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES	(\$50,000)	(\$400,000)	(\$950,000)	(\$950,000)
EXPENDITURES				
NET EFFECT	(\$50,000)	(\$400,000)	(\$950,000)	(\$950,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: This bill creates a nonrefundable income tax credit of \$500 for each core clinical rotation supervised by a voluntary medical preceptor, if the preceptor supervised at least 3 clinical rotations, but no more than 6 clinical rotations.

PROVISIONS/MECHANICS: Section 1. For taxable years beginning on or after January 1, 2018, but before January 1, 2022, the voluntary preceptor credit is created. The credit may be claimed by a Kentucky-licensed physician who volunteers to teach and supervise a core clinical rotation in a rural or urban underserved area of the Commonwealth. 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, the University of Louisville, and the regional centers associated with each university. The student must be participating in a teaching program offered by an accredited medical or osteopathic school, physician assistant program, or nurse practitioner program. The Department of Revenue is required to report data items for evaluation purposes for each year the tax credit is permitted.

Section 2. The tax credit is placed in the ordering statute for Individual Income Tax purposes.

Sections 3. to 9. Conforming changes are made to consolidate, into a single KRS section in Chapter 131, all reports required to be submitted by the Department of Revenue to the Legislative Research Commission related to tax credits.

FISCAL EXPLANATION: The Kentucky AHEC system has provided information related to the number of preceptors and clinical rotations supervised. There are approximately 235 qualifying preceptors, that is, preceptors who supervised three or more rotations. These preceptors, assuming they kept the same rotations in 2018, would be able to claim the new tax credit immediately, resulting in a loss of approximately \$400,000 to the General Fund. Additionally, there are 962 preceptors that did not supervise at least 3 rotations. It is anticipated that within two or three years, the number of preceptors who supervise at least three rotations will increase by 50 percent in response to this tax credit. If the number of qualifying preceptors increased as anticipated, the impact to the General Fund in two to three years would be a loss of approximately \$950,000 in revenue.

Even though the new tax credit will only apply to taxable years beginning on or after January 1, 2018, there will be a small impact on the General Fund in fiscal year 2017–2018, as individuals will account for the tax credit when making estimated tax payments for tax year 2018. The estimated impact of this bill on the General Fund is shown in the table below:

Fiscal Year	Negative Impact to the General Fund
2017–2018	(\$50,000)
2018–2019	(\$400,000)
2019–2020	(\$950,000)
2020–2021	(\$950,000)
2021–2022	(\$950,000)
2022–2023	(\$50,000)

DATA SOURCE(S): LRC Appropriations; Kentucky AHEC

PREPARER: Jennifer Hays **NOTE NUMBER:** 60 **REVIEW:** JAB **DATE:** 1/29/2018