

1 **SENATE FLOOR VERSION**

2 February 26, 2020

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1892

6 By: Rader, Montgomery and Hall

7 [income tax -tax credit -requirements - codification
8 - effective date]

9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

11 SECTION 1. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 2357.406 of Title 68, unless
13 there is created a duplication in numbering, reads as follows:

14 A. The purpose of this section is to:

15 1. Create a tax credit for faculty preceptors who participate
16 in an existing faculty preceptorship program through a state-
17 supported institution or training program to provide uncompensated
18 training to medical students, Advanced Practice Registered Nurse
19 students or physician assistant students; and

20 2. Assign the Physician Manpower Training Commission the duty
21 of certifying preceptorship rotations for the purpose of
22 administration of the tax credit.

23 B. As used in this section:
24

1 1. "Advanced Practice Registered Nurse student" means an
2 individual participating in a state-supported training program in
3 this state that is accredited by a nationally recognized accrediting
4 body for advanced practice registered nursing programs for the
5 training of individuals to become Advanced Practice Registered
6 Nurses as defined in Section 567.3a of Title 59 of the Oklahoma
7 Statutes;

8 2. "Faculty preceptor" means a medical doctor, a doctor of
9 osteopathy, an Advanced Practice Registered Nurse or a physician
10 assistant who:

- 11 a. is licensed in this state, and
- 12 b. practices in a location not less than forty (40) miles
13 from the city center of a city with a population of
14 not less than two hundred fifty thousand (250,000);

15 3. "Medical school" means a legally chartered allopathic
16 medical school recognized by the Oklahoma State Regents for Higher
17 Education;

18 4. "Medical student" means a student currently enrolled in a
19 medical school in this state or a school or college of osteopathic
20 medicine in this state;

21 5. "Physician assistant student" means an individual
22 participating in a state-supported training program in this state
23 that is approved by State Board of Medical Licensure and Supervision
24

1 for the training of individuals to become physician assistants as
2 defined in Section 519.2 of Title 59 of the Oklahoma Statutes;

3 6. "Preceptorship rotation" means a period of preceptorship
4 training of one or more medical students, residents, physician
5 assistant students, or Advanced Practice Registered Nurse students
6 that in aggregate totals one hundred sixty (160) hours;

7 7. "Preceptorship training" means uncompensated training of a
8 medical student, resident, Advanced Practice Registered Nurse
9 student, or physician assistant student enrolled in a training
10 program in Oklahoma;

11 8. "Resident" means a medical doctor or doctor of osteopathy
12 pursuing post-graduate medical education at a program supported by a
13 state-supported school, a medical school or a school or college of
14 osteopathic medicine in this state; and

15 9. "School or college of osteopathic medicine" means a legally
16 chartered and accredited school or college of osteopathic medicine
17 requiring:

18 a. for admission to its courses of study, a preliminary
19 education equal to the requirements established by the
20 Bureau of Professional Education of the American
21 Osteopathic Association, and

22 b. for granting the D.O. degree, Doctor of Osteopathy or
23 Doctor of Osteopathic Medicine, actual attendance at
24 such osteopathic school or college and demonstration

1 of successful completion of the curriculum and
2 recommendation for graduation.

3 C. 1. For taxable years beginning on or after January 1, 2021,
4 and ending on December 31, 2030, there shall be allowed a credit
5 against the tax imposed pursuant to Section 2355 of Title 68 of the
6 Oklahoma Statutes for a faculty preceptor who conducts a
7 preceptorship rotation.

8 2. The credit shall be allowed for no greater than ten (10)
9 preceptorship rotations completed in a calendar year, and shall be
10 equal to the following amounts:

11 a. for a licensed medical doctor or doctor of osteopathy,
12 Five Hundred Dollars (\$500.00) each for the first,
13 second or third preceptorship rotations and One
14 Thousand Dollars (\$1,000.00) each for up to seven (7)
15 subsequent rotations, and

16 b. for a licensed Advanced Practice Registered Nurse or a
17 physician assistant, Three Hundred Seventy-five
18 Dollars (\$375.00) each for the first, second or third
19 preceptorship rotations and Seven Hundred Fifty
20 Dollars (\$750.00) each for up to seven (7) subsequent
21 rotations.

22 D. The credit authorized by this section shall not be used to
23 reduce the tax liability of the taxpayer to less than zero (0).
24

1 E. To the extent not used, the credits authorized by this
2 section may be carried over, in order, to each of the five (5)
3 subsequent tax years.

4 F. 1. For any tax year during which the credit is allowed, the
5 total amount of credits authorized by subsection C of this section
6 used to offset tax shall be adjusted annually to limit the annual
7 amount of credits to Two Million Two Hundred Thousand Dollars
8 (\$2,200,000.00). The Tax Commission shall annually calculate and
9 publish a percentage by which the credits authorized by subsection C
10 of this section shall be reduced so the total amount of credits used
11 to offset tax does not exceed Two Million Two Hundred Thousand
12 Dollars (\$2,200,000.00) per year. The formula to be used for the
13 percentage adjustment shall be Two Million Two Hundred Thousand
14 Dollars (\$2,200,000.00) divided by the credits claimed in the second
15 preceding year.

16 2. Pursuant to paragraph 1 of this subsection, in the event the
17 total tax credits authorized by subsection C of this section exceed
18 Two Million Two Hundred Thousand Dollars (\$2,200,000.00) in any tax
19 year, the Tax Commission shall permit any excess over Two Million
20 Two Hundred Thousand Dollars (\$2,200,000.00), but shall factor such
21 excess into the percentage adjustment formula for subsequent years.

22 G. A faculty preceptor shall not be eligible for the credit
23 created under this section if he or she is not certified by the
24

1 Physician Manpower Training Commission as provided by Section 697.5
2 of Title 70 of the Oklahoma Statutes.

3 H. The Physician Manpower Training Commission shall certify
4 preceptorship rotations on behalf of all eligible public and private
5 training programs for medicine, osteopathic medicine, advanced
6 practice nursing and physician assistants at institutions in this
7 state for the purpose of determining eligibility for the income tax
8 credit created under this section and shall provide to the taxpayer
9 such information as may be required pursuant to subsection I of this
10 section.

11 I. In order to receive the credit provided pursuant to this
12 section, a faculty preceptor shall:

13 1. Claim the credit for the tax year in which the preceptorship
14 rotation was completed;

15 2. Certify that he or she did not receive payment during such
16 tax year from any source for providing the training; and

17 3. Supply such supporting documentation as may be required by
18 the Oklahoma Tax Commission.

19 J. The credit provided by this section shall be evaluated by
20 the Incentive Evaluation Commission at least once every four (4)
21 years, as provided in Section 7004 of Title 62 of the Oklahoma
22 Statutes. In addition to any other data, the evaluation shall
23 include data on the annual:

24 1. Number of faculty preceptors claiming the credit;

1 2. Total number of preceptorship rotations completed;

2 3. Number and type of trainees who participated in a
3 preceptorship rotation; and

4 4. The total amount of credits allowed pursuant to this
5 section.

6 SECTION 2. AMENDATORY 70 O.S. 2011, Section 697.5, is
7 amended to read as follows:

8 Section 697.5. The Physician Manpower Training Commission, in
9 order to perform its official function in establishing and
10 administering physician training programs, shall have the following
11 specific powers, duties and responsibilities:

12 1. To review all available data on physician manpower in
13 Oklahoma in order to determine the current and projected
14 distribution of physicians by geographic location and by type of
15 practice, and, to accomplish this review, the Commission shall
16 obtain information from and work in conjunction with the State
17 Department of Health and all other agencies which gather data and
18 evaluate health manpower needs;

19 2. To review data and information on accredited physician
20 internship and residency programs currently operated by Oklahoma
21 hospitals and other approved clinical situations, in order to
22 ascertain the number and distribution by physician specialty
23 training and by geographic location of available internship and
24 residency positions and to evaluate the impact of internship and

1 residency placement on the establishment of practices by physicians
2 in that geographic area or similar areas within the state where
3 their services are urgently needed;

4 3. To serve as an agent to advise hospitals, clinics, and
5 communities on setting up and planning internship and residency
6 programs which emphasize the provision of additional primary care
7 physicians to service the rural areas of Oklahoma with primary care
8 specialties to be defined to include training in the area of
9 internal medicine, obstetrics and gynecology, pediatrics, emergency
10 trauma, and family practice;

11 4. To provide general counsel and advice in the development,
12 operation and evaluation of physician internship and residency
13 programs throughout the State of Oklahoma in cooperation with the
14 efforts of the Oklahoma State Regents for Higher Education and the
15 state's physician training institutions such as the Oklahoma
16 University College of Medicine, Oklahoma City and Tulsa campuses,
17 and the Oklahoma College of Osteopathic Medicine and Surgery, and
18 subject to accreditation by official and appropriate accrediting
19 agencies;

20 5. To develop the criteria for determining the physician
21 training cost component or associated clinical and hospital training
22 costs which are or may be nonreimbursable by third party payers in
23 programs proposed by accredited hospitals, clinical situations, or
24 hospital and clinical programs affiliated with and administered by

1 the College of Medicine, College of Medicine - Tulsa or College of
2 Osteopathic Medicine and Surgery in order to determine the share for
3 the state in supporting the salary, benefits, training and program
4 administration costs incurred by hospitals in supporting of the
5 interns and residents;

6 6. To develop the criteria and procedure by which state
7 matching funds will be awarded to hospitals, accredited clinical
8 situations, in cooperation with the University of Oklahoma College
9 of Medicine, University of Oklahoma College of Medicine - Tulsa, and
10 the Oklahoma College of Osteopathic Medicine and Surgery which shall
11 administer programs in hospital and clinical situations in the state
12 to be used to underwrite the salaries, benefits and associated
13 training and administration costs provided for the physician interns
14 and residents during their period of training in such a way as to
15 create an incentive for the development and establishment of
16 residency and internship positions by hospitals, clinical
17 establishments or by affiliation agreement with the University of
18 Oklahoma College of Medicine, University of Oklahoma College of
19 Medicine - Tulsa and the Oklahoma College of Osteopathic Medicine
20 and Surgery by providing funds to cover and to supplement the
21 nonreimbursable or additional costs incurred in hospitals for
22 training activities or for delivery of service in outreach and
23 ambulatory clinical situations which are outside but associated with

24

1 the hospitals and clinical establishments participating in the
2 program;

3 7. To review and to approve for inclusion in the programs
4 funded the applications for funds submitted by accredited hospitals
5 and clinical situations participating in physician training programs
6 in cooperation with the University of Oklahoma College of Medicine,
7 University of Oklahoma College of Medicine - Tulsa and the Oklahoma
8 College of Osteopathic Medicine and Surgery for the costs of
9 supplying residents and interns in programs which they administer by
10 affiliation agreements with hospitals and clinical situations
11 throughout the state in which the interns and residents are
12 supervised and funded by the University of Oklahoma College of
13 Medicine, University of Oklahoma College of Medicine - Tulsa and the
14 Oklahoma College of Osteopathic Medicine and Surgery and the
15 hospitals and clinical establishments pay for the patient care
16 services rendered in their institutions by these residents and
17 interns during the period of training;

18 8. To determine the specific level of funding and the
19 priorities used for granting state support to approved hospitals and
20 clinical situations, in cooperation with the University of Oklahoma
21 College of Medicine, University of Oklahoma College of Medicine -
22 Tulsa and the Oklahoma College of Osteopathic Medicine and Surgery
23 for approved hospital physician training programs for interns and
24 residents and to recommend to the Governor and the Oklahoma

1 Legislature the total funds needed to carry out the purpose of this
2 program;

3 9. To employ a director and any staff personnel required to
4 administer the funding of approved physician training programs and
5 to contract with other state agencies and institutions to conduct
6 and to perform specified services, functions and aspects in
7 administering state funds on the specified cost-sharing basis
8 determined by the Commission or for developing programs and
9 community and institutional participation in these training
10 programs;

11 10. To ensure that hospitals or clinical situations that can
12 qualify in all sections of Oklahoma be utilized, and to take all
13 steps necessary to assist such hospitals or clinics in obtaining
14 necessary recognition or status, or in meeting standards for
15 accreditation or affiliation so that they may participate in these
16 physician training programs;

17 11. To ensure that in programs administered and operated by the
18 University of Oklahoma College of Medicine, University of Oklahoma
19 College of Medicine - Tulsa and the Oklahoma College of Osteopathic
20 Medicine and Surgery in hospitals and clinical situations throughout
21 the state that funds allocated to the colleges are paid by the
22 hospitals and clinical situations in which the patient care services
23 are rendered, the funds are expended for such purposes in funding
24 residents and interns in the physician training programs that the

1 colleges have established with the approved hospitals and clinical
2 situations which programs are designed to provide primary health
3 care services to the rural and medically underserved parts of the
4 state;

5 12. To conduct and to administer a program of physician and
6 health manpower placement services throughout the State of Oklahoma.
7 Placement services shall be made available to communities,
8 hospitals, health care facilities, physician and health professional
9 training institutions, health professional associations and
10 organizations, individual physicians, health professionals, students
11 in physician and health professional training institutions and
12 schools, and other interested parties in such a way so as to further
13 the purposes of improving the distribution of physicians and health
14 professionals practicing or available for practice in the state and
15 improving in the availability of health care services to the people
16 of the state. ~~Said~~ The placement service shall include but not be
17 limited to assisting communities in matching with, contacting and
18 recruiting physicians and health professionals to practice in
19 communities in the state. The Commission shall develop criteria and
20 procedures for the conduct and performance of placement services and
21 employ any staff, contract for services with any private agency,
22 nonprofit corporation or institution to facilitate the performance
23 of placement services; and

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1 13. For purposes of the income tax credit authorized pursuant
2 to Section 1 of this act and in cooperation with the Oklahoma Tax

3 Commission:

4 a. to certify preceptorship rotations for allopathic
5 medicine, osteopathic medicine, advance practice
6 registered nursing and physician assistant training
7 programs in this state and to register faculty
8 preceptors who provide certified training, and

9 b. to promulgate any additional rules necessary for the
10 implementation of this act.

11 SECTION 3. This act shall become effective January 1, 2021.

12 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
13 February 26, 2020 - DO PASS AS AMENDED