

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 3351

By: McEntire, Deck, and Munson
of the House

and

Thompson (Kristen) of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to medical preceptorship training; defining terms; providing income tax credit for certain individuals who conduct a preceptorship rotation; providing amount of and basis for credit; providing limitations on credits allowed; prohibiting refundability of credit; authorizing the carry forward of credit; directing the Health Care Workforce Training Commission to award credit; limiting the amount of credit awarded to balance of certain revolving funds; authorizing allocation of partial credit; authorizing credits not allowed to be claimed in subsequent year; specifying eligibility for credit; directing the State Board of Medical Licensure and Supervision, the State Board of Osteopathic Examiners, and the Oklahoma Board of Nursing to deposit certain fees in revolving fund for certain purpose; requiring submission of information; authorizing promulgation of rules; creating the Physician Preceptor Tax Credit Revolving Fund, the Physician Assistant Preceptor Tax Credit Revolving Fund, the Osteopathic Physician Preceptor Tax Credit Revolving Fund, and the Advanced Practice Registered Nurses Preceptor Tax Credit Revolving Fund; specifying sources of funds; providing for transfer of monies to Oklahoma Tax Commission; requiring apportionment of monies; authorizing payment of administrative expenditures; stating purpose;

1 amending 70 O.S. 2021, Section 697.5, as amended by
2 Section 19, Chapter 407, O.S.L. 2022 (70 O.S. Supp.
3 2023, Section 697.5), which relates to the Health
4 Care Workforce Training Commission; providing
5 additional duties; updating statutory language;
6 providing for codification; providing an effective
7 date; and declaring an emergency.

8 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

9 SECTION 1. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 2357.409 of Title 68, unless
11 there is created a duplication in numbering, reads as follows:

12 A. As used in this section:

13 1. "Advanced practice registered nursing student" means an
14 individual participating in a state-supported training program in
15 this state that is approved by the Oklahoma Board of Nursing for the
16 training of individuals to become Advanced Practice Registered
17 Nurses as defined in Section 567.3a of Title 59 of the Oklahoma
18 Statutes;

19 2. "Faculty preceptor" means an allopathic physician,
20 osteopathic physician, physician assistant, or Advanced Practice
21 Registered Nurse licensed in this state and who provides primary
22 care services;

23 3. "Medical school" means a legally chartered medical school
24 recognized by the Oklahoma State Regents for Higher Education;

1 4. "Medical student" means a student currently enrolled in a
2 medical school in this state or a school or college of osteopathic
3 medicine in this state;

4 5. "Physician assistant student" means an individual
5 participating in a state-supported training program in this state
6 that is approved by the State Board of Medical Licensure and
7 Supervision for the training of individuals to become physician
8 assistants as defined in Section 519.2 of Title 59 of the Oklahoma
9 Statutes;

10 6. "Preceptorship rotation" means a period of preceptorship
11 training of one or more medical students, residents, physician
12 assistant students, or advanced practice registered nursing students
13 that in aggregate totals one hundred sixty (160) hours;

14 7. "Preceptorship training" means uncompensated training in
15 primary care services of a medical student, resident, physician
16 assistant student, or advanced practice registered nursing student
17 enrolled in a training program in this state;

18 8. "Primary care services" means family medicine, geriatrics,
19 general internal medicine, general pediatrics, or the substantial
20 equivalent of such services when performed by a physician assistant
21 or Advanced Practice Registered Nurse;

22 9. "Resident" means an allopathic physician or osteopathic
23 physician pursuing postgraduate medical education at a program
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1 supported by a medical school or a school or college of osteopathic
2 medicine in this state; and

3 10. "School or college of osteopathic medicine" shall have the
4 same meaning as provided by Section 631 of Title 59 of the Oklahoma
5 Statutes.

6 B. 1. For tax years 2025 through 2034, there shall be allowed
7 a credit against the tax imposed pursuant to Section 2355 of Title
8 68 of the Oklahoma Statutes for a faculty preceptor who conducts a
9 preceptorship rotation.

10 2. Except as provided for by subsection F of this section,
11 credit shall be allowed for no greater than ten preceptorship
12 rotations completed in a calendar year, and shall be equal to the
13 following amounts:

14 a. for a medical student or resident, Five Hundred
15 Dollars (\$500.00) each for the first, second, or third
16 preceptorship rotations and One Thousand Dollars
17 (\$1,000.00) each for up to seven subsequent rotations,
18 and

19 b. for a physician assistant student or advanced practice
20 registered nursing student, Three Hundred Seventy-five
21 Dollars (\$375.00) each for the first, second, or third
22 preceptorship rotations and Seven Hundred Fifty
23 Dollars (\$750.00) each for up to seven subsequent
24 rotations.

1 C. The credit authorized by this section shall not be used to
2 reduce the tax liability of the taxpayer to less than zero (0).

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

6 E. The Health Care Workforce Training Commission shall award
7 the credit authorized by subsection B of this section to faculty
8 preceptors for preceptorship rotations of:

9 1. Medical students enrolled in a medical school in this state;

10 2. Residents who are allopathic physicians pursuing
11 postgraduate medical education at a program supported by a medical
12 school in this state;

13 3. Physician assistant students;

14 4. Medical students enrolled in a school or college of
15 osteopathic medicine in this state;

16 5. Residents who are osteopathic physicians pursuing
17 postgraduate medical education at a program supported by a school or
18 college of osteopathic medicine in this state; and

19 6. Advanced practice registered nursing students.

20 F. 1. The credits awarded by the Health Care Workforce
21 Training Commission under paragraphs 1 and 2 subsection E of this
22 section for the tax year shall not exceed the amount deposited to
23 the Physician Preceptor Tax Credit Revolving Fund created in Section
24 2 of this act during the fiscal year ending on the June 30 date

1 immediately preceding the date upon which the applicable income tax
2 year begins.

3 2. The credits awarded by the Health Care Workforce Training
4 Commission under paragraph 3 of subsection E of this section for the
5 tax year shall not exceed the amount deposited to the Physician
6 Assistant Preceptor Tax Credit Revolving Fund created in Section 3
7 of this act during the fiscal year ending on the June 30 date
8 immediately preceding the date upon which the applicable income tax
9 year begins.

10 3. The credits awarded by the Health Care Workforce Training
11 Commission under paragraphs 4 and 5 of subsection E of this section
12 for the tax year shall not exceed the amount deposited to the
13 Osteopathic Physician Preceptor Tax Credit Revolving Fund created in
14 Section 4 of this act during the preceding fiscal year ending on the
15 June 30 date immediately preceding the date upon which the
16 applicable income tax year begins.

17 4. The credits awarded by the Health Care Workforce Training
18 Commission under paragraph 6 of subsection E of this section for the
19 tax year shall not exceed the amount deposited to the Advanced
20 Practice Registered Nurses Preceptor Tax Credit Revolving Fund
21 created in Section 5 of this act during the preceding fiscal year
22 ending on the June 30 date immediately preceding the date upon which
23 the applicable income tax year begins.

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1 G. Partial claims for credit may be awarded. Credits earned
2 but not allowed due to the application of the limitation provided in
3 this section shall be considered suspended and authorized to be used
4 in the subsequent tax year and applied to the next tax year's
5 limitation.

6 H. In order to receive the credit provided pursuant to this
7 section, a faculty preceptor shall:

8 1. Claim the credit for the tax year in which the preceptorship
9 rotation was completed;

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

12 3. Supply supporting documentation as may be required by the
13 Health Care Workforce Training Commission.

14 I. 1. The State Board of Medical Licensure and Supervision
15 shall reserve Five Dollars (\$5.00) of every annual licensure fee
16 received from allopathic physicians and shall deposit the sum to the
17 Physician Preceptor Tax Credit Revolving Fund created in Section 2
18 of this act for the purpose of providing funding for the credit
19 authorized by this section.

20 2. The State Board of Medical Licensure and Supervision shall
21 reserve Two Dollars (\$2.00) of every annual licensure fee received
22 from physician assistants and shall deposit the sum to the Physician
23 Assistant Preceptor Tax Credit Revolving Fund created in Section 3
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1 of this act for the purpose of providing funding for the credit
2 authorized by this section.

3 3. The State Board of Osteopathic Examiners shall reserve Five
4 Dollars (\$5.00) of every annual licensure fee received from
5 osteopathic physicians and shall deposit the sum to the Osteopathic
6 Physician Preceptor Tax Credit Revolving Fund created in Section 4
7 of this act for the purpose of providing funding for the credit
8 authorized by this section.

9 4. The Oklahoma Board of Nursing shall reserve Two Dollars
10 (\$2.00) of every annual licensure fee received from Advanced
11 Practice Registered Nurses and shall deposit the sum to the Advanced
12 Practice Registered Nurses Preceptor Tax Credit Revolving Fund
13 created in Section 5 of this act for the purpose of providing
14 funding for the credit authorized by this section.

15 J. 1. With respect to each tax year for which any tax credit
16 authorized by this section is awarded, the Health Care Workforce
17 Training Commission shall electronically submit information to the
18 Oklahoma Tax Commission, which shall include the number and amount
19 of tax credits awarded and the name of the taxpayers that were
20 awarded credits.

21 2. With respect to each fiscal year the State Board of Medical
22 Licensure and Supervision, the State Board of Osteopathic Examiners,
23 and the Oklahoma Board of Nursing shall electronically submit to the
24 Health Care Workforce Training Commission and the Oklahoma Tax

1 Commission the amount deposited in the Physician Preceptor Tax
2 Credit Revolving Fund created in Section 2 of this act, the
3 Physician Assistant Preceptor Tax Credit Revolving Fund created in
4 Section 3 of this act, the Osteopathic Physician Preceptor Tax
5 Credit Revolving Fund created in Section 4 of this act, and the
6 Advanced Practice Registered Nurses Preceptor Tax Credit Revolving
7 Fund created in Section 5 of this act.

8 K. The Oklahoma Tax Commission, the Health Care Workforce
9 Training Commission, the State Board of Medical Licensure and
10 Supervision, the State Board of Osteopathic Examiners, and the
11 Oklahoma Board of Nursing may promulgate rules to effectuate the
12 provisions of this act.

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 495i of Title 59, unless there
15 is created a duplication in numbering, reads as follows:

16 There is hereby created in the State Treasury a revolving fund
17 for the State Board of Medical Licensure and Supervision to be
18 designated the "Physician Preceptor Tax Credit Revolving Fund". The
19 fund shall be a continuing fund, not subject to fiscal year
20 limitations, and shall consist of the monies received by the Board
21 from a portion of licensure fees received from allopathic physicians
22 under subsection I of Section 1 of this act. All monies accruing to
23 the credit of the fund are hereby appropriated and the fund shall be
24 used to make a transfer payment to the Oklahoma Tax Commission in an

1 amount equal to the amount of tax credits awarded pursuant to this
2 act. The Oklahoma Tax Commission shall apportion monies transferred
3 from the fund in the same manner as provided by Section 2352 of
4 Title 68 of the Oklahoma Statutes. Monies in the fund which are not
5 required for payment of administrative expenses to the Health Care
6 Workforce Training Commission, which shall not exceed five percent
7 (5%) of monies apportioned to the fund, or which are not required to
8 be transferred to the Oklahoma Tax Commission as otherwise required
9 by this act to offset the revenue impacted by the use of the income
10 tax credits awarded pursuant to Section 1 of this act may be used to
11 implement programs required or authorized by law.

12 SECTION 3. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 519.8a of Title 59, unless there
14 is created a duplication in numbering, reads as follows:

15 There is hereby created in the State Treasury a revolving fund
16 for the State Board of Medical Licensure and Supervision to be
17 designated the "Physician Assistant Preceptor Tax Credit Revolving
18 Fund". The fund shall be a continuing fund, not subject to fiscal
19 year limitations, and shall consist of the monies received by the
20 Board from a portion of licensure fees received from physician
21 assistants under subsection I of Section 1 of this act. All monies
22 accruing to the credit of the fund are hereby appropriated and the
23 fund shall be used to make a transfer payment to the Oklahoma Tax
24 Commission in an amount equal to the amount of tax credits awarded

1 pursuant to this act. The Oklahoma Tax Commission shall apportion
2 monies transferred from the fund in the same manner as provided by
3 Section 2352 of Title 68 of the Oklahoma Statutes. Monies in the
4 fund which are not required for payment of administrative expenses
5 to the Health Care Workforce Training Commission, which shall not
6 exceed five percent (5%) of monies apportioned to the fund, or which
7 are not required to be transferred to the Oklahoma Tax Commission as
8 otherwise required by this act to offset the revenue impacted by the
9 use of the income tax credits awarded pursuant to Section 1 of this
10 act may be used to implement programs required or authorized by law.

11 SECTION 4. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 645.1 of Title 59, unless there
13 is created a duplication in numbering, reads as follows:

14 There is hereby created in the State Treasury a revolving fund
15 for the State Board of Osteopathic Examiners to be designated the
16 "Osteopathic Physician Preceptor Tax Credit Revolving Fund". The
17 fund shall be a continuing fund, not subject to fiscal year
18 limitations, and shall consist of the monies received by the Board
19 from a portion of licensure fees received from osteopathic
20 physicians under subsection I of Section 1 of this act. All monies
21 accruing to the credit of the fund are hereby appropriated and the
22 fund shall be used to make a transfer payment to the Oklahoma Tax
23 Commission in an amount equal to the amount of tax credits awarded
24 pursuant to this act. The Oklahoma Tax Commission shall apportion

monies transferred from the fund in the same manner as provided by Section 2352 of Title 68 of the Oklahoma Statutes. Monies in the fund which are not required for payment of administrative expenses to the Health Care Workforce Training Commission, which shall not exceed five percent (5%) of monies apportioned to the fund, or which are not required to be transferred to the Oklahoma Tax Commission as otherwise required by this act to offset the revenue impacted by the use of the income tax credits awarded pursuant to Section 1 of this act may be used to implement programs required or authorized by law.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 567.31 of Title 59, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Oklahoma Board of Nursing to be designated the "Advanced Practice Registered Nurses Preceptor Tax Credit Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of the monies received by the Board from a portion of licensure fees received from Advanced Practice Registered Nurses under subsection I of Section 1 of this act. All monies accruing to the credit of the fund are hereby appropriated and the fund shall be used to make a transfer payment to the Oklahoma Tax Commission in an amount equal to the amount of tax credits awarded pursuant to this act. The Oklahoma Tax Commission shall apportion monies transferred from the fund in the same manner

1 as provided by Section 2352 of Title 68 of the Oklahoma Statutes.
2 Monies in the fund which are not required for payment of
3 administrative expenses to the Health Care Workforce Training
4 Commission, which shall not exceed five percent (5%) of monies
5 apportioned to the fund, or which are not required to be transferred
6 to the Oklahoma Tax Commission as otherwise required by this act to
7 offset the revenue impacted by the use of the income tax credits
8 awarded pursuant to Section 1 of this act may be used to implement
9 programs required or authorized by law.

10 SECTION 6. AMENDATORY 70 O.S. 2021, Section 697.5, as
11 amended by Section 19, Chapter 407, O.S.L. 2022 (70 O.S. Supp. 2023,
12 Section 697.5), is amended to read as follows:

13 Section 697.5. The Health Care Workforce Training Commission,
14 in order to perform its official function in establishing and
15 administering physician training programs, shall have the following
16 specific powers, duties, and responsibilities:

17 1. To review all available data on health care workforce in
18 Oklahoma in order to determine the current and projected
19 distribution of physicians by geographic location and by type of
20 practice, and, to accomplish this review, the Commission shall
21 obtain information from and work in conjunction with the State
22 Department of Health and all other agencies which gather data and
23 evaluate health care workforce needs;

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1 2. To review data and information on accredited physician
2 internship and residency programs currently operated by Oklahoma
3 hospitals and other approved clinical situations, in order to
4 ascertain the number and distribution by physician specialty
5 training and by geographic location of available internship and
6 residency positions and to evaluate the impact of internship and
7 residency placement on the establishment of practices by physicians
8 in that geographic area or similar areas within the state where
9 their services are urgently needed;

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

17 4. To provide general counsel and advice in the development,
18 operation and evaluation of physician internship and residency
19 programs throughout the ~~State of Oklahoma~~ this state in cooperation
20 with the efforts of the Oklahoma State Regents for Higher Education
21 and the state's physician training institutions such as the ~~Oklahoma~~
22 ~~University~~ University of Oklahoma College of Medicine, Oklahoma City
23 and Tulsa campuses, and the Oklahoma State University College of
24

1 Osteopathic Medicine ~~and Surgery~~, and subject to accreditation by
2 official and appropriate accrediting agencies;

3 5. To develop the criteria for determining the physician
4 training cost component or associated clinical and hospital training
5 costs which are or may be nonreimbursable by third party payers in
6 programs proposed by accredited hospitals, clinical situations, or
7 hospital and clinical programs affiliated with and administered by
8 the University of Oklahoma College of Medicine, University of
9 Oklahoma College of Medicine - Tulsa, or Oklahoma State University
10 College of Osteopathic Medicine ~~and Surgery~~ in order to determine
11 the share for the state in supporting the salary, benefits, training
12 and program administration costs incurred by hospitals in supporting
13 of the interns and residents;

14 6. To develop the criteria and procedure by which state
15 matching funds will be awarded to hospitals, accredited clinical
16 situations, in cooperation with the University of Oklahoma College
17 of Medicine, University of Oklahoma College of Medicine - Tulsa, and
18 the Oklahoma State University College of Osteopathic Medicine ~~and~~
19 ~~Surgery~~ which shall administer programs in hospital and clinical
20 situations in the state to be used to underwrite the salaries,
21 benefits and associated training and administration costs provided
22 for the physician interns and residents during their period of
23 training in such a way as to create an incentive for the development
24 and establishment of residency and internship positions by

1 hospitals, clinical establishments or by affiliation agreement with
2 the University of Oklahoma College of Medicine, University of
3 Oklahoma College of Medicine - Tulsa, and the Oklahoma State
4 University College of Osteopathic Medicine ~~and Surgery~~ by providing
5 funds to cover and to supplement the nonreimbursable or additional
6 costs incurred in hospitals for training activities or for delivery
7 of service in outreach and ambulatory clinical situations which are
8 outside but associated with the hospitals and clinical
9 establishments participating in the program;

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

1 8. To determine the specific level of funding and the
2 priorities used for granting state support to approved hospitals and
3 clinical situations, in cooperation with the University of Oklahoma
4 College of Medicine, University of Oklahoma College of Medicine -
5 Tulsa, and the Oklahoma State University College of Osteopathic
6 Medicine ~~and Surgery~~ for approved hospital physician training
7 programs for interns and residents and to recommend to the Governor
8 and the ~~Oklahoma~~ Legislature the total funds needed to carry out the
9 purpose of this program;

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

18 10. To ensure that hospitals or clinical situations that can
19 qualify in all sections of Oklahoma be utilized, and to take all
20 steps necessary to assist such hospitals or clinics in obtaining
21 necessary recognition or status, or in meeting standards for
22 accreditation or affiliation so that they may participate in these
23 physician training programs;

1 11. To ensure that in programs administered and operated by the
2 University of Oklahoma College of Medicine, University of Oklahoma
3 College of Medicine - Tulsa, and the Oklahoma State University
4 College of Osteopathic Medicine ~~and Surgery~~ in hospitals and
5 clinical situations throughout the state that funds allocated to the
6 colleges are paid by the hospitals and clinical situations in which
7 the patient care services are rendered, the funds are expended for
8 such purposes in funding residents and interns in the physician
9 training programs that the colleges have established with the
10 approved hospitals and clinical situations which programs are
11 designed to provide primary health care services to the rural and
12 medically underserved parts of the state;

13 12. To conduct and to administer a program of physician and
14 health care workforce placement services throughout ~~the State of~~
15 ~~Oklahoma~~ this state. Placement services shall be made available to
16 communities, hospitals, health care facilities, physician and health
17 professional training institutions, health professional associations
18 and organizations, individual physicians, health professionals,
19 students in physician and health professional training institutions
20 and schools, and other interested parties in such a way so as to
21 further the purposes of improving the distribution of physicians and
22 health professionals practicing or available for practice in the
23 state and improving in the availability of health care services to
24 the people of the state. ~~Said~~ The placement service shall include

1 but not be limited to assisting communities in matching with,
2 contacting and recruiting physicians and health professionals to
3 practice in communities in the state. The Commission shall develop
4 criteria and procedures for the conduct and performance of placement
5 services and employ any staff, contract for services with any
6 private agency, nonprofit corporation, or institution to facilitate
7 the performance of placement services; and

8 13. For purposes of the income tax credit authorized pursuant
9 to Section 1 of this act and in cooperation with the Oklahoma Tax
10 Commission:

11 a. to certify preceptorship rotations for allopathic
12 medicine, osteopathic medicine, advanced practice
13 registered nursing, and physician assistant training
14 programs in this state and to register faculty
15 preceptors who provide certified training,

16 b. to charge administrative expenses to the State Board
17 of Medical Licensure and Supervision, the State Board
18 of Osteopathic Examiners, and the Oklahoma Board of
19 Nursing pursuant to Sections 2 through 5 of this act,
20 and

21 c. to promulgate any additional rules necessary for the
22 implementation of this act.

23 SECTION 7. This act shall become effective July 1, 2024.
24

1 SECTION 8. It being immediately necessary for the preservation
2 of the public peace, health or safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.

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