

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 18, 2024

BILL NUMBER: SB 1446 **STATUS AND DATE OF BILL:** Introduced 12/15/23

AUTHORS: House: N/A Senate: Rader

TAX TYPE(S): Income Tax **SUBJECT:** Credit

PROPOSAL: New Law and Amendatory

SB 1446 proposes to create a new income tax credit for a certified¹ faculty preceptor² who conducts a preceptorship rotation, effective for tax years 2025 – 2034. The annual credit amount may vary depending on the preceptor's occupation and the number of completed rotations (see attachment). The credit is nonrefundable and may be carried over to five subsequent tax years. For tax years 2027 – 2034, total credits are capped at \$2.2 million per year.


EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

The Health Care Workforce Training Commission confirmed they do not currently verify or certify faculty preceptors in the relevant fields, and no further information is available to determine the number of faculty preceptors who may qualify for the credit or the related credit amounts.

FY 25: Unknown decrease in income tax revenue.

FY 26: Unknown decrease in income tax revenue.

<u>1/19/24</u>	<u></u>	bf
DATE	MARIE SCHUBLE, DIVISION DIRECTOR	
<u>1/18/24</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>1/19/2024</u>	<u>Joseph P. Gappa</u>	
DATE	JOSEPH GAPPA, FOR THE COMMISSION	

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

¹ To be eligible to receive the credit, a faculty preceptor must be certified by the Health Care Workforce Training Commission.

² "Faculty preceptor" means a medical doctor, a doctor of osteopathy, an Advance Practice Registered Nurse, or a physician assistant who is licensed in Oklahoma, and who practices in a location not less than 40 miles from the city center of a city with a population not less than 250,000.

ATTACHMENT TO REVENUE IMPACT – SB 1446 Prepared: January 18, 2024

CURRENT LAW:

The specific powers, duties and responsibilities of the Health Care Workforce Training Commission are prescribed under 70 O.S. § 697.5.

PROPOSED NEW LAW & AMENDMENTS:

SB 1446 proposes to create a new income tax credit for a certified³ faculty preceptor⁴ who conducts a preceptorship rotation. Effective for tax years 2025 – 2034, a certified faculty preceptor may claim a credit for up to 10 preceptorship rotations completed in a calendar year. The annual credit amount may vary depending on the preceptor's occupation and the number of completed rotations, as detailed in Table 1.

Table 1 - Allowable Credits Per Rotation and Occupation			
Rotation Number	Licensed Medical Doctor or Doctor of Osteopathy	Licensed Advance Practice Registered Nurse or Physician Assistant	
1	\$ 500.00	\$ 375.00	
2	500.00	375.00	
3	500.00	375.00	
4	1,000.00	750.00	
5	1,000.00	750.00	
6	1,000.00	750.00	
7	1,000.00	750.00	
8	1,000.00	750.00	
9	1,000.00	750.00	
10	1,000.00	750.00	
Total Allowable Credit	\$ 8,500.00	\$ 6,375.00	

The credit is nonrefundable and may be carried over to five subsequent tax years.

For tax years 2027 – 2034, total credits are capped at \$2.2 million per year. If total credits exceed \$2.2 million in any calendar year, the Oklahoma Tax Commission (OTC) will permit any excess but will factor such excess into the percentage adjustment formula for subsequent years. The OTC will annually calculate and publish the percentage by which the credits will be reduced so the total annual amount of credits used to offset tax does not exceed \$2.2 million. The formula used for the percentage adjustment is \$2.2 million divided by the credits claimed in the second preceding year.

To receive the proposed credit, a certified faculty preceptor must:

³ To be eligible to receive the credit, a faculty preceptor must be certified by the Health Care Workforce Training Commission.

⁴ "Faculty preceptor" means a medical doctor, a doctor of osteopathy, an Advance Practice Registered Nurse, or a physician assistant who is licensed in Oklahoma, and who practices in a location not less than 40 miles from the city center of a city with a population not less than 250,000.

- Claim the credit for the tax year in which the preceptorship rotation was completed;
- Certify that (s)he did not receive payment during the tax year from any source for providing the training; and
- Supply supporting documentation as may be required by the OTC.

SB 1446 further amends 70 O.S. § 697.5 to authorize the Health Care Workforce Training Commission in cooperation with the OTC to certify and register faculty preceptors and to promulgate additional rules to implement the proposed credit.

ANTICIPATED IMPACT:

The potential revenue impact of the proposal may vary significantly, depending on the type and number of preceptorships completed. The Health Care Workforce Training Commission confirmed they currently do not verify or certify faculty preceptors in the relevant fields, and no further information is available to determine the number of faculty preceptors who may qualify for the credit or the related credit amounts. As a result, the expected impact of the proposal is an unknown decrease in income tax revenue for FY 2025⁵ and 2026.

⁵ Withholding and estimated tax payments may decrease, beginning for FY 2025.