

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 1504 **STATUS AND DATE OF BILL:** Introduced 12/15/23

AUTHORS: House: N/A Senate: Thompson (Kristen)

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

PROPOSAL: New Law

SB 1504 proposes to create a new income tax credit for a faculty preceptor¹ 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.

EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

Because the proposed credit will be completely funded by a portion of annual licensure fees collected by the State Board of Medical Licensure and Supervision and the State Board of Osteopathic Examiners,² there will be no impact to income tax revenue.

FY 25: None.

FY 26: None.

1/19/24

DATE

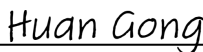


MARIE SCHUBLE, DIVISION DIRECTOR

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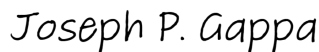
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HUAN GONG, ECONOMIST

1/19/2024

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 "Faculty preceptor" means an allopathic physician, osteopathic physician, or physician assistant licensed in Oklahoma.

² Per Osteopathic Examiners, annual licensure renewal fees for 2023 totaled approximately \$796,000, and application fees totaled \$287,420. For 2023, estimated fees for the proposed credit total approximately \$20,000. Medical Licensure and Supervision has not yet provided licensure fee information.

PROPOSED NEW LAW:

SB 1504 proposes to create a new income tax credit for a faculty preceptor³ who conducts a preceptorship rotation. Effective for tax years 2025 – 2034, a 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. The credit is nonrefundable and may be carried over to five subsequent tax years.

Table 1 - Allowable Credits Per Rotation and Trainee			
Rotation Number	Medical Student or Resident		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

SB 1504 further proposes to create in the State Treasury the following revolving funds:

- For the State Board of Medical Licensure and Supervision (Medical Licensure and Supervision), the Physician Preceptor Tax Credit Revolving Fund – Medical Licensure and Supervision will reserve \$5.00 of every annual licensure fee received from allopathic physicians and will deposit the sum to provide funding for the proposed credit. Credits awarded for qualified preceptorship rotations will not exceed the amounts deposited in the preceding fiscal year.
- For Medical Licensure and Supervision, the Physician Assistant Preceptor Tax Credit Revolving Fund - Medical Licensure and Supervision will reserve \$2.00 of every annual licensure fee received from physician assistants and will deposit the sum to provide funding for the proposed credit. Credits awarded for qualified preceptorship rotations will not exceed the amounts deposited in the preceding fiscal year.
- For the State Board of Osteopathic Examiners (Osteopathic Examiners), the Osteopathic Physician Preceptor Tax Credit Revolving Fund - Osteopathic Examiners will reserve \$5.00 of every annual licensure fee received from osteopathic examiners and will deposit the sum to provide funding for the

³ "Faculty preceptor" means an allopathic physician, osteopathic physician, or physician assistant licensed in Oklahoma.

proposed credit. Credits awarded for qualified preceptorship rotations will not exceed the amounts deposited in the preceding fiscal year.

All monies accruing to each Fund are appropriated and will be deposited to the General Revenue Fund at the end of each fiscal year for the purpose of mitigating the impact of awarding the proposed credit.

Medical Licensure and Supervision will award the credit to faculty preceptors for preceptorship rotations of:⁴

- Medical students enrolled in a medical school in Oklahoma;
- Residents who are allopathic physicians pursuing post-graduate medical education at a program supported by a medical school in Oklahoma; and
- Physician assistant students.

Osteopathic Examiners will award the credit to faculty preceptors for preceptorship rotations of:⁵

- Medical students enrolled in a school or college of osteopathic medicine in Oklahoma; and
- Residents who are osteopathic physicians pursuing post-graduate medical education at a program supported by a school or college of osteopathic medicine in Oklahoma.

Each tax year, Medical Licensure and Supervision and Osteopathic Examiners will electronically submit information to the Oklahoma Tax Commission (OTC):

- The number and amount of tax credits awarded;
- The name of the taxpayers awarded credits; and
- The amount deposited in the related Funds.

Partial claims for credit may be awarded, and credits earned but not allowed will be suspended and authorized to be used in the subsequent tax year and applied to the next tax year's limitation.

The OTC, Medical Licensure and Supervision and Osteopathic Examiners may promulgate rules to administer the credits.

ANTICIPATED IMPACT:

Because the proposed credit will be completely funded by a portion of annual licensure fees collected by the State Board of Medical Licensure and Supervision and the State Board of Osteopathic Examiners,⁶ there will be no impact to income tax revenue.

⁴ Medical Licensure and Supervision responded to information requests but did not provide any data. As a result, the number of allopathic physicians and physician assistants who may qualify for the credit is unknown.

⁵ Osteopathic Examiners confirmed that they do not currently track faculty preceptorships, and the number of osteopathic physicians who may qualify for the credit is unknown.

⁶ Per Osteopathic Examiners, annual licensure renewal fees for 2023 totaled approximately \$796,000, and application fees totaled \$287,420. For 2023, estimated fees for the proposed credit total approximately \$20,000. Medical Licensure and Supervision has not yet provided licensure fee information.