

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 2503
Version:	CS
Request Number:	11003
Author:	Rep. Mize
Date:	2/28/2020
Impact:	Tax Commission:

Income Credit
FY-21 and FY-22:
Unknown Decrease in Revenue

Research Analysis

The committee substitute for HB2503 creates an income tax credit for Oklahoma licensed medical professionals with the following professional designations: medical doctor (MD), osteopathic doctor (DO), advanced practice registered nurse (APRN) or physician assistant (PA). A qualifying medical professional must be certified by the Physician Manpower Training Commission, conduct preceptorship rotations as a qualified faculty preceptor and practice medicine within a certain geographic perimeter.

The credit may be claimed beginning tax year 2021 through 2030 and is dependent on the type of medical professional and number of rotations completed in a calendar year:

- Qualified MDs and DOs receive a \$500 credit each for the 1st, 2nd and 3rd rotation, followed by \$1000 each for up to seven subsequent rotations. The total amount that may be claimed is \$8500 per preceptor per year for up to nine years.
- Qualified APRNs and PAs receive a \$375 credit each for the 1st, 2nd and 3rd rotation, followed by \$750 each for up to seven subsequent rotations. The total amount that may be claimed is \$6375 per preceptor per year for up to nine years.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

Under this proposal, an eligible faculty preceptor is a medical doctor (MD), doctor of osteopathy (DO), Advanced Practice Registered Nurse (APRN) or physician assistant (PA) who is licensed in Oklahoma and practices in a location not less than 40 miles from the city center of a city with a population of at least 250,000 people. The annual credit amount may vary depending on the preceptor's occupation and the number of completed rotations, as detailed in Table 1.

Rotation Number	Licensed Medical Doctor or Doctor of Osteopathy	Licensed Advanced 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

Research indicates that Oklahoma City (OKC) and Tulsa each have a population of at least 250,000 people, and twenty-one counties are located (in whole or in part) within 40 miles of the OKC and Tulsa city centers. The number of MDs, DOs, APRNs and PAs practicing in the remaining Oklahoma counties were identified using county statistics obtained from the Oklahoma Board of Medical Licensure and Supervision and the Oklahoma Board of Nursing. The resulting occupation counts are reflected in Table 2 along with potential preceptorship scenarios:

Occupation	Count	3 Rotations	5 Rotations	10 Rotations
Medical Doctor*	917	\$ 1,375,500	\$ 3,209,500	\$ 7,794,500
Advanced Practice Registered Nurse	848	\$ 954,000	\$ 2,226,000	\$ 5,406,000
Physician Assistant	297	\$ 334,125	\$ 779,625	\$ 1,893,375
Totals		\$ 2,663,625	\$ 6,215,125	\$ 15,093,875

* This occupation includes doctor of osteopathy.

Source: <http://www.okmedicalboard.org/search/>; and *Advanced Practice Registered Nurses by County* (see https://nursing.ok.gov/agency_data.html)

As shown, the potential revenue impact of this proposal may vary significantly, depending on the type and number of preceptorships completed. Because information regarding completed preceptorships is unknown, the expected revenue impact of this proposal is an unknown decrease in income tax collections. Some decrease in revenue may occur in FY 21 due to a potential reduction in estimated tax payments. The full impact would occur in FY 22 when the 2021 returns are filed.

Prepared By: Mark Tygret

Other Considerations

None.