

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 9, 2020

BILL NUMBER: HB 2503 **STATUS AND DATE OF BILL:** Engrossed Bill 3/5/2020

AUTHORS: House Mize, West (Josh) and Burns Senate Rader

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

PROPOSAL: New Law and Amendatory

Engrossed HB 2503 proposes to create a new income tax credit for an eligible faculty preceptor who conducts uncompensated, certified preceptorship training of a medical student, resident, Advanced Practice Registered Nurse student, or physician assistant student enrolled in a training program in Oklahoma. Effective for tax years 2021 through 2030, a certified preceptor may claim an annual credit for up to 10 preceptorship rotations. The annual credit amount may vary depending on the preceptor's occupation and the number of completed rotations. The credit is nonrefundable and may be carried over to five consecutive tax years.

EFFECTIVE DATE: January 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 21: Unknown decrease in income tax collections.

FY 22: Unknown decrease in income tax collections.

Mar. 10, 2020
DATE

Pick Miller
DIVISION DIRECTOR

bdf

3/10/2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/10/2020
DATE

J.D.A.
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.

ATTACHMENT TO REVENUE IMPACT: HB 2503 [ENGROSSED] 3/9/2020

Engrossed HB 2503 proposes to create a new income tax credit for an eligible faculty preceptor who conducts uncompensated, certified preceptorship training of a medical student, resident, Advanced Practice Registered Nurse student, or physician assistant student enrolled in a training program in Oklahoma. Each preceptor and preceptorship rotation must be certified by the Physician Manpower Training Commission. Effective for tax years 2021 through 2030, a certified preceptor may claim an annual credit for up to 10 preceptorship rotations. The credit is nonrefundable and may be carried over to five consecutive tax years.

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:	<u>\$ 8,500.00</u>	<u>\$ 6,375.00</u>

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		<u>\$ 2,663,625</u>	<u>\$ 6,215,125</u>	<u>\$ 15,093,875</u>

* 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.