**South Carolina General Assembly**

123rd Session, 2019-2020

**A45, R65, S314**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Alexander

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Introduced in the Senate on January 8, 2019

Introduced in the House on February 14, 2019

Last Amended on May 8, 2019

Passed by the General Assembly on May 9, 2019

Governor's Action: May 16, 2019, Signed

Summary: Income tax credit

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 1/8/2019 Senate Introduced and read first time ([Senate Journal‑page 180](file:///h%3A%5Csj%5C20190108.docx))

 1/8/2019 Senate Referred to Committee on **Finance** ([Senate Journal‑page 180](file:///h%3A%5Csj%5C20190108.docx))

 1/23/2019 Scrivener's error corrected

 2/6/2019 Senate Committee report: Favorable **Finance** ([Senate Journal‑page 38](file:///h%3A%5Csj%5C20190206.docx))

 2/7/2019 Scrivener's error corrected

 2/12/2019 Senate Read second time ([Senate Journal‑page 10](file:///h%3A%5Csj%5C20190212.docx))

 2/12/2019 Senate Roll call Ayes‑39 Nays‑2 ([Senate Journal‑page 10](file:///h%3A%5Csj%5C20190212.docx))

 2/13/2019 Senate Read third time and sent to House ([Senate Journal‑page 15](file:///h%3A%5Csj%5C20190213.docx))

 2/14/2019 House Introduced and read first time ([House Journal‑page 3](file:///h%3A%5Chj%5C20190214.docx))

 2/14/2019 House Referred to Committee on **Ways and Means** ([House Journal‑page 3](file:///h%3A%5Chj%5C20190214.docx))

 5/2/2019 House Committee report: Favorable with amendment **Ways and Means** ([House Journal‑page 11](file:///h%3A%5Chj%5C20190502.docx))

 5/8/2019 House Amended ([House Journal‑page 113](file:///h%3A%5Chj%5C20190508.docx))

 5/8/2019 House Read second time ([House Journal‑page 113](file:///h%3A%5Chj%5C20190508.docx))

 5/8/2019 House Roll call Yeas‑96 Nays‑8 ([House Journal‑page 114](file:///h%3A%5Chj%5C20190508.docx))

 5/9/2019 House Read third time and returned to Senate with amendments ([House Journal‑page 130](file:///h%3A%5Chj%5C20190509.docx))

 5/9/2019 Senate Concurred in House amendment and enrolled ([Senate Journal‑page 109](file:///h%3A%5Csj%5C20190509.docx))

 5/13/2019 Ratified R 65

 5/16/2019 Signed By Governor

 5/31/2019 Effective date 05/16/19

 6/5/2019 Act No.  45

View the latest [legislative information](http://www.scstatehouse.gov/billsearch.php?billnumbers=314&session=123&summary=B) at the website

**VERSIONS OF THIS BILL**

[1/8/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190108.docx)

[1/23/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190123.docx)

[2/6/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190206.docx)

[2/7/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190207.docx)

[5/2/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190502.docx)

[5/8/2019](file:///p%3A%5Cpprever%5C2019-20%5C314_20190508.docx)

(A45, R65, S314)

**AN ACT TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3800 SO AS TO ALLOW AN INCOME TAX CREDIT FOR EACH CLINICAL ROTATION SERVED BY A PHYSICIAN, ADVANCED PRACTICE NURSE, OR PHYSICIAN ASSISTANT AS A PRECEPTOR FOR CERTAIN PROGRAMS; AND TO AMEND SECTION 12‑6‑1140, AS AMENDED, RELATING TO INCOME TAX DEDUCTIONS, SO AS TO ALLOW A DEDUCTION FOR CERTAIN ROTATIONS FOR WHICH NO INCOME TAX CREDIT IS AVAILABLE.**

Whereas, the pipeline for primary care medical, advanced practice nursing, and physician assistant providers in South Carolina is vital to the State; and

Whereas, South Carolina is a largely rural state with a population of 4.8 million and is ranked forty‑second nationally in overall health rankings; and

Whereas, South Carolina is ranked thirty‑ninth nationally regarding patient access to health care services and forty‑third for its total supply of primary care practicing physicians; and

Whereas, such health statistics, along with the shortage and maldistribution of health care professionals, are alarming, resulting in a grade of “F” in health care according to the South Carolina Department of Health and Environmental Control; and

Whereas, according to the South Carolina Department of Health and Environmental Control, all forty‑six South Carolina counties are federally designated as being total or partial Medically Underserved Areas/Populations, forty‑three counties as Health Professional Shortage Areas (HPSA), with twenty‑nine categorized as low income HPSAs and fifteen fulfilling the criteria as geographic HPSAs, the designation used for the most underserved counties. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

**Income tax credit for service as a preceptor**

SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

 “Section 12‑6‑3800. (A) For the purposes of this section:

 (1) ‘Independent institution of higher learning’ has the same meaning as provided in Section 59‑113‑50.

 (2) ‘Medical school‑required clinical rotation’, ‘physician assistant program‑required clinical rotation’, or ‘advanced practice nursing program‑required clinical rotation’ means a clinical rotation for a public teaching institution or independent institution of higher learning that:

 (a) is established for a student who is enrolled in a South Carolina public teaching institution or an independent institution of higher learning, including:

 (i) medical school;

 (ii) a physician assistant program; and

 (iii) an advanced practice nursing program; and

 (b) includes a minimum of one hundred sixty hours of instruction in one of the following clinical settings:

 (i) family medicine;

 (ii) internal medicine;

 (iii) pediatrics;

 (iv) obstetrics and gynecology;

 (v) emergency medicine;

 (vi) psychiatry; or

 (vii) general surgery under the guidance of a physician, advanced practice registered nurse, or physician assistant.

 (3) ‘Preceptor’ means a physician, advanced practice nurse practitioner, or physician assistant who provides supervision and instruction during student clinical training experiences, is otherwise not compensated for doing so, and provides a minimum of two required clinical rotations within a calendar year.

 (B)(1) There is allowed an income tax credit for each clinical rotation a physician serves as the preceptor for a medical school‑required clinical rotation, advanced practice nursing program‑required clinical rotation, and physician assistant program‑required clinical rotation.

 (2) If at least fifty percent of the physician’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is equal to one thousand dollars for each rotation served, not to exceed four thousand dollars a year.

 (3) If at least thirty percent of the physician’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is equal to seven hundred fifty dollars for each rotation served, not to exceed three thousand dollars a year.

 (4) If less than thirty percent of the physician’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is disallowed.

 (5) The credits allowed by this subsection are not cumulative and may not be combined.

 (C)(1) There is allowed an income tax credit for each clinical rotation an advanced practice registered nurse or physician assistant serves as the preceptor for an advanced practice nursing or physician assistant‑required clinical rotation.

 (2) If at least fifty percent of the advanced practice registered nurse’s or physician assistant’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is equal to seven hundred fifty dollars for each rotation served, not to exceed three thousand dollars a year.

 (3) If at least thirty percent of the advanced practice registered nurse’s or physician assistant’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is equal to five hundred dollars for each rotation served, not to exceed two thousand dollars a year.

 (4) If less than thirty percent of the advance practice registered nurse’s or physician assistant’s practice consists of a combined total of Medicaid insured, Medicare insured, and self‑pay patients, then the credit is disallowed.

 (5) The credits allowed by this subsection are not cumulative and may not be combined.

 (D) A credit earned pursuant to this section is considered earned in the tax year in which the rotation is served. Fifty percent of the credit earned may be claimed in the tax year in which it is earned, and the remaining fifty percent may be claimed in the next tax year. However, the credit claimed in a tax year may not exceed fifty percent of the taxpayer’s remaining tax liability after all other credits have been applied. Any unused credit may be carried over to the immediately succeeding taxable years, except that the credit carry‑over may not be used for a taxable year that begins more than ten years from the year that the credit was earned.

 (E) If a taxpayer earns the maximum annual credit amount allowed by this section and the taxpayer serves additional rotations that otherwise would have qualified for the credit, then the taxpayer may claim a deduction in an amount equal to the amount that the credit would have equaled. A taxpayer may earn the deduction allowed by this subsection up to six times a tax year.

 (F) By March thirty‑first of each year that the tax credit is allowed, the department shall report the number of taxpayers claiming the credit allowed by this section, the total amount of credits allowed, and the number of hours that the recipient taxpayers served as preceptors to the Senate Finance Committee, the House of Representatives Ways and Means Committee, and the Governor. The department must disaggregate taxpayers between physicians, advanced practice registered nurses, and physician assistants.

 (G) The department may consult with a designated administrative entity to determine eligibility and may require any proof that it determines necessary to efficiently administer the credit allowed by this section. The department may promulgate regulations necessary to implement the provisions of this section.”

**Income tax deduction for service as a preceptor**

SECTION 2. Section 12‑6‑1140 of the 1976 Code, as last amended by Act 266 of 2018, is further amended by adding an appropriately numbered item at the end to read:

 “( )(a) amounts earned pursuant to Section 12‑6‑3800(E) for each clinical rotation a physician serves as the preceptor for a medical school‑required clinical rotation, advanced practice nursing program‑required clinical rotation, and physician assistant program‑required clinical rotation; or

 (b) amounts earned pursuant to Section 12‑6‑3800(E) for each clinical rotation an advanced practice registered nurse or physician assistant serves as the preceptor for an advanced practice nursing or physician assistant‑required clinical rotation.”

**Phased‑in benefits for service as a preceptor**

SECTION 3. (A) Notwithstanding the credit amount for each rotation served and the annual credit limit set forth in Section 12‑6‑3800, as added by this act, the credit amounts and credit limits must be phased‑in over five years in equal and cumulative installments. The first year of implementation is tax year 2020.

 (B) In accordance with subsection (A), the amount of the deduction allowed for rotations served pursuant to Section 12‑6‑3800(E) and the item added to Section 12‑6‑1140 in this act, is subject to the phase‑in and is equal to the amount the credit would have equaled in that particular tax year.

**Time effective**

SECTION 4. This act takes effect upon approval by the Governor and shall apply to tax years 2020 through 2025. Section 12‑6‑3800 and Section 12‑6‑1140( ) are repealed January 1, 2026.

Ratified the 13th day of May, 2019.

Approved the 16th day of May, 2019.

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