**A** **BILL**

TO AMEND ARTICLE 25, CHAPTER 6, TITLE 12 OF THE 1976 CODE, RELATING TO SOUTH CAROLINA INCOME TAX CREDITS, BY ADDING SECTION 12‑6‑3800, 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.

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:

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.”

SECTION 2. Section 12-6-1140 of the 1976 Code is 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.”

SECTION 3. 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.

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