



House of Representatives

General Assembly

File No. 331

January Session, 2021

Substitute House Bill No. 5464

House of Representatives, April 8, 2021

The Committee on Higher Education and Employment Advancement reported through REP. ELLIOTT of the 88th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A TAX CREDIT FOR PROVIDERS OF CLINICAL NURSING EXPERIENCES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2022, and applicable to taxable*
2 *years commencing on or after January 1, 2022*) (a) As used in this section:

3 (1) "Preceptorship" means clinical learning experiences that involve
4 the provision of patient care by nursing students under the direction
5 and supervision of a licensed health care provider as a required
6 component of a nursing education program curriculum;

7 (2) "Nursing student" means any student enrolled in a nursing
8 education program at an institution of higher education in the state to
9 earn a bachelor's, master's or doctorate degree; and

10 (3) "Preceptor" means any individual licensed by the state to provide
11 health care services and that provides preceptorships to nursing
12 students enrolled at institutions of higher education in the state

13 pursuant to an agreement with such institution.

14 (b) For taxable years commencing on or after January 1, 2022, any
15 preceptor that provides preceptorships to nursing students in the state
16 may be allowed, pursuant to the provisions of subsection (d) of this
17 section, to claim a credit against the tax imposed under chapter 229 of
18 the general statutes, other than the liability imposed by section 12-707
19 of the general statutes. Such credit shall be in the amount of one
20 thousand dollars for every one hundred preceptorship hours provided
21 by such preceptor during the taxable year, provided (1) the preceptor
22 provides such preceptorship hours at no cost to the nursing student or
23 the institution of higher education in which such nursing student is
24 enrolled, (2) a preceptor claiming the credit under this section shall not
25 claim any other credit against the preceptor's tax liability under any
26 provision of the general statutes for the same one hundred
27 preceptorship hours, (3) the amount of credit allowed to any preceptor
28 in any taxable year shall not exceed four thousand dollars, (4) the credit
29 may only be used to reduce a preceptor's tax liability under chapter 229
30 of the general statutes for the taxable year in which such preceptor
31 provided the one hundred preceptorship hours, and (5) only one
32 preceptor may claim a credit for the same one hundred preceptorship
33 hours.

34 (c) The total amount of credits allowed under this section shall not
35 exceed one million five hundred thousand dollars in any fiscal year.

36 (d) (1) To be eligible to claim the credit pursuant to subsection (b) of
37 this section for each taxable year, a preceptor shall apply to the
38 Commissioner of Public Health in a form and manner prescribed by the
39 commissioner. Such application shall contain sufficient information as
40 required by the commissioner, including, but not limited to,
41 documentation of the preceptorship hours completed and the
42 agreement between the preceptor and an institution of higher education
43 to provide preceptorships.

44 (2) Upon receipt of an application, the Commissioner of Public Health
45 shall render a decision, in writing, on each completed application not

46 later than thirty days after the date of its receipt by the commissioner. If
47 the preceptor meets the requirements of this section and the total
48 amount of credits claimed in any fiscal year have not exceeded the limit
49 set forth in subsection (c) of this section, the commissioner shall issue a
50 certification letter to the preceptor indicating that the credit will be
51 available to be claimed by the preceptor.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	New section

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Revenue Services	GF - Revenue Loss	None	Up to 1.5 million
Public Health, Dept.	GF - Cost	160,000	164,800
State Comptroller - Fringe Benefits ¹	GF - Cost	66,000	68,100
Department of Revenue Services	GF - Cost	Up to 100,000	None
Board of Regents for Higher Education	Various - Potential Savings	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill, which establishes an income tax credit for preceptors that is administered by the Department of Public Health (DPH), results in: 1) a General Fund revenue loss of up to \$1.5 million annually beginning in FY 23, 2) a cost of \$226,000 in FY 22 and \$232,900 in FY 23 associated with salary and fringe benefit costs for two Financial Examiner positions within DPH, and 3) a one-time cost of up to \$100,000 to the Department of Revenue Services in FY 23 only for updates to the online Taxpayer Service Center and internal Integrated Tax Administration System.

The bill prohibits preceptors who apply for the tax credit from charging participating nursing students, or the students' colleges and

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

universities, for the preceptorship. To the extent this provision results in any reduction or elimination of preceptorship charges, there is a potential savings to the Board of Regents institutions. For example, Southern Connecticut State University's family nurse practitioners program would experience an annual savings of up to \$20,000, the estimated total spent on nursing preceptors. The bill results in no fiscal impact to the University of Connecticut because it does not pay for nursing preceptorships.

The Out Years

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The revenue impact identified above would continue into the future subject to the \$1.5 million annual aggregate cap on credits allowed under the bill.

OLR Bill Analysis**sHB 5464*****AN ACT ESTABLISHING A TAX CREDIT FOR PROVIDERS OF CLINICAL NURSING EXPERIENCES.*****SUMMARY**

This bill creates an income tax credit for state-licensed individuals (“preceptors”) who provide clinical nursing experiences involving patient care to students as part of their nursing education program curriculum (“preceptorships”).

The bill allows preceptors who provide these experiences to students in bachelor’s, master’s, or doctoral programs at Connecticut higher education institutions to claim a \$1,000 credit against the income tax (but not the withholding tax) per every 100 preceptor hours provided, up to \$4,000 per tax year. It also places some additional eligibility conditions and limits upon preceptors who wish to claim the tax credit.

The bill caps the total annual credits that may be awarded at \$1.5 million per fiscal year and establishes a process for preceptors to apply to claim the credit.

EFFECTIVE DATE: January 1, 2022, and applicable to tax years beginning on that date or later.

ELIGIBILITY CONDITIONS AND LIMITS

Under the bill, to be eligible to claim the tax credit, the preceptor must (1) provide the preceptorship hours at no cost to the nursing student or the student’s higher education institution, (2) not claim any other credit against his or her tax liability under any state law for the same 100 preceptorship hours, and (3) apply to the public health commissioner to claim the credit.

Additionally, the bill limits the preceptor to (1) claiming no more than

\$4,000 for this credit in any tax year, (2) using the credit to reduce his or her income tax liability only in the tax year in which he or she provided the 100 preceptorship hours, and (3) claiming the credit only if no other preceptor claimed that credit for the same 100 hours.

APPLICATION PROCESS

Under the bill, the preceptor’s application to the public health commissioner for the tax credit must contain all information required by the commissioner. The information must include documentation of the completed preceptorship hours and the agreement between the preceptor and the higher education institution to provide preceptorships.

The bill requires the commissioner to render a written decision on each completed application within 30 days after receiving it. The commissioner must issue a certification letter to the preceptor indicating that the credit will be available for the preceptor to claim if she finds that the (1) preceptor meets the requirements and (2) total credit amounts claimed in the fiscal year have not exceeded the \$1.5 million limit. (It is unclear how the commissioner would determine how many credits have been claimed in each fiscal year.)

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/22/2021)