

March 16, 2022

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>	<b>X</b>	

Department of Revenue  
Analysis of S.F. 3563 (Clausen) / H.F.4152 (Sandell)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
			(000's)	
General Fund	\$0	\$0	(\$5,100)	(\$5,100)

Effective for tax years 2023 through 2025.

**EXPLANATION OF THE BILL**

This bill allows a refundable \$5,000 income tax credit for individuals who serve as medical preceptors. Medical preceptors are defined as physicians, advanced practice registered nurses, physician assistants, or mental health professionals who served at least 12 weeks or 480 hours as a preceptor for a student or medical resident during the tax year and received no additional compensation for doing so.

If the credit eligible to an individual exceeds the individual’s tax liability, the Commissioner of Revenue shall refund the excess to the taxpayer.

For nonresidents and part-year residents, the credit is apportioned by the percentage of income attributable to Minnesota.

The bill requires the Commissioner of Revenue, in consultation with the Commissioner of Health, to report to the Legislature by March 1, 2025 on the number of preceptors claiming the credit, the average amount claimed, the geographical distribution of the preceptors’ services, the preceptors’ profession, and the impact of the credit on the availability of preceptors in Minnesota.

**REVENUE ANALYSIS DETAIL**

- There are about 16,000 physicians, 7,900 advanced nurse practitioners and physician assistants and 19,900 mental health professionals currently practicing in Minnesota, according to data from the Minnesota Health Related Licensing Boards, Biennial Report 2016-2018 and the Minnesota Department of Health’s Health Care Workforce Reports 2019.
- The total number of preceptors in Minnesota, as defined in this bill, is unknown. However, according to a report by the Clinical Coordination Partnership, there were about 270 advanced practice registered nurse and physician assistant preceptors for the 2014 calendar year. This is approximately 3.8% of the 2014 total number of advanced practice nurses and physician assistants in the state.
- The ratio of 3.8% is applied to current 2019 numbers for licensed advanced practice registered nurses, physician assistants, physicians, and mental health professionals to come to 1,690 preceptors.

**REVENUE ANALYSIS DETAIL (Cont.)**

- To be eligible for the credit, preceptors must not receive additional compensation for serving as a preceptor. Therefore, not all preceptors would meet the requirements for the credit. The final number of eligible preceptors is assumed to be 60% of the total, approximately 1,010 eligible preceptors.
- The number of preceptors varies greatly per semester and year therefore, no growth rate is assumed.
- Tax year impacts are allocated for the following fiscal year.

**Number of Taxpayers:** About 1,010 taxpayers would be eligible for the credit in tax year 2023.

Minnesota Department of Revenue  
Tax Research Division  
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