

Rural & Frontier Healthcare Preceptor Credit



OFFICE OF THE STATE AUDITOR

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C O L O R A D O

The Rural & Frontier Healthcare Preceptor Credit (Preceptor Credit) provides a \$1,000 nonrefundable income tax credit to certain licensed healthcare providers in rural and frontier areas of Colorado who provide a mentoring program of personalized instruction, training, and supervision to eligible health professional students; these providers in this context are referred to as “preceptors”. According to statute, the purpose of the credit is “to encourage preceptors to offer professional instruction, training, and supervision to students matriculating at Colorado institutions of higher education who are seeking careers as primary health-care providers in rural and frontier areas of the state.” Additionally, statute provides that the general purposes of the credit are to “induce certain designated behavior by taxpayers...” and “provide tax relief to preceptors in rural and frontier areas of the state...”

The Credit has not encouraged a substantial number of providers in rural and frontier areas of the state to become preceptors. The tax relief provided by the credit varies depending on how many extra hours per day a provider spends training students and the type of provider the preceptor is. Stakeholders reported that there continues to be a shortage of preceptors in rural and frontier areas of the state.

- In 2021, 2 percent of physicians, 1 percent of dentists, 1 percent of advanced practice nurses, and 6 percent of physician assistants in rural and frontier areas precepted students and claimed the credit.
- The credit provides a lower hourly benefit than providers’ regular hourly wages, and the amount becomes comparatively much less once the preceptor provides more than 1 hour of teaching per day outside of the regular workday.

Policy Considerations

The General Assembly could consider allowing taxpayers to claim more than one credit per year if they precept more students. In addition, the General Assembly could consider whether additional oversight regarding certification of the Preceptor Credit form is necessary, since we identified several taxpayers who claimed the credit but who did not meet the requirements to qualify.

Tax Type:	Income tax	Year Enacted:	2016
Expenditure Type:	Credit	Repeal/Expiration Date:	January 1, 2033
Statutory Citation:	Section 39-22-538, C.R.S.	Revenue Impact (2021):	\$82,065

Purpose given in statute or enacting legislation? **Yes**

