

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 22-0484.01 Pierce Lively x2059

**HOUSE BILL 22-1005**

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101

**CONCERNING MODIFICATIONS TO THE EXISTING TAX CREDIT FOR**

102

**RURAL AND FRONTIER HEALTH-CARE PRECEPTORS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Under current law, for tax years commencing on or after January 1, 2017, but prior to January 1, 2023, the credit for health-care preceptors working in rural and frontier areas offers an income tax credit in the amount of \$1,000 to health-care professionals who provide a preceptorship, an uncompensated mentoring experience for eligible health professional students that includes a specified minimum amount of

SENATE  
2nd Reading Unamended  
May 6, 2022

HOUSE  
3rd Reading Unamended  
April 25, 2022

HOUSE  
Amended 2nd Reading  
April 22, 2022

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

personalized instruction, training, and supervision, during the applicable income tax year.

The bill modifies the tax credit by:

- Extending the period for which the tax credit may be claimed to tax years commencing prior to January 1, 2033;
- Allowing up to 300, rather than 200, preceptors to claim the credit in any tax year;
- Expanding who may offer a preceptorship to include a medical doctor, doctor of osteopathic medicine, advanced practice nurse, physician assistant, doctor of dental surgery or doctor of dental medicine, registered nurse, registered dental hygienist, licensed clinical or counseling psychologist, licensed clinical social worker, licensed professional counselor, licensed marriage and family therapist, psychiatric nurse specialist, licensed addiction counselor, or certified addiction counselor working in an outpatient clinical setting who has been licensed in his or her primary health-care field in the state by the applicable licensing authority;
- Expanding who may participate in a preceptorship to include individuals matriculating at any accredited Colorado institution of higher education seeking a degree or certification in a primary health-care field;
- Allowing nonconsecutive days to be counted when determining the eligibility of a preceptorship for the credit;
- Modifying the definitions of "rural areas", "preceptorship", and "primary health-care" for purposes of the tax credit;
- Modifying the certification requirements for taxpayers who claim the tax credit; and
- Providing a tax preference performance statement for the tax credit.

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1     *Be it enacted by the General Assembly of the State of Colorado:*

2             **SECTION 1.** In Colorado Revised Statutes, 39-22-538, **amend**  
3     (1), (2)(d), (2)(e), (2)(f), (2)(g), (3), and (4); **repeal** (2)(c); and **add**  
4     (2)(c.5) as follows:

5             **39-22-538. Credit for health-care preceptors working in health**  
6             **professional shortage areas - legislative declaration - definitions.**

7     (1) (a) The general assembly finds, determines, and declares that:

1                   (I) ~~It is vital to the well-being, quality of life, and economic~~  
2 ~~development of the entire state that excellent health care be available in~~  
3 ~~all regions of the state, including rural and frontier areas;~~

4                   (II) ~~Rural areas of the state currently suffer from a shortage of~~  
5 ~~primary health- care providers and, as a result, these communities~~  
6 ~~experience reduced access to such providers and poorer health-care~~  
7 ~~outcomes; and~~

8                   (III) ~~A consistent problem is a lack of professional instruction,~~  
9 ~~training, and supervision in rural and frontier areas that allows students~~  
10 ~~studying primary care to obtain the requisite professional mentoring and~~  
11 ~~supervision to allow them to practice in such areas upon obtaining a~~  
12 ~~professional degree.~~

13                   (IV) THE COVID-19 PANDEMIC AND SUBSEQUENT ECONOMIC  
14 CRISIS HAVE CAUSED SIGNIFICANT CHALLENGES FOR COLORADO'S  
15 HEALTH-CARE SYSTEM AND EXACERBATED THE WORKFORCE SHORTAGE  
16 ACROSS MULTIPLE DISCIPLINES AND SECTORS OF THE HEALTH-CARE  
17 INDUSTRY;

18                   (V) WHILE THE PANDEMIC HAS HAD LASTING IMPACTS ON THE  
19 ENTIRE HEALTH-CARE SYSTEM ACROSS THE STATE, RURAL COLORADO IS  
20 EXPERIENCING THE MOST SEVERE WORKFORCE TURNOVER AND  
21 SHORTAGES, AND AS A RESULT THESE COMMUNITIES EXPERIENCE REDUCED  
22 ACCESS TO PRIMARY CARE SERVICES AND EXHIBIT POORER HEALTH  
23 OUTCOMES;

24                   (VI) RURAL COMMUNITIES OFTEN FACE CHALLENGES IN  
25 RECRUITING AN ADEQUATE HEALTH WORKFORCE, MAKING IT DIFFICULT TO  
26 PROVIDE NEEDED PATIENT CARE OR TO MEET STAFFING REQUIREMENTS  
27 FOR THEIR FACILITIES. THEREFORE, RURAL HEALTH-CARE FACILITIES

1 SHOULD BE PROACTIVE AND STRATEGIC ABOUT RECRUITING AND  
2 RETAINING PRIMARY CARE PERSONNEL, WHICH INCLUDES PROFESSIONALS  
3 IN PHYSICAL, DENTAL, BEHAVIORAL, AND MENTAL HEALTH.

4 (VII) MOST OF COLORADO'S FORTY-SEVEN RURAL AND FRONTIER  
5 COUNTIES ARE ALSO DESIGNATED AS PRIMARY CARE HEALTH  
6 PROFESSIONAL SHORTAGE AREAS BY THE COLORADO PRIMARY CARE  
7 OFFICE;

8 (VIII) PRECEPTORSHIP PROGRAMS ARE A CRITICAL COMPONENT OF  
9 CLINICAL TRAINING AND A PROVEN APPROACH TO DEVELOPING  
10 ONE-ON-ONE RELATIONSHIPS BETWEEN EXPERT PROFESSIONALS AND  
11 STUDENTS NEEDING TO DEVELOP THE CLINICAL SKILLS AND PRACTICAL  
12 EXPERIENCE OF WORKING WITH PATIENTS IN RURAL SETTINGS;

13 (IX) HEALTH PROFESSIONAL STUDENTS WHO OBTAIN A  
14 SIGNIFICANT AMOUNT OF THEIR CLINICAL TRAINING IN RURAL  
15 COMMUNITIES AND UNDER THE GUIDANCE OF RURAL HEALTH-CARE  
16 PROVIDERS ARE MUCH MORE LIKELY TO LIVE AND WORK IN A RURAL OR  
17 FRONTIER AREA AFTER COMPLETING THEIR HEALTH PROFESSIONAL  
18 TRAINING;

19 (X) RECENT STUDIES AND SURVEYS BY THE AMERICAN ACADEMY  
20 OF FAMILY PHYSICIANS HAVE SHOWN THAT PRIMARY CARE PHYSICIANS  
21 ARE MORE LIKELY TO ENGAGE IN PRECEPTORSHIPS WHEN PROFESSIONAL  
22 RECOGNITION AND FINANCIAL INCENTIVES ARE PROVIDED; AND

23 (XI) THE GENERAL ASSEMBLY THEREFORE FINDS THAT  
24 MAINTAINING A HIGHLY QUALIFIED AND SUSTAINABLE RURAL  
25 HEALTH-CARE WORKFORCE DEPENDS ON THE EXTENSION AND EXPANSION  
26 OF THE RURAL AND FRONTIER HEALTH-CARE PRECEPTOR TAX CREDIT TO  
27 PROVIDE SUFFICIENT FINANCIAL INCENTIVES TO PRECEPTORS STATEWIDE.

6 (c) The general assembly further intends that the tax credit provide  
7 sufficient financial incentives to encourage preceptors to offer  
8 professional instruction, training, and supervision to students  
9 matriculating at Colorado institutions of higher education seeking careers  
10 as primary health-care providers in rural and frontier areas of the state.

11 (d) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
12 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
13 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
14 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY  
15 FINDS AND DECLARES THAT:

16 (I) THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDIT  
17 ALLOWED BY THIS SECTION ARE:

23 (B) TO PROVIDE TAX RELIEF TO PRECEPTORS IN RURAL AND  
24 FRONTIER AREAS OF THE STATE WHO OFFER THE PROFESSIONAL  
25 INSTRUCTION, TRAINING, AND SUPERVISION DESCRIBED IN SUBSECTION  
26 (1)(d)(I)(A) OF THIS SECTION; AND

27 (II) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT

1 ALLOWED BY THIS SECTION IS TO ENCOURAGE PRECEPTORS TO OFFER  
2 PROFESSIONAL INSTRUCTION, TRAINING, AND SUPERVISION TO STUDENTS  
3 MATRICULATING AT COLORADO INSTITUTIONS OF HIGHER EDUCATION WHO  
4 ARE SEEKING CAREERS AS PRIMARY HEALTH-CARE PROVIDERS IN RURAL  
5 AND FRONTIER AREAS OF THE STATE. IN ORDER TO ALLOW THE GENERAL  
6 ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE EFFECTIVENESS OF  
7 THE CREDIT, THE DEPARTMENT OF REVENUE, WHEN ADMINISTERING THE  
8 CREDIT, SHALL REQUIRE EACH TAXPAYER WHO CLAIMS THE CREDIT TO  
9 SUBMIT A CERTIFICATION FORM WITH EACH INCOME TAX RETURN FORM IN  
10 ACCORDANCE WITH SUBSECTION (4) OF THIS SECTION. THE CERTIFICATION  
11 FORM MUST VERIFY THAT THE TAXPAYER HAS SATISFIED THE  
12 REQUIREMENTS FOR ALLOWANCE OF THE TAX CREDIT AS SPECIFIED IN THIS  
13 SECTION AND STATE THE NUMBER OF ELIGIBLE HEALTH PROFESSIONAL  
14 STUDENTS THAT THE TAXPAYER HAS INSTRUCTED, TRAINED, OR  
15 SUPERVISED DURING THE APPLICABLE INCOME TAX YEAR.

16 (2) As used in this section, unless the context otherwise requires:

17 (c) "Graduate student" means an individual matriculating at the  
18 graduate level at any accredited Colorado institution of higher education  
19 seeking a degree either in the areas of doctor of medicine, doctor of  
20 osteopathy, advanced nursing practice, doctor of dental surgery, or doctor  
21 of dental medicine, or as a physician assistant.

22 (c.5) "HEALTH PROFESSIONAL STUDENT" MEANS AN INDIVIDUAL  
23 MATRICULATING AT ANY ACCREDITED COLORADO INSTITUTION OF HIGHER  
24 EDUCATION SEEKING A DEGREE OR CERTIFICATION IN A PRIMARY  
25 HEALTH-CARE FIELD.

26 (d) "Preceptor" means a medical doctor, doctor of osteopathic  
27 medicine, advanced practice nurse, physician assistant, doctor of dental

1 surgery, ~~or~~ doctor of dental medicine, REGISTERED NURSE, REGISTERED  
2 DENTAL HYGIENIST, ~~PHARMACIST~~, LICENSED CLINICAL OR COUNSELING  
3 PSYCHOLOGIST, LICENSED CLINICAL SOCIAL WORKER, LICENSED  
4 PROFESSIONAL COUNSELOR, LICENSED MARRIAGE AND FAMILY THERAPIST,  
5 PSYCHIATRIC NURSE SPECIALIST, LICENSED ADDICTION COUNSELOR, OR  
6 CERTIFIED ADDICTION COUNSELOR WORKING IN AN OUTPATIENT CLINICAL  
7 SETTING who has been licensed in his or her primary health-care field in  
8 the state by the applicable licensing authority.

9 (e) "Preceptorship" means an uncompensated mentoring  
10 experience in which a preceptor provides a program of personalized  
11 instruction, training, and supervision for a total of not less than four  
12 CONSECUTIVE OR NONCONSECUTIVE working weeks or twenty  
13 CONSECUTIVE OR NONCONSECUTIVE business days per calendar year that  
14 is offered to eligible ~~graduate~~ HEALTH PROFESSIONAL students to enable  
15 the students to obtain eligible professional degrees OR CERTIFICATIONS.

16 (f) "Primary health-care" means ~~health care provided by a~~  
17 ~~health-care professional with whom a patient has initial contact, who is~~  
18 ~~the principal point of continuing care for the patient, and who coordinates~~  
19 ~~other specialist care that the patient may need~~ THE PROVISION OF  
20 INTEGRATED, EQUITABLE, AND ACCESSIBLE HEALTH-CARE SERVICES  
21 PROVIDED BY CLINICIANS WHO ARE ACCOUNTABLE FOR ADDRESSING A  
22 LARGE MAJORITY OF PERSONAL HEALTH-CARE NEEDS, DEVELOPING A  
23 SUSTAINED PARTNERSHIP WITH PATIENTS, AND PRACTICING IN THE  
24 CONTEXT OF FAMILY AND COMMUNITY. INTEGRATED HEALTH-CARE  
25 ENCOMPASSES THE PROVISION OF COMPREHENSIVE, COORDINATED, AND  
26 CONTINUOUS SERVICES THAT PROVIDE A SEAMLESS PROCESS OF CARE.

27 (g) "Rural area" means ~~a county that is located in a~~

1 ~~nonmetropolitan area in the state that either has no municipality within its~~  
2 ~~territorial boundaries with fifty thousand or more permanent residents~~  
3 ~~based upon the most recent population estimates published by the United~~  
4 ~~States census bureau or that satisfies alternate criteria for the designation~~  
5 ~~of a rural area as may be promulgated by the federal office of~~  
6 ~~management and budget~~ AN AREA LISTED AS ELIGIBLE FOR RURAL HEALTH  
7 FUNDING BY THE FEDERAL OFFICE OF RURAL HEALTH POLICY.

8 (3) (a) For income tax years commencing on or after January 1,  
9 2017, but prior to ~~January 1, 2023~~ JANUARY 1, 2033, and subject to the  
10 requirements of subsection (3)(b) of this section, a taxpayer is allowed a  
11 credit against the income taxes imposed by this article 22 in an amount  
12 equal to one thousand dollars for a preceptorship provided by ~~him or her~~  
13 THE TAXPAYER during the applicable income tax year for which the credit  
14 is claimed.

15 (b) Notwithstanding any other provision of this section:

16 (I) The aggregate amount of the credit awarded to any one  
17 taxpayer under this section shall not exceed one thousand dollars for any  
18 one income tax year regardless of the number of preceptorships  
19 undertaken by the taxpayer during the applicable income tax year or the  
20 number of eligible ~~graduate~~ HEALTH PROFESSIONAL students the taxpayer  
21 instructs, trains, or supervises during the applicable income tax year;

22 (II) A taxpayer is eligible to claim the credit allowed by this  
23 section if ~~he or she~~ THE TAXPAYER performs a preceptorship that lasts a  
24 total of not less than four CONSECUTIVE OR NONCONSECUTIVE working  
25 weeks or twenty CONSECUTIVE OR NONCONSECUTIVE business days during  
26 the income tax year in which the credit is claimed and the preceptor is  
27 practicing in ~~his or her~~ THE PRECEPTOR'S primary health-care field in a

1       rural or frontier area; and

2           (III) Not more than ~~two~~ THREE hundred preceptors are entitled to  
3       claim the credit authorized by this section for any one income tax year.

4       The department shall promulgate by rule, in accordance with article 4 of  
5       title 24, C.R.S., a method for determining the manner in which taxpayers  
6       who have obtained certification under subsection (4) of this section are  
7       able to claim the tax credit.

8           (4) To qualify for the credit provided by this section, the taxpayer  
9       shall submit a certification form with each income tax return.  
10       Certification may be provided by either the institution for which the  
11       taxpayer teaches, whether it is an institution of higher education or a  
12       hospital, clinic, or other medical facility, or by the particular regional  
13       office of the AHEC program with jurisdiction over the area in which the  
14       preceptor's medical practice is located. In the case of certification by an  
15       institution for which the taxpayer teaches, the institution must execute the  
16       form certifying that the taxpayer has satisfied the requirements for  
17       allowance of the tax credit as specified in this section AND IDENTIFYING  
18       THE NUMBER OF ELIGIBLE HEALTH PROFESSIONAL STUDENTS THAT THE  
19       TAXPAYER HAS INSTRUCTED, TRAINED, OR SUPERVISED DURING THE  
20       APPLICABLE INCOME TAX YEAR THROUGH ALL PRECEPTORSHIPS PROVIDED  
21       BY THE TAXPAYER. In the case of certification by the AHEC program, the  
22       certification form must be obtained from the particular regional office of  
23       the AHEC program with jurisdiction over the area in which the preceptor  
24       is practicing, which office shall certify that the taxpayer has satisfied the  
25       requirements for allowance of the tax credit as specified in this section  
26       AND IDENTIFY THE NUMBER OF ELIGIBLE HEALTH PROFESSIONAL STUDENTS  
27       THE TAXPAYER HAS INSTRUCTED, TRAINED, OR SUPERVISED DURING THE

1 APPLICABLE INCOME TAX YEAR THROUGH ALL PRECEPTORSHIPS PROVIDED  
2 BY THE TAXPAYER. The AHEC program may charge the taxpayer a  
3 reasonable fee for providing such certification, which fee shall not exceed  
4 the actual costs incurred by the AHEC in completing the certification.

5 **SECTION 2. Act subject to petition - effective date.** This act  
6 takes effect at 12:01 a.m. on the day following the expiration of the  
7 ninety-day period after final adjournment of the general assembly; except  
8 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
9 of the state constitution against this act or an item, section, or part of this  
10 act within such period, then the act, item, section, or part will not take  
11 effect unless approved by the people at the general election to be held in  
12 November 2022 and, in such case, will take effect on the date of the  
13 official declaration of the vote thereon by the governor.