



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 27, 2025

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill 144 (LC 50 1006)

Dear Chairman Blackmon:

The bill would revise the existing income tax credit for community-based faculty preceptors. The revisions include the addition of dentistry as a discipline eligible for credits, an increase of the tax credit values, implementing an annual aggregate cap of \$6 million, and the extension of the sunset provision for the existing credit from December 31, 2026, to December 31, 2030. The bill would be applicable to tax years beginning on or after January 1, 2026.

Impact on Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would decrease revenue as shown in Table 1. The first full year of the bill’s impact is FY2027. The appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of HB 144 LC 50 1006

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
State Estimate	-	(\$1.9)	(\$6.0)	(\$6.0)	(\$6.0)

Impact on Expenditures

The Department of Revenue (DOR) would be able to implement the bill with existing resources. The agency indicated that required changes to its information systems would require approximately 16 weeks of staff time, equating to \$181,000.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

The subject bill proposes to amend the existing income tax credit under O.C.G.A. § 48-7-29.22 for community-based faculty preceptors, for rotations providing training to medical students, physician assistant students, or advanced practice registered nurse students. The credit, which is currently scheduled to expire effective at the end of calendar year 2026, is nonrefundable and may not be carried forward.

Under current law, preceptors may earn credits for up to 10 uncompensated preceptorship rotations per year, in amounts of \$500 for the first three rotations in a year and \$1,000 per rotation after the third by a physician preceptor, and \$375 for the first three and \$750 after the third by a preceptor who is a physician assistant or advanced practice registered nurse.

LC 50 1006 proposes to make the following amendments to this code section, as follows:

- Extend the availability of the credit to December 31, 2030,
- Allow licensed dentists to qualify as preceptors and earn credits for uncompensated rotations training dental students in programs approved by the Georgia Board of Dentistry,
- Set new, flat credit amounts per rotation at \$1,000 per medical or dental rotation and \$750 per physician assistant or advanced practice registered nurse rotation (still subject to the maximum of 10 per preceptor per year), and
- Set an aggregate annual cap of \$6 million on the amount of tax credits allowed pursuant to this code section.

Data for this estimation include credit utilization data from the Georgia Department of Revenue (DOR) and program data from the Area Health Education Centers (AHEC) program office at Augusta University. Preceptor rotations for each discipline eligible under the current law are projected forward from 2019–23 reporting from AHEC of rotations completed, assuming continuation of 2019–23 trends.

AHEC also reports the gross amount of credits related to these rotations, accounting for the stepped up credit rates. However, AHEC notes that some preceptors may be ineligible to claim the credits to which they would otherwise be entitled because they are being compensated for their training work. For this reason, and potentially others, actual credits claimed on tax returns fall short of AHEC certified amounts, running between 78 and 92 percent over the five years for which data are available, averaging about 85 percent. Assuming 85 percent of projected rotations earn a credit, the net credit-earning rotations are multiplied by the proposed new credit amounts to project total credits generated and claimed on tax returns for tax years (TY) 2026–30, absent the aggregate cap.

On average, over the 2019–23 tax years, approximately 94 percent of credits claimed on tax returns were able to be used to offset tax liability, the balance going unused due to the non-refundability of the credit and the disallowance of carryforwards. This effective utilization rate for generated credits is also assumed to hold going forward.

To account for the addition of dentistry rotations to the credit, we rely on estimates from AHEC of the numbers of students and preceptor rotations in qualified dentistry programs for 2023–26, averaging 96 students and 192 preceptor rotations per year, with a flat trend. AHEC also notes that there is currently no compensation for dental preceptors that would disqualify them from claiming credits. We thus assume 192 rotations and \$192,000 of credits for dental preceptors for TY 2026–30. Again, actual utilization of these credits to offset current tax liability is assumed to be 94 percent.

The available data indicate that the addition of dentistry along with the increased credit amounts would result in credits generated and utilized surpassing the \$6 million annual aggregate cap. Absent the proposed changes, the credit would still be allowed for preceptorships through TY 2026, which are

assumed to impact state revenues at the time of filing, in FY 2027. The fiscal impact shown in Table 1 for FY 2027 is based on the difference between projected credit utilization under current law, assuming the continuation of 2019–23 trends, and the projected credits under the new law meeting the annual aggregate cap.

Table 2 below details the projections of credit-eligible preceptor rotations, credits generated, and credits utilized over TY 2026–30, absent the annual aggregate cap.

Table 2. Projected AHEC-Certified Rotations and Credits, and Credits Claimed and Utilized on Returns, Absent Annual Aggregate Cap

<i>(\$ millions)</i>	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
Certified Rotations:					
Medical	7,005	7,562	8,118	8,675	9,231
PA	1,986	2,230	2,474	2,718	2,962
APRN	1,666	1,828	1,991	2,153	2,315
Dental	192	192	192	192	192
Total AHEC Rotations	10,849	11,812	12,774	13,737	14,700
Gross AHEC Credits:					
Medical	\$7.0	\$7.6	\$8.1	\$8.7	\$9.2
PA	\$1.5	\$1.7	\$1.9	\$2.0	\$2.2
APRN	\$1.2	\$1.4	\$1.5	\$1.6	\$1.7
Dental	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Total AHEC Credits	\$9.9	\$10.8	\$11.7	\$12.5	\$13.4
Credits Claimed on Returns	\$8.5	\$9.2	\$10.0	\$10.7	\$11.4
Credits Utilized to Offset Tax	\$8.0	\$8.7	\$9.3	\$10.0	\$10.7