

## Senate Bill 314 Tax Incentive Legislation Fact Sheet

### BACKGROUND

Senate Bill 314 is the result of a preceptor tax incentive initiative which was initiated by the Coalition for Increased Access to Care (CIAPC), comprised of South Carolina based public universities, in September of 2016. Through much effort and several amendments, it successfully passed during the 2019 legislative session. How the legislation evolved is very common with tax legislation and passage was a huge victory as well as consistent with our state's current tax code. We are so pleased our state has recognized the critical role you play in training the future clinicians in our state who can ultimately serve to help address the primary care access shortages and associated health rankings in South Carolina.

The following provides a high-level overview of the legislation. However, given the complexity of its provisions, we strongly encourage you to access a copy of the legislation and the guidance provided by the Department of Revenue as well as consult with your personal tax accountant, as appropriate, to best understand how it applies to your personal situation.



### LINK TO BILL

[https://www.scstatehouse.gov/sess123\\_2019-2020/prever/314\\_20190508.htm](https://www.scstatehouse.gov/sess123_2019-2020/prever/314_20190508.htm)

### OVERVIEW

Senate Bill 314 provides personal state income tax credits and deductions for eligible clinicians in South Carolina who precept students on clinical rotations. The sections below describe the eligibility and tax incentive tiers which are available for our valued preceptors.

**CLINICAL ROTATION**

1. Medical School, Physician Assistant Program, and Advanced Practice Nursing Program requires Clinical Rotation that has been established for a student enrolled in a South Carolina public or South Carolina independent institution of higher learning.
2. Includes a minimum of one hundred sixty hours of instruction in one of the following clinical settings
  - a. Family Medicine
  - b. Internal Medicine
  - c. Pediatrics
  - d. Obstetrics and Gynecology
  - e. Emergency Medicine
  - f. Psychiatry
  - g. General Surgery

**“I became a preceptor because I recognized the importance of giving back to the nursing community and the need to help fellow nurses grow & advance in their practice.”**  
**Angela Dykes, UofSC Preceptor**

**PRECEPTOR**

Physician, PA, or APRN who

1. Provides supervision and instruction during student clinical training experiences
2. Is otherwise NOT compensated for doing so
3. Provides a minimum of 2 required clinical rotations within a calendar year

**ELIGIBILITY/COMPENSATION**

**Tax Credit: First 4 Rotations**

PRECEPTOR TYPE	PRACTICE PAYER MIX	TAX CREDIT PER ROTATION
Physician	>=50% Medicaid, Medicare, or Self-Pay	\$1,000
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$750
	<30% Medicaid, Medicare, or Self-Pay	\$0
PA	>=50% Medicaid, Medicare, or Self-Pay	\$750
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$500
	<30% Medicaid, Medicare, or Self-Pay	\$0
APRN	>=50% Medicaid, Medicare, or Self-Pay	\$750
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$500
	<30% Medicaid, Medicare, or Self-Pay	\$0

### Tax Deduction: Rotations 5 through 10

PRECEPTOR TYPE	PRACTICE PAYER MIX	TAX DEDUCTION PER ROTATION
Physician	>=50% Medicaid, Medicare, or Self-Pay	\$1,000
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$750
	<30% Medicaid, Medicare, or Self-Pay	\$0
PA	>=50% Medicaid, Medicare, or Self-Pay	\$750
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$500
	<30% Medicaid, Medicare, or Self-Pay	\$0
APRN	>=50% Medicaid, Medicare, or Self-Pay	\$750
	>=30% and <50% Medicaid, Medicare, or Self-Pay	\$500
	<30% Medicaid, Medicare, or Self-Pay	\$0

1. A credit earned is considered earned in the tax year in which the rotation is served.
2. Fifty percent (50%) of the credit earned may be claimed in the tax year it was earned and the remaining 50% may be claimed in the next tax year.
3. The credit claimed in a tax year may not exceed 50% of the taxpayer's remaining tax liability after all other credits have been applied.
4. Any unused credit may be carried over to the immediately succeeding taxable years, except that the credit carry-over may not be used for a taxable year that begins more than 10 years from the year the credit was earned.
5. The credit amounts and credit limits must be phased-in over 5 years in equal and cumulative installments.
6. The table below provides an example of one potential preceptor scenario as it relates to the tax credit provision.

PRECEPTOR TYPE	PAYER MIX	# ELIGIBLE ROTATIONS	TAX YEAR	TAX CREDIT earned per # rotations	AMOUNT ALLOWED ON TAX FILING (50% taken in Year 1)	AMOUNT ALLOWED ON TAX FILING (50% taken in Year 2)	% Applied per Rollout	TOTAL AMOUNT ALLOWED ON TAX FILING
MD	>=50%	5	2020	\$4000	\$400		20%	\$400
		4	2021	\$4000	\$800	\$400	40%	\$1200
		3	2022	\$3000	\$900	\$800	60%	\$1700
		4	2023	\$4000	\$1600	\$900	80%	\$2500
		3	2024	\$3000	\$1500	\$1600	100%	\$3100
		5	2025	\$4000	\$2000	\$1500		\$3500
							\$2000	