



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0163: Provide for health care preceptor individual income tax credit**

Primary Sponsor: **Ken Walsh**

Status: **As Introduced**

☐ Included in the Executive Budget

☐ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☐ Technical Concerns

☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	(\$1,000,000)	(\$1,100,000)	(\$1,200,000)
Net Impact	<u>\$0</u>	<u>(\$1,000,000)</u>	<u>(\$1,100,000)</u>	<u>(\$1,200,000)</u>
General Fund Balance				

Description of fiscal impact

HB 163 creates a nonrefundable personal income tax credit for serving as a preceptor in Montana. The proposed credit will reduce general fund revenue by \$1,000,000 in FY 2027, \$1,100,000 in FY 2028, and \$1,200,000 in FY 2029.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. HB 163 creates a personal income tax credit for taxpayers serving as a preceptor of a student enrolled in an eligible health care training program in the state. The credit is first available starting TY 2026 (FY 2027).
2. The proposed credit is \$1,000 for each eligible clinical rotation. The maximum credit amount each taxpayer can claim is \$5,000 each tax year. The credit is nonrefundable and cannot be carried forward or back.
3. The taxpayer cannot claim the proposed credit if they received compensation in any form for serving as a preceptor during the tax year.
4. The definition of a preceptor used for the credit includes the following occupations: advanced practice registered nurses, physicians, osteopathic physicians, physician assistants, psychologists, counselors, behavioral therapists, pharmacists, physical therapists, occupational therapists, speech therapists, or mental health providers.
5. Based on information provided by the Montana Office of Rural Health and Montana Department of Labor and Industry, there are at least 840 physician and nursing preceptors currently in the state.
6. Based on information provided by professionals in the state, and similar credits in other states, it is assumed that 500 taxpayers will claim the credit in TY 2026 (FY 2027).
7. It is assumed the number of preceptors claiming the credit will increase by 50 each year, reaching 550 in TY 2027 (FY 2028) and 600 in TY 2028 (FY 2029).

8. Based on other state credit usage, and average tax liabilities of Montana residents, it is assumed that the average usable credit claimed by each taxpayer will be \$2,000 each year.
9. Based on an average credit of \$2,000, and 500 taxpayers claiming the credit, it is assumed that \$1,000,000 (500 X \$2,000) credits will be claimed in TY 2026 (FY 2027).
10. For TY 2027 (FY 2028) and TY 2028 (FY 2029), it is assumed that \$1,100,000 (550 X \$2,000) and \$1,200,000 (600 X \$2,000) in credits will be claimed each year, respectively.
11. As the number of credits that can be used will depend on the number of rotations performed each year, it is assumed that taxpayers claiming the credit will not adjust their withholding or estimated payment amounts as a result of the credit.
12. With no changes in estimated payments, or withholdings, the \$1,000,000 in credits for TY 2026 (FY 2027) will reduce general fund revenue when taxpayers file their returns in FY 2027. General fund revenue will be reduced by \$1,100,000 in FY 2028 and \$1,200,000 in FY 2029.
13. The changes made by HB 163 can be made as part of the DOR annual change processes. The department does not expect to incur any significant additional costs because of this bill.

Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
General Fund (01)	\$0	(\$1,000,000)	(\$1,100,000)	(\$1,200,000)
TOTAL Revenues	\$0	(\$1,000,000)	(\$1,100,000)	(\$1,200,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$0	(\$1,000,000)	(\$1,100,000)	(\$1,200,000)



Sponsor's Initials

Date



Budget Director's Initials

1/17/2025

Date