



[HF 2017](#) – Nurse Preceptor Tax Credit (LSB5138YH)
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Fiscal Note Version – New

Description

[House File 2017](#) creates an Advanced Registered Nurse Practitioner Preceptor Tax Credit. The Bill does the following:

- Creates an individual income tax credit for nurse preceptors equal to \$500 per clinical preceptorship where a minimum of 100 hours of clinical learning experience is provided, not to exceed \$2,000 in aggregate. To be eligible for the tax credit, the nurse preceptor is required to have at least one year of experience, among other qualifications.
- Does not allow the tax credit to be refundable, carried forward, or carried back.
- Defines “preceptor” as an advanced registered nurse practitioner who is currently licensed as a registered nurse under Iowa Code chapter [152](#) or [152E](#) and is licensed by the Board of Nursing (Board) as an advanced registered nurse practitioner.
- Defines “clinical preceptorship” as a mentoring experience under the direction of a nursing program where a preceptor is used to provide a clinical learning experience for a student who is a resident enrolled in the program.
- Requires the preceptor to document the clinical preceptorship.
- Requires the Iowa Department of Revenue (IDR) to adopt rules to administer the Bill.

The Bill is effective with tax years beginning on or after January 1, 2025.

Background

Iowa Administrative Code section [655.2](#) details rules for nursing education programs in Iowa, including preceptorships. Numerous college programs in Iowa employ preceptors to train and supervise student candidates in nursing and other fields of study. The Board approves nursing education programs preparing registered nurse and practical nurse candidates and all advanced formal academic nursing education programs. The Board’s [2022 Annual Report](#) documents 1,072 current faculty across all nursing education programs, with 80 vacancies.

Assumptions

- The \$2,000 cap on the tax credit applies to a tax year, and there is no lifetime cap on qualifying nurse practitioner preceptors accessing the tax credit.
- The tax credit will only be claimed against the individual income tax credit.
- Each tax credit recipient will claim an average credit of \$1,800 each tax year.
- With potentially 1,000 to 1,200 eligible nurse practitioner preceptors in Iowa, approximately 1,100 of them use the tax credit on an annual basis.
- Since tax year (TY) 2025 will be the first year the tax credit is available, the first fiscal impacts will take place beginning in FY 2026.
- The Bill affects both resident and nonresident individual income taxpayers.
- The [income surtax for schools](#) is a local option tax that is based on a taxpayer’s Iowa income tax liability. Law changes that lower Iowa income tax liability also lower the amount of income surtax owed by any taxpayer subject to the surtax. For this projection, the surtax is assumed to equal 2.5% of State individual income tax liability.

Fiscal Impact

House File 2017 will decrease revenue to the General Fund by \$1.9 million annually beginning in FY 2026. The Bill will also decrease the income surtax to local governments by \$48,000 annually beginning in FY 2026.

Sources

Iowa Board of Nursing
Iowa Department of Revenue
Legislative Services Agency analysis

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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