

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2026 session

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	156,187	0	0	0	156,187
FY2027-2028	54,100	0	0	0	54,100
FY2028-2029	55,700	0	0	0	55,700
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	(860,000)	0	0	0	(860,000)
FY2028-2029	(920,000)	0	0	0	(920,000)

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 305 establishes the Preceptorship Tax Credit Act.

For taxable years beginning on or after January 1, 2026, a licensed physician participating as a preceptor in a preceptorship program shall be eligible for a nonrefundable income tax credit. The credit shall be in an amount equal to \$1,000 for each rotation completed by the licensed physician without compensation as a preceptor in a preceptorship program, provided that each rotation consists of at least 80 or more hours of clinical training. The maximum allowable amount of the credit in any single taxable year for any single licensed physician is \$5,000.

The Department of Revenue (DOR) may approve up to \$1 million in credits under the Act in any single fiscal year. Priority for approval of credits under the Act shall be given to licensed physicians who participated as a preceptor in a preceptorship program in a rural location. Once credits have reached the annual limit for any fiscal year, no additional credits shall be allowed for such fiscal year.

Credits shall be prorated among the credit requests received on the day the annual limit is exceeded. A credit allowed under the Act shall not be transferred, sold, or assigned.

The DOR may adopt and promulgate rules and regulations to carry out the Act.

The DOR estimates the following General Fund revenue decreases as a result of the bill:

- FY28: (\$680,000)
- FY29: (\$920,000)
- FY30: (\$1,000,000)

The DOR estimates a one-time programming charge of \$98,687 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill. There is no basis to disagree with this estimate.

Additionally, the DOR estimates a need for a Revenue Operations Clerk II as a result of this bill, except the DOR does not assume any salary or benefits increases for FY26-27 for the additional personnel needed pursuant to this bill's provisions. Without increases in salary and benefits for the additional personnel, the DOR would absorb costs connected to these increases.

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:				
Approved by: James R. Kamm				Date Prepared: 12/02/2025		Phone: 471-5896		
	<u>FY 2026-2027</u>			<u>FY 2027-2028</u>			<u>FY 2028-2029</u>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$156,187	\$ 0		\$54,100	\$ (680,000)		\$55,700	\$ (920,000)
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$156,187	\$ 0		\$54,100	\$ (\$680,000)		\$55,700	\$ (\$920,000)

LB 305 adopts the Preceptorship Tax Credit Act (Act), which allows a nonrefundable income tax credit to licensed physicians who participate as a preceptor in a preceptorship program for tax years beginning on or after January 1, 2026. The credit shall be equal to \$1,000, with a maximum credit of \$5,000 in any single tax year, for each rotation of 80 or more hours of clinical training completed by the licensed physician without compensation as a preceptor in the preceptorship program. The credit cannot be transferred, sold, or assigned.

The Act defines a licensed physician as a person licensed to practice medicine under the Medicine and Surgery Practice Act. Preceptor means a licensed physician that meets the qualifications of the preceptorship program and participates in such program. Preceptorship program means an organized system of clinical experience that, for the purposes of attaining specified learning objectives, pairs an enrolled student at an accredited medical school in the state with the preceptor.

The licensed physician must apply to the Department of Revenue (DOR) for tax credits. The application must include (a) an affidavit verifying that the licensed physician served without compensation as a preceptor in a preceptorship program and met all other requirements set forth in the Act for claiming the credit; and (b) any other document required by the DOR. If the application is complete and the licensed physical qualifies, the DOR may approve tax credits under the Act up to the annual limit and certify the approved credits.

The annual limit is \$1 million in tax credits in any single fiscal year. Priority must be given to licensed physicians who participated as a preceptor in a program in a rural location, which is defined as a county with less than 100,000 residents. Once credits reach the annual limit, no additional credits are allowed for such fiscal year. Credits must be prorated among the credit requests received on the day the annual limit is reached.

DOR may adopt rules and regulations to carry out the Act.

Major Objects of Expenditure

Class Code	Classification Title	26-27 FTE	27-28 FTE	28-29 FTE	26-27 Expenditures	27-28 Expenditures	28-29 Expenditures
S29112	Revenue Op Clerk II	1.0	1.0	1.0	\$39,500	\$40,700	\$41,900
Benefits.....					\$13,000	\$13,400	\$13,800
Operating Costs.....					\$98,687		
Travel.....							
Capital Outlay.....					\$5,000	\$0	\$0
Capital Improvements.....							
Total.....					\$156,187	\$54,100	\$55,700

The estimated total reduction to the General Fund revenues would be as follows:

Fiscal Year	General Fund Revenues
FY27-28	\$ (680,000)
FY28-29	\$ (920,000)
FY29-30	\$ (1,000,000)

The Department will need to hire 1.0 FTE Revenue Operations Analyst II to implement the bill.

This bill requires a one-time ICIO programming cost of \$98,687 to add a line to Form 1040N.

It is assumed that LB 305 becomes operative on January 1, 2027.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 305	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 12/16/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 305.		