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By: **Delegates Hixson, Busch, Franchot, and Hurson**  
Introduced and read first time: March 5, 2004  
Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Services Donated by Health Care Professionals**

3 FOR the purpose of allowing a credit against the State income tax for certain health  
4 care professionals who donate services to certain organizations providing health  
5 care services to low-income individuals on a certain basis; allowing certain  
6 community health organizations or local health departments to submit  
7 proposals to the Department of Health and Mental Hygiene for allocation of the  
8 available credit for approved programs; allowing a community health  
9 organization or local health department to assign the tax credit allocated to the  
10 organization's or department's program to certain health care professionals who  
11 donate services to the community health organization's or local health  
12 department's approved program; requiring the Department to certify to the  
13 State Comptroller the applicability of the credit for each health care  
14 professional; limiting the total available credit that may be allocated for each  
15 taxable year; requiring the Department to adopt certain regulations; defining  
16 certain terms; requiring a certain study to be done and provided to certain  
17 committees of the General Assembly on or before a certain date; providing for  
18 the application of this Act; providing for the termination of this Act; and  
19 generally relating to a credit against the State income tax for certain health care  
20 professionals who donate services to certain organizations and health  
21 departments providing health care services to low-income individuals.

22 BY adding to  
23 Article - Tax - General  
24 Section 10-725  
25 Annotated Code of Maryland  
26 (1997 Replacement Volume and 2003 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
28 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-725.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.5 (2) "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL, REGIONAL,  
6 OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER §  
7 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS ORGANIZED IN WHOLE OR IN  
8 PART TO PROVIDE HEALTH CARE SERVICES TO LOW-INCOME INDIVIDUALS WITHOUT  
9 CHARGE OR FOR A REDUCED CHARGE.10 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND MENTAL  
11 HYGIENE.12 (4) "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL PROVIDING  
13 HEALTH CARE SERVICES WHO IS LICENSED, CERTIFIED, OR OTHERWISE  
14 AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE AS ONE OF THE  
15 FOLLOWING:16 (I) AN AUDIOLOGIST, HEARING AID DISPENSER, OR  
17 SPEECH-LANGUAGE PATHOLOGIST;

18 (II) A DENTIST;

19 (III) A NURSE;

20 (IV) AN OPTOMETRIST;

21 (V) A PHYSICAL THERAPIST;

22 (VI) A PHYSICIAN;

23 (VII) A PHYSICIAN'S ASSISTANT; OR

24 (VIII) A SOCIAL WORKER.

25 (B) (1) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
26 DEPARTMENT MAY SUBMIT A PROPOSAL TO THE DEPARTMENT REQUESTING AN  
27 ALLOCATION OF TAX CREDITS FOR USE BY HEALTH CARE PROFESSIONALS  
28 DONATING SERVICES TO THE COMMUNITY HEALTH ORGANIZATION OR LOCAL  
29 HEALTH DEPARTMENT.

30 (2) THE PROPOSAL SHALL SET FORTH:

31 (I) THE PROGRAM CONDUCTED OR TO BE CONDUCTED BY THE  
32 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT;

33 (II) THE LOW-INCOME POPULATION TO BE ASSISTED;

1 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE  
2 PROGRAM; AND

3 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

4 (C) IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A  
5 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT UNDER THIS  
6 SECTION, THE COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
7 DEPARTMENT MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO THE  
8 PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO DONATE  
9 SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

10 (D) (1) A HEALTH CARE PROFESSIONAL MAY CLAIM A CREDIT AGAINST THE  
11 STATE INCOME TAX IN AN AMOUNT EQUAL TO THE LESSER OF:

12 (I) 25% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY  
13 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY  
14 HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT FOR PROGRAMS  
15 APPROVED UNDER THIS SECTION; OR

16 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE  
17 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT TO THE  
18 HEALTH CARE PROFESSIONAL FOR THE TAXABLE YEAR.

19 (2) THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A HEALTH  
20 CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
21 DEPARTMENT TAKEN INTO ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER  
22 THIS SECTION MAY NOT EXCEED THE LESSER OF:

23 (I) THE REASONABLE COST FOR SIMILAR SERVICES FROM OTHER  
24 PROVIDERS; OR

25 (II) \$50 PER HOUR OF TIME DONATED BY THE HEALTH CARE  
26 PROFESSIONAL.

27 (3) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
28 DEPARTMENT MAY NOT ASSIGN A CREDIT TO A HEALTH CARE PROFESSIONAL UNDER  
29 THIS SECTION IF THE TOTAL VALUE OF HEALTH CARE SERVICES DONATED BY THE  
30 HEALTH CARE PROFESSIONAL TO THE COMMUNITY HEALTH ORGANIZATION OR  
31 LOCAL HEALTH DEPARTMENT DURING THE TAXABLE YEAR IS LESS THAN \$5,000.

32 (4) (I) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS  
33 SECTION TO ANY HEALTH CARE PROFESSIONAL MAY NOT EXCEED THE LESSER OF:

34 1. THE STATE INCOME TAX IMPOSED FOR THE TAXABLE  
35 YEAR, DETERMINED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER  
36 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER THE  
37 APPLICATION OF ANY OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE; OR

38 2. \$500.

1 (II) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR  
2 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

3 (E) THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY  
4 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY  
5 NOT EXCEED \$250,000.

6 (F) THE DEPARTMENT SHALL CERTIFY TO THE STATE COMPTROLLER THE  
7 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH  
8 CARE PROFESSIONAL.

9 (G) (1) THE DEPARTMENT, IN CONSULTATION WITH THE STATE  
10 COMPTROLLER, SHALL ADOPT REGULATIONS TO IMPLEMENT THE TAX CREDIT  
11 UNDER THIS SECTION.

12 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
13 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS  
14 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL  
15 HEALTH DEPARTMENTS AND FOR DETERMINING THE VALUE OF THE DONATIONS.

16 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH  
17 SHALL:

18 1. INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE  
19 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
20 DEPARTMENT AS A PREREQUISITE FOR APPROVAL; AND

21 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE  
22 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS  
23 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS AND LOCAL HEALTH  
24 DEPARTMENTS.

25 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
26 Health and Mental Hygiene, in consultation with the State Comptroller, shall  
27 evaluate the effectiveness of the tax credit provided under this Act. The Department  
28 shall include in this study the number of community health organizations and local  
29 health departments that receive tax credits to be assigned to health care  
30 professionals, the number and occupations of health care professionals that are  
31 assigned credits, and the amount of credits granted. Subject to § 2-1246 of the State  
32 Government Article, the Department shall report its findings to the Senate Budget  
33 and Taxation Committee and the House Committee on Ways and Means on or before  
34 November 1, 2006.

35 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be  
36 applicable to all taxable years beginning after December 31, 2003, but before January  
37 1, 2007.

38 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
39 July 1, 2004. It shall remain effective for a period of 3 years and, at the end of June

1 30, 2007, with no further action required by the General Assembly, this Act shall be  
2 abrogated and of no further force and effect.