

HOUSE BILL 668

Q3, J1

4lr0129

By: Chair, Health and Government Operations Committee (By Request –
Departmental – Health and Mental Hygiene)

Introduced and read first time: January 31, 2014

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Health Enterprise Zones – Modifications**

3 FOR the purpose of allowing certain Health Enterprise Zone employers a credit, in a
4 certain amount, against the State income tax for hiring a qualified position in a
5 Health Enterprise Zone; requiring the employer to create a certain number of
6 jobs during a certain time period; requiring the Comptroller to certify the
7 applicability of the credit for each employer; defining a certain term; extending
8 the applicability of certain income tax credits to a certain taxable year;
9 extending the termination date of a certain Act to a certain date; and generally
10 relating to income tax credits for certain initiatives within certain Health
11 Enterprise Zones.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–731
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2013 Supplement)

17 BY repealing and reenacting, with amendments,
18 Chapter 3 of the Acts of the General Assembly of 2012
19 Section 5 and 6

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

22 **Article – Tax – General**

23 10–731.

24 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(3) "Fund" means the Health Enterprise Zone Reserve Fund established under § 20-1406 of the Health – General Article.

(4) "Health Enterprise Zone" has the meaning stated in § 20-1401 of the Health – General Article.

7 (5) "HEALTH ENTERPRISE ZONE EMPLOYER" MEANS A HEALTH
8 ENTERPRISE ZONE PRACTITIONER, A FOR-PROFIT ENTITY, OR A NONPROFIT
9 ENTITY THAT EMPLOYS QUALIFIED EMPLOYEES AND PROVIDES HEALTH CARE
10 SERVICES IN A HEALTH ENTERPRISE ZONE.

11 **[(5)] (6)** “Health Enterprise Zone practitioner” has the meaning
12 stated in § 20–1401 of the Health – General Article.

13 **(6) (7)** “Qualified employee” means a Health Enterprise Zone
14 practitioner, community health worker, or interpreter who:

15 (i) provides direct support to a Health Enterprise Zone
16 practitioner; and

17 (ii) expands access to services in a Health Enterprise Zone.

18 [7] (8) (i) "Qualified position" means a qualified employee
19 position that:

20 1. pays at least 150% of the federal minimum wage;

4. is newly created as a result of the estate

(ii) Qualified position does not include a position that is filled for a period of less than 12 months.

(b) A Health Enterprise Zone practitioner who practices health care in a Health Enterprise Zone may be eligible for a tax credit against the State income tax in

1 accordance with a proposal approved by the Secretary of Health and Mental Hygiene,
2 if the individual:

3 (1) demonstrates competency in cultural, linguistic, and health
4 literacy in a manner determined by the Department;

5 (2) accepts and provides care for patients enrolled in the Maryland
6 Medical Assistance Program and for uninsured patients; and

7 (3) meets any other criteria established by the Department.

8 (c) (1) A nonprofit community-based organization or a local government
9 agency that submits a proposal to the Department and the Community Health
10 Resources Commission under Title 20, Subtitle 14 of the Health – General Article may
11 also submit to the Department a request for certification of eligibility for certain
12 income tax credits on behalf of a Health Enterprise Zone practitioner practicing or
13 seeking to practice in a Health Enterprise Zone.

14 (2) The proposal shall meet the requirements specified under Title 20,
15 Subtitle 14 of the Health – General Article.

16 (d) (1) If the Department approves a request for certification submitted
17 under this section, a Health Enterprise Zone practitioner may claim a credit against
18 the State income tax in an amount equal to 100% of the amount of the State income
19 tax expected to be due from the Health Enterprise Zone practitioner from income to be
20 derived from practice in the Health Enterprise Zone, as certified by the Department
21 for the taxable year.

22 (2) (i) [In addition to the State income tax credit provided under
23 paragraph (1) of this subsection, a] A Health Enterprise Zone [practitioner]
24 EMPLOYER may claim a refundable credit of \$10,000 against the State income tax for
25 hiring for a qualified position in the Health Enterprise Zone, as certified by the
26 Department for the taxable year.

27 (ii) To be eligible for the credit provided under this paragraph, a
28 Health Enterprise Zone [practitioner] EMPLOYER may create one or more qualified
29 positions during any 24-month period.

30 (iii) The credit earned under this paragraph shall be taken over
31 a 24-month period, with one-half for the credit amount allowed each year beginning
32 with the first taxable year in which the credit is certified.

33 (iv) If the qualified position is filled for a period of less than 24
34 months, the tax credit shall be recaptured as follows:

1 1. the tax credit shall be recomputed and reduced on a
2 prorated basis, based on the period of time the position was filled, as determined by
3 the Department and reported to the Comptroller; and

4 2. the Health Enterprise Zone [practitioner] **EMPLOYER**
5 who received the tax credit shall repay any amount of the credit that may have
6 already been refunded to the [practitioner] **EMPLOYER** that exceeds the amount
7 recomputed by the Department in accordance with item 1 of this subparagraph.

8 (3) (i) To be certified as eligible for the credits provided under this
9 section, a Health Enterprise Zone practitioner **OR EMPLOYER** may apply for
10 certification through the nonprofit community-based organization or local government
11 that submits an approved proposal under Title 20, Subtitle 14 of the Health – General
12 Article.

13 (ii) 1. Eligibility for the certification for the credits provided
14 under this section is limited by availability of budgeted funds for that purpose, as
15 determined by the Department.

16 2. Certificates of eligibility shall be subject to approval
17 by the Department on a first-come, first-served basis, as determined by the
18 Department in its sole discretion.

19 (e) (1) The Department shall certify to the Comptroller the applicability
20 of the credit provided under **SUBSECTION (D)(1) OF** this section for each Health
21 Enterprise Zone practitioner and the amount of each credit assigned to a Health
22 Enterprise Zone practitioner, for each taxable year.

23 **(2) THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER
24 THE APPLICABILITY OF THE CREDIT PROVIDED UNDER SUBSECTION (D)(2) OF
25 THIS SECTION FOR EACH HEALTH ENTERPRISE ZONE EMPLOYER AND THE
26 AMOUNT OF EACH CREDIT ASSIGNED TO A HEALTH ENTERPRISE ZONE
27 EMPLOYER, FOR EACH TAXABLE YEAR.**

28 (f) The credits allowed under this section for a fiscal year may not exceed the
29 amount provided for in the State budget for that fiscal year.

30 (g) The Department, in consultation with the Comptroller, shall adopt
31 regulations to implement the tax credit under this section.

32 **Chapter 3 of the Acts of 2012**

33 SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
34 be applicable to all taxable years beginning after December 31, 2012, but before
35 January 1, [2016] **2017**.

1 SECTION 6. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
2 take effect July 1, 2012. It shall remain effective for a period of [4] 5 years and, at the
3 end of June 30, [2016] 2017, with no further action required by the General Assembly,
4 Section 1 of this Act shall be abrogated and of no further force and effect.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 June 1, 2014.