

Article - Tax - General

§10–731. IN EFFECT

// EFFECTIVE UNTIL JUNE 30, 2017 PER CHAPTER 417 OF 2014 //

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

(2) “Department” means the Department of Health and Mental Hygiene.

(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.

(5) “Health Enterprise Zone employer” means a Health Enterprise Zone practitioner, a for–profit entity, or a nonprofit entity that employs qualified employees and provides health care services in a Health Enterprise Zone.

(6) “Health Enterprise Zone practitioner” has the meaning stated in § 20–1401 of the Health – General Article.

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

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

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

(8) (i) “Qualified position” means a qualified employee position that:

1. pays at least 150% of the federal minimum wage;
2. is full time and of indefinite duration;
3. is located in a Health Enterprise Zone;
4. is newly created as a result of the establishment of, or expansion of services in, a Health Enterprise Zone; and

5. is filled.

(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 accordance with a proposal approved by the Secretary of Health and Mental Hygiene,

if the individual:

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

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

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

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

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

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

(2) (i) A Health Enterprise Zone employer may claim a refundable credit of \$10,000 against the State income tax for hiring for a qualified position in the Health Enterprise Zone, as certified by the Department for the taxable year.

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

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

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

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

2. the Health Enterprise Zone employer who received the tax credit shall repay any amount of the credit that may have already been refunded to the

employer that exceeds the amount recomputed by the Department in accordance with item 1 of this subparagraph.

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

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

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

(e) (1) The Department shall certify to the Comptroller the applicability of the credit provided under subsection (d)(1) of this section for each Health Enterprise Zone practitioner and the amount of each credit assigned to a Health Enterprise Zone practitioner, for each taxable year.

(2) The Department shall certify to the Comptroller the applicability of the credit provided under subsection (d)(2) of this section for each Health Enterprise Zone employer and the amount of each credit assigned to a Health Enterprise Zone employer, for each taxable year.

(f) When certifying applications for tax credits provided under subsection (d)(2) of this section, the Department, in consultation with the Commission, shall give special consideration to applicants that are community-based and serve the overall goals of the Health Enterprise Zone that the applicant is seeking to serve.

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

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