



Board of Physicians

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Damean W.E. Freas, D.O., Chair

January 20, 2021

The Honorable Guy Guzzone
Chair, Budget & Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401-1991

RE: SB 102– Income Tax – Credits for Preceptors in Areas With Health Care Workforce Shortages – Letter of Information

Dear Chair Guzzone:

The Maryland Board of Physicians (the “Board”) is submitting this Letter of Information for SB 102 Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages. This bill creates a nonrefundable credit against the State income tax for a licensed physician, physician’s assistant, or advanced practice registered nurse who serves without compensation as a community-based faculty clinician in an approved core clerkship. The Maryland Department of Health (MDH) may issue up to \$100,000 in tax credits in each tax year. The bill takes effect June 1, 2021, and applies to tax years beginning after December 31, 2021.

As introduced, the funding source for SB 102 is a fee increase of \$15 on physician assistant licensees. Pursuant to Health Occupations Article, §14-207 the Board is required to set reasonable fees for the issuance and renewal of licenses; and the fund “shall be used to exclusively cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the Board as provided by the provisions of this title.”

While the Board acknowledges that the Maryland Academy of Physician Assistants supports the increase in the licensing fee to support the proposed tax credit legislation, Board licensees are already subject to an assessment for the Maryland Health Care Commission (MHCC). The MHCC fee is a fee in addition to the Board’s licensure fee which leads applicants and licensees to believe that the Board has increased its fees and that the Board retains the fees collected. Proposals are introduced every legislative session to transfer the Board fund balance to the General Fund or a variety of programs. None of the existing assessments and potential transfers fulfill the statutory and regulatory duties of the Board. The Board is required to take the role of a collection service for other entities and programs. Additionally, the negative implication for the Board is that the collection of fees for other programs have the impact of inflating Board revenue even though the Board does not retain the funds.

Additionally, the Board has reduced fees, and was planning to make permanent reductions. The fee reductions will be offset by increases on fees, as proposed in SB 102. The Board fund should not be used to support programs outside of its mission.

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Thank you for your consideration of this information. If you have questions or need additional information, please contact Wynnee E. Hawk, 410-764-3786.

Sincerely,



Christine A. Farrelly
Executive Director

cc: Members of the Budget & Taxation Committee
Webster Ye, MDH

The opinion of the Board expressed in this document does not necessarily reflect that of the Maryland Department of Health or the Administration.