

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
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		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 9/5/2014

2. COMAR Codification

Title Subtitle Chapter Regulation

10 61 01 03, .05 and .06

3. Name of Promulgating Authority

Department of Health and Mental Hygiene

4. Name of Regulations Coordinator Telephone Number
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6. Check applicable items:
X- New Regulations

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Subtitle 61 HEALTH ENTERPRISE ZONE INITIATIVE

10.61.01 Health Enterprise Zone Tax Credits

Authority: Health-General Article, Title 20, Subtitle 14; Tax-General Article, §10-731, Annotated Code of Maryland

Notice of Proposed Action

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The Secretary of Health and Mental Hygiene proposes to amend Regulations .03 and .05 and adopt new Regulation .06 under COMAR 10.61.01 Health Enterprise Zone Tax Credits.

Statement of Purpose

The purpose of this action is to establish procedures for implementation of the hiring tax credit available to certain health enterprise zone employers in Health Enterprise Zones.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

Businesses located within a Health Enterprise Zone will be positively affected by the Health Enterprise Zone Tax Credit. The hiring tax credit will allow for-profit and non-profit entities to recruit and retain more healthcare providers in the Health Enterprise Zone to help eliminate health disparities. The tax credit may also encourage new healthcare businesses to open practices in the HEZ.

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:	(E+)	\$200,000
B. On other State agencies:	NONE	
C. On local governments:	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:	(+)	\$200,000
E. On other industries or trade groups:	NONE	

F. Direct and indirect effects on public: NONE

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A. The estimate of \$200,000 is derived from the approved budget requests submitted by the five Zones. The \$200,000 is a portion of the \$3.9M that has been awarded under the designations and is derived from the HEZ Reserve Fund, which is administered by the Maryland Community Health Resources Commission (CHRC).

D. The estimate of \$200,000 is derived from the approved budget requests submitted by the five Zones. The \$200,000 is a portion of the \$3.9M that has been awarded under the designations and is derived from the HEZ Reserve Fund, which is administered by the Maryland Community Health Resources Commission (CHRC).

Economic Impact on Small Businesses

The proposed action has a meaningful economic impact on small business. An analysis of this economic impact follows.

This legislation will positively impact small businesses by allowing them to access the hiring tax credits. Non-profits and healthcare entities will be able to apply for the HEZ hiring tax credit, allowing entities within the HEZ to take advantage of tax credits.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Michele Phinney, Director, Office of Regulation and Policy Coordination, Department of Health and Mental Hygiene, 201 West Preston Street, Room 512, Baltimore, MD 21201, or call 410-767-6499; TTY:800-735-2258, or email to dhmh.regs@maryland.gov, or fax to 410-767-6483. Comments will be accepted through October 6, 2014. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2015

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

Health Enterprise Zone Reserve Funds will be used.

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Small Business Worksheet:

Attached Document:

Title 10

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Subtitle 61 HEALTH ENTERPRISE ZONE INITIATIVE

10.61.01 Health Enterprise Zone Tax Credits

Authority: Health-General Article, Title 20, Subtitle 14; Tax-General Article, §10-731, Annotated Code of Maryland

10.61.01.03 (May 28, 2014)

.03 Definitions.

A. (text unchanged)

B. Terms Defined.

(1)—(3) (text unchanged)

(4) *“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.*

[(4)] (5) (text unchanged)

(6) *“Hiring tax credit” means the Health Enterprise Zone tax credit set forth under Tax-General Article, §10-731(d)(2), Annotated Code of Maryland.*

[(5)] (7)—[(6)] (8) (text unchanged)

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

(a) *Provides direct support to a Health Enterprise Zone practitioner; and*

(b) *Expands access to services in a Health Enterprise Zone.*

(10) *Qualified Position.*

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

(i) *Pays at least 150 percent of the federal minimum wage;*

(ii) *Is full time and of indefinite duration;*

(iii) *Is located in a Health Enterprise Zone;*

(iv) *Is newly created as a result of the establishment of, or expansion of services in, a Health Enterprise Zone; and*

(v) *Is filled.*

(b) *“Qualified position” does not include a position that is filled for a period of less than 12 months.*

.05 Verification and Audit of Income Tax Credits and Hiring Tax Credits.

A. The Department may:

(1) Request from [a] *an HEZ practitioner or employer* additional information to verify statements in preliminary and final applications for the income tax credit *and the hiring tax credit*; and

(2) Use independent verification to verify information reported on a preliminary or final application for an income tax credit *or a hiring tax credit*.

B. (text unchanged)

.06 Hiring Tax Credits.

A. The hiring tax credit is a refundable credit of \$10,000 against the State income tax for hiring for a qualified position in a Health Enterprise Zone by a Health Enterprise Zone employer.

B. A Health Enterprise Zone employer may be eligible for an hiring tax credit available under Tax-General Article, §10-731, Annotated Code of Maryland, if the Health Enterprise Zone employer:

(1) Creates one or more qualified positions during any 24-month period;

(2) Demonstrates support from the Health Enterprise Zone in which the Health Enterprise Zone employer is operating in the form and manner specified by the Department; and

(3) Meets any other criteria specified in applicable tax forms by the Department.

C. Certification for Hiring Tax Credit.

(1) To be certified as preliminarily eligible to receive the hiring tax credit, a Health Enterprise Zone employer shall submit an application for preliminary certification to the Department on a form approved by the Department.

(2) To receive final certification of eligibility to receive the hiring tax credit, a Health Enterprise Zone employer shall:

(a) Have received preliminary certification; and

(b) Submit an application for final certification to the Department on a form approved by the Department.

(3) To claim the hiring tax credit, the Health Enterprise Zone employer shall:

(a) Claim the credit on an electronically filed original or amended Maryland income tax return;

(b) Include a copy of the final certification from the Department with the electronic return as a binary attachment; and

(c) Meet any other criteria specified in applicable tax forms by the Comptroller.

D. Conditions on Hiring Tax Credit.

(1) The hiring tax credit 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.

(2) If the qualified position is filled for a period of less than 24 months, the hiring tax credit shall be recaptured as set forth under Tax-General Article, §10-731(d)(2)(iv), Annotated Code of Maryland.

JOSHUA M. SHARFSTEIN, M.D.

Secretary of Health and Mental Hygiene