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By: **Delegates Hixson, Healey, C. Davis, Howard, Bozman, and Shriver**  
Introduced and read first time: February 11, 2000  
Assigned to: Ways and Means

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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 to submit proposals to the Department of  
7 Health and Mental Hygiene for allocation of the available credit for approved  
8 programs; allowing a community health organization to assign the tax credit  
9 allocated to the organization's program to certain health care professionals who  
10 donate services to the community health organization's approved program;  
11 requiring the Department to certify to the Comptroller the applicability of the  
12 credit for each health care professional; limiting the total available credit that  
13 may be allocated for each taxable year; requiring the Department to adopt  
14 certain regulations; defining certain terms; providing for the application of this  
15 Act; and generally relating to a credit against the State income tax for certain  
16 health care professionals who donate services to certain organizations providing  
17 health care services to low income individuals.

18 BY adding to  
19 Article - Tax - General  
20 Section 10-718  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume and 1999 Supplement)

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

25 **Article - Tax - General**

26 10-718.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
28 INDICATED.

1           (2)     "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL, REGIONAL,  
2 OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER §  
3 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS ORGANIZED IN WHOLE OR IN  
4 PART TO PROVIDE HEALTH CARE SERVICES TO LOW INCOME INDIVIDUALS WITHOUT  
5 CHARGE OR FOR A REDUCED CHARGE.

6           (3)     "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND MENTAL  
7 HYGIENE.

8           (4)     "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL WHO IS  
9 LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH  
10 OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE SERVICES.

11       (B)     (1)     A COMMUNITY HEALTH ORGANIZATION MAY SUBMIT A PROPOSAL TO  
12 THE DEPARTMENT REQUESTING AN ALLOCATION OF TAX CREDITS FOR USE BY  
13 HEALTH CARE PROFESSIONALS DONATING THEIR SERVICES TO THE COMMUNITY  
14 HEALTH ORGANIZATION.

15           (2)     THE PROPOSAL SHALL SET FORTH:

16                   (I)     THE PROGRAM CONDUCTED OR TO BE CONDUCTED BY THE  
17 COMMUNITY HEALTH ORGANIZATION;

18                   (II)    THE LOW INCOME POPULATION TO BE ASSISTED;

19                   (III)   THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE  
20 PROGRAM; AND

21                   (IV)   THE PLANS FOR IMPLEMENTING THE PROGRAM.

22       (C)     (1)     IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A  
23 COMMUNITY HEALTH ORGANIZATION UNDER THIS SECTION, THE COMMUNITY  
24 HEALTH ORGANIZATION MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO  
25 THE PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO  
26 DONATE THEIR SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

27           (2)     WITH THE APPROVAL OF THE DEPARTMENT, A COMMUNITY HEALTH  
28 ORGANIZATION MAY TRANSFER AN ALLOCATION OF TAX CREDITS TO ANOTHER  
29 COMMUNITY HEALTH ORGANIZATION.

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

32                   (I)     45% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY  
33 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY  
34 HEALTH ORGANIZATION FOR PROGRAMS APPROVED UNDER THIS SECTION; OR

35                   (II)    THE AMOUNT OF TAX CREDIT ASSIGNED BY THE COMMUNITY  
36 HEALTH ORGANIZATION TO THE HEALTH CARE PROFESSIONAL FOR THE TAXABLE  
37 YEAR.

1           (2)     THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A HEALTH  
2 CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION TAKEN INTO  
3 ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER THIS SECTION:

4           (I)     SHALL BE AGREED UPON BETWEEN THE COMMUNITY HEALTH  
5 ORGANIZATION AND THE HEALTH CARE PROFESSIONAL SERVICES BEFORE THE  
6 SERVICES ARE PROVIDED; AND

7           (II)    MAY NOT EXCEED THE LESSER OF:

8                     1.     THE REASONABLE COST FOR SIMILAR SERVICES FROM  
9 OTHER PROVIDERS; OR

10                    2.     \$125 PER HOUR OF TIME DONATED BY THE HEALTH CARE  
11 PROFESSIONAL.

12           (3)     A COMMUNITY HEALTH ORGANIZATION MAY NOT ASSIGN A CREDIT  
13 TO A HEALTH CARE PROFESSIONAL UNDER THIS SECTION IF THE TOTAL VALUE OF  
14 HEALTH CARE SERVICES DONATED BY THE HEALTH CARE PROFESSIONAL TO THE  
15 COMMUNITY HEALTH ORGANIZATION DURING THE TAXABLE YEAR IS LESS THAN  
16 \$1,000.

17           (4)     FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS  
18 SECTION TO ANY HEALTH CARE PROFESSIONAL MAY NOT EXCEED \$175,000.

19           (E)     THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE  
20 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH  
21 CARE PROFESSIONAL.

22           (F)     THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY  
23 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY  
24 NOT EXCEED \$5,000,000.

25           (G)     (1)     THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THE  
26 TAX CREDIT UNDER THIS SECTION.

27                     (2)     (I)     THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
28 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS  
29 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS AND FOR  
30 DETERMINING THE VALUE OF THE DONATIONS.

31                     (II)    THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH  
32 SHALL:

33                             1.     INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE  
34 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION AS A PREREQUISITE FOR  
35 APPROVAL;

