

HOUSE BILL 292

Unofficial Copy
Q3
HB 1053/00 - W&M

2001 Regular Session
11r0600

By: **Delegates Hixson, Busch, Franchot, R. Baker, W. Baker, Barkley, Bronrott, DeCarlo, Donoghue, Finifter, Glassman, Guns, Hecht, Harrison, Heller, Hubbard, Hubers, A. Jones, V. Jones, Klausmeier, Kopp, Mandel, Marriott, Mohorovic, Morhaim, Parrott, Pendergrass, Patterson, Petzold, Pitkin, Riley, Sher, Sophocleus, Shriver, Turner, Walkup, and Zirkin**

Introduced and read first time: January 26, 2001
Assigned to: Ways and Means

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; requiring a certain study to be done
15 and provided to certain committees of the General Assembly on or before a
16 certain date; providing for the application and termination of this Act; and
17 generally relating to a credit against the State income tax for certain health care
18 professionals who donate services to certain organizations providing health care
19 services to low income individuals.

20 BY adding to
21 Article - Tax - General
22 Section 10-722
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 2000 Supplement)

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

Article - Tax - General

10-722.

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

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

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

(4) "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL PROVIDING
HEALTH CARE SERVICES WHO IS LICENSED, CERTIFIED, OR OTHERWISE
AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE AS ONE OF THE
FOLLOWING:

(I) AN AUDIOLOGIST, HEARING AID DISPENSER, OR
SPEECH-LANGUAGE PATHOLOGIST;

(II) A DENTIST;

(III) A NURSE;

(IV) AN OPTOMETRIST;

(V) A PHYSICAL THERAPIST;

(VI) A PHYSICIAN;

(VII) A PHYSICIAN'S ASSISTANT; OR

(VIII) A SOCIAL WORKER.

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

(2) THE PROPOSAL SHALL SET FORTH:

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

(II) THE LOW INCOME POPULATION TO BE ASSISTED;

1 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE
2 PROGRAM; AND

3 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

4 (C) IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A
5 COMMUNITY HEALTH ORGANIZATION UNDER THIS SECTION, THE COMMUNITY
6 HEALTH ORGANIZATION MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO
7 THE PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO
8 DONATE THEIR SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

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

11 (I) 35% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY
12 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY
13 HEALTH ORGANIZATION FOR PROGRAMS APPROVED UNDER THIS SECTION; OR

14 (II) THE AMOUNT OF TAX CREDIT ASSIGNED BY THE COMMUNITY
15 HEALTH ORGANIZATION TO THE HEALTH CARE PROFESSIONAL FOR THE TAXABLE
16 YEAR.

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

20 (I) SHALL BE AGREED UPON BETWEEN THE COMMUNITY HEALTH
21 ORGANIZATION AND THE HEALTH CARE PROFESSIONAL BEFORE THE SERVICES ARE
22 PROVIDED; AND

23 (II) MAY NOT EXCEED THE LESSER OF:

24 1. THE REASONABLE COST FOR SIMILAR SERVICES FROM
25 OTHER PROVIDERS; OR

26 2. \$100 PER HOUR OF TIME DONATED BY THE HEALTH CARE
27 PROFESSIONAL.

28 (3) A COMMUNITY HEALTH ORGANIZATION MAY NOT ASSIGN A CREDIT
29 TO A HEALTH CARE PROFESSIONAL UNDER THIS SECTION IF THE TOTAL VALUE OF
30 HEALTH CARE SERVICES DONATED BY THE HEALTH CARE PROFESSIONAL TO THE
31 COMMUNITY HEALTH ORGANIZATION DURING THE TAXABLE YEAR IS LESS THAN
32 \$3,000.

33 (4) (I) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
34 SECTION TO ANY HEALTH CARE PROFESSIONAL MAY NOT EXCEED THE LESSER OF:

35 1. THE STATE INCOME TAX IMPOSED FOR THE TAXABLE
36 YEAR, DETERMINED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER

1 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER THE
2 APPLICATION OF ANY OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE; OR

3 2. \$75,000.

4 (II) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR
5 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

6 (E) THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY
7 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY
8 NOT EXCEED \$3,000,000.

9 (F) THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE
10 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH
11 CARE PROFESSIONAL.

12 (G) (1) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,
13 SHALL ADOPT REGULATIONS TO IMPLEMENT THE TAX CREDIT UNDER THIS SECTION.

14 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
15 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS
16 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS AND FOR
17 DETERMINING THE VALUE OF THE DONATIONS.

18 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH
19 SHALL:

20 1. INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE
21 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION AS A PREREQUISITE FOR
22 APPROVAL;

23 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE
24 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS
25 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS; AND

26 3. PROVIDE THAT AT LEAST 10% OF THE AVAILABLE
27 AMOUNT OF TAX CREDITS EACH YEAR SHALL BE ALLOCATED TO QUALIFIED
28 PROGRAMS PROPOSED BY COMMUNITY HEALTH ORGANIZATIONS NOT RECEIVING
29 ALLOCATIONS IN THE PRECEDING YEAR, UNLESS THE AMOUNT REQUESTED BY
30 COMMUNITY HEALTH ORGANIZATIONS NOT RECEIVING ALLOCATIONS IN THE
31 PRECEDING YEAR IS LESS THAN 10% OF THE AVAILABLE AMOUNT FOR THE YEAR.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
33 Health and Mental Hygiene, in consultation with the Comptroller of the Treasury,
34 shall evaluate the effectiveness of the tax credit provided under this Act. The
35 Department shall include in this study the number of community health
36 organizations that receive tax credits to be assigned to health care professionals, the
37 number and occupations of health care professionals that are assigned credits, and
38 the amount of credits granted. Subject to § 2-1246 of the State Government Article,
39 the Department shall report its findings to the Senate Budget and Taxation

1 Committee and the House Committee on Ways and Means on or before November 1,
2 2005.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain
4 effective for 5 years and, at the end of June 30, 2006, with no further action required
5 by the General Assembly, this Act shall be abrogated and of no further force and
6 effect.

7 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,
9 2000 but before January 1, 2006.