

HOUSE BILL 292

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Q3  
HB 1053/00 - W&M

2001 Regular Session  
11r0600

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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 ~~Zirkin, Bartlett, Bohanan, Bozman, Carlson, Cryor, C. Davis, Greenip, Healey, Howard, McKee, Phillips, Ports, Rosso, Rudolph, and Rzepkowski~~**

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

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 20, 2001

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CHAPTER \_\_\_\_\_

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

1 BY adding to  
2 Article - Tax - General  
3 Section 10-722  
4 Annotated Code of Maryland  
5 (1997 Replacement Volume and 2000 Supplement)

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

8 **Article - Tax - General**

9 10-722.

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

12 (2) "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL, REGIONAL,  
13 OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER §  
14 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS ORGANIZED IN WHOLE OR IN  
15 PART TO PROVIDE HEALTH CARE SERVICES TO LOW INCOME INDIVIDUALS WITHOUT  
16 CHARGE OR FOR A REDUCED CHARGE.

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

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

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

25 (II) A DENTIST;

26 (III) A NURSE;

27 (IV) AN OPTOMETRIST;

28 (V) A PHYSICAL THERAPIST;

29 (VI) A PHYSICIAN;

30 (VII) A PHYSICIAN'S ASSISTANT; OR

31 (VIII) A SOCIAL WORKER.

32 (B) (1) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
33 DEPARTMENT MAY SUBMIT A PROPOSAL TO THE DEPARTMENT REQUESTING AN  
34 ALLOCATION OF TAX CREDITS FOR USE BY HEALTH CARE PROFESSIONALS

1 DONATING THEIR SERVICES TO THE COMMUNITY HEALTH ORGANIZATION OR LOCAL  
 2 HEALTH DEPARTMENT.

3 (2) THE PROPOSAL SHALL SET FORTH:

4 (I) THE PROGRAM CONDUCTED OR TO BE CONDUCTED BY THE  
 5 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT;

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

7 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE  
 8 PROGRAM; AND

9 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

10 (C) IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A  
 11 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT UNDER THIS  
 12 SECTION, THE COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
 13 DEPARTMENT MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO THE  
 14 PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO DONATE  
 15 THEIR SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

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

18 (I) 35% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY  
 19 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY  
 20 HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT FOR PROGRAMS  
 21 APPROVED UNDER THIS SECTION; OR

22 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE  
 23 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT TO THE  
 24 HEALTH CARE PROFESSIONAL FOR THE TAXABLE YEAR.

25 (2) THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A HEALTH  
 26 CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
 27 DEPARTMENT TAKEN INTO ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER  
 28 THIS SECTION:

29 ~~(I) SHALL BE AGREED UPON BETWEEN THE COMMUNITY HEALTH~~  
 30 ~~ORGANIZATION AND THE HEALTH CARE PROFESSIONAL BEFORE THE SERVICES ARE~~  
 31 ~~PROVIDED; AND~~

32 ~~(II)~~ MAY NOT EXCEED THE LESSER OF:

33 ~~1.~~ (I) THE REASONABLE COST FOR SIMILAR SERVICES  
 34 FROM OTHER PROVIDERS; OR

35 ~~2.~~ (II) \$100 PER HOUR OF TIME DONATED BY THE HEALTH  
 36 CARE PROFESSIONAL.

1 (3) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
2 DEPARTMENT MAY NOT ASSIGN A CREDIT TO A HEALTH CARE PROFESSIONAL UNDER  
3 THIS SECTION IF THE TOTAL VALUE OF HEALTH CARE SERVICES DONATED BY THE  
4 HEALTH CARE PROFESSIONAL TO THE COMMUNITY HEALTH ORGANIZATION OR  
5 LOCAL HEALTH DEPARTMENT DURING THE TAXABLE YEAR IS LESS THAN ~~\$3,000~~  
6 \$2,500.

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

9 1. THE STATE INCOME TAX IMPOSED FOR THE TAXABLE  
10 YEAR, DETERMINED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER  
11 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER THE  
12 APPLICATION OF ANY OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE; OR

13 2. ~~\$75,000~~ \$10,000.

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

16 (E) THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY  
17 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY  
18 NOT EXCEED ~~\$3,000,000~~ \$2,000,000.

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

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

24 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
25 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS  
26 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL  
27 HEALTH DEPARTMENTS AND FOR DETERMINING THE VALUE OF THE DONATIONS.

28 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH  
29 SHALL:

30 1. INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE  
31 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
32 DEPARTMENT AS A PREREQUISITE FOR APPROVAL;

33 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE  
34 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS  
35 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS AND LOCAL HEALTH  
36 DEPARTMENTS; AND

37 3. PROVIDE THAT AT LEAST 10% OF THE AVAILABLE  
38 AMOUNT OF TAX CREDITS EACH YEAR SHALL BE ALLOCATED TO QUALIFIED

1 PROGRAMS PROPOSED BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL HEALTH  
2 DEPARTMENTS NOT RECEIVING ALLOCATIONS IN THE PRECEDING YEAR, UNLESS  
3 THE AMOUNT REQUESTED BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL  
4 HEALTH DEPARTMENTS NOT RECEIVING ALLOCATIONS IN THE PRECEDING YEAR IS  
5 LESS THAN 10% OF THE AVAILABLE AMOUNT FOR THE YEAR.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
7 Health and Mental Hygiene, in consultation with the Comptroller of the Treasury,  
8 shall evaluate the effectiveness of the tax credit provided under this Act. The  
9 Department shall include in this study the number of community health  
10 organizations and local health departments that receive tax credits to be assigned to  
11 health care professionals, the number and occupations of health care professionals  
12 that are assigned credits, and the amount of credits granted. Subject to § 2-1246 of  
13 the State Government Article, the Department shall report its findings to the Senate  
14 Budget and Taxation Committee and the House Committee on Ways and Means on or  
15 before November 1, 2005.

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

20 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,  
22 2000 but before January 1, 2006.