

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 496 (Senator Teitelbaum, *et al.*)

Budget and Taxation

Income Tax - Subtraction Modification for Nursing Recertification Tuition Expenses

This bill provides an income tax subtraction modification under the Maryland income tax for tuition paid by an individual and not reimbursed by the individual's employer or otherwise for courses or programs required to obtain recertification in the State as a certified nursing assistant, licensed practical nurse, or registered nurse.

The bill takes effect July 1, 2001 and applies to all taxable years beginning after December 31, 2000.

Fiscal Summary

State Effect: General fund revenue decrease of approximately \$35,400 in FY 2002. Future year reductions reflect an increased number of nursing assistants recertifying and a 5% increase in course costs. Special fund revenues increase for the Board of Nursing beginning in FY 2002.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	(\$35,400)	(\$37,500)	(\$40,100)	(\$42,900)	(\$45,900)
SF Revenue	-	-	-	-	-
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$35,400)	(\$37,500)	(\$40,100)	(\$42,900)	(\$45,900)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local government revenues would decrease by approximately \$20,200 in FY 2002.

Small Business Effect: Minimal.

Analysis

Current Law: No subtraction modification of this type exists under the Maryland income tax.

Background: There is a nationwide nursing shortage due to a large number of retiring nurses, coupled with the fact that few people are currently choosing nursing as a career. In addition, given the rapid aging of the population, both in Maryland and nationally, more nurses will be needed in the near future. Data from the State Board of Nursing indicate that in 1999 more than 2,300 nurses with active licenses failed to renew their licenses. As a result, Chapters 257 and 258, Acts of 2000 established the Statewide Commission on the Crisis in Nursing to look into the issue.

The Commission on the Crisis in Nursing issued its interim report to the General Assembly in February 2001. The commission made the following recommendations:

- Modify the criteria for nursing scholarships to allow greater eligibility, flexibility, and more financial support for nursing students.
- Increase the dollar amounts for nursing scholarships, based on the fact that the current dollar amount eliminates the funding of half of the eligible candidates and does not meet tuition costs.
- Include a reality-based (living) stipend in scholarships. This would allow working students to work part-time rather than full-time.
- Grant scholarships by semester thus allowing students who finish in three semesters access to funds in the third semester.
- Allow in-county tuition for attendance of a community college outside of the county of residence for those students who cannot be admitted in county due to a lack of space.

This bill seeks to address this issue by providing a tax incentive to encourage certified nursing assistants, licensed practical nurses, and registered nurses to obtain recertification.

The Maryland income tax law provides tax incentives in the form of subtraction modifications to encourage individuals to provide services that are considered to be in short supply. These subtractions apply to volunteer police officers and individuals who

belong to a volunteer fire, rescue, or emergency services organization or the U.S. Coast Guard Auxiliary.

State Fiscal Effect: Individuals who have not worked in nursing for 1,000 hours over a five-year period must obtain recertification.

General fund revenues would decrease by approximately \$35,400 in fiscal 2002 as a result of certified nursing assistants, licensed practical nurses, and registered nurses obtaining recertification, based on the following facts and assumptions:

- Approximately 100 registered nurses and licensed practical nurses obtain recertification each year; the average cost of a recertification course at a local community college is approximately \$770 in calendar 2001.
- Approximately 1,000 nursing assistants obtain recertification each year; the average cost of a recertification course at a local community college is approximately \$660 in calendar 2001.
- The number of registered nurses and licensed practical nurses who obtain recertification each year will remain constant.
- The number of nursing assistants who obtain recertification each year would increase by 2% annually.
- The cost of recertification courses increases by approximately 5% annually.

Special fund revenues would increase to the extent that the bill encourages more individuals to return to nursing and pay all applicable license renewal fees. The fee is \$30 for registered nurses and licensed practical nurses (\$5 if they currently have an inactive license) and \$10 for certified nursing assistants. However, the actual revenue increase cannot be reliably estimated because it depends on the number of individuals who recertify and who also have inactive licenses. However, based on the above estimate, the maximum revenue increase would be \$13,000 in fiscal 2002.

Local Fiscal Effect: Total local government revenues would decrease by approximately 2.74% of the total State subtraction in fiscal 2002. Based on the above estimate, local government revenues would decrease by approximately \$20,200 in fiscal 2002.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Bureau of Revenue Estimates), Maryland State Board of Nursing, Department of Legislative Services

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