

HOUSE BILL 561

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Q3
HB 292/01 - W&M

2002 Regular Session
2r1602

By: **Delegates Hixson, Hurson, Franchot, and Busch**

Introduced and read first time: February 1, 2002

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 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.

22 BY adding to

23 Article - Tax - General

24 Section 10-724

25 Annotated Code of Maryland

26 (1997 Replacement Volume and 2001 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

28 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-724.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.5 (2) "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL, REGIONAL,
6 OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER §
7 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS ORGANIZED IN WHOLE OR IN
8 PART TO PROVIDE HEALTH CARE SERVICES TO LOW INCOME INDIVIDUALS WITHOUT
9 CHARGE OR FOR A REDUCED CHARGE.10 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND MENTAL
11 HYGIENE.12 (4) "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL PROVIDING
13 HEALTH CARE SERVICES WHO IS LICENSED, CERTIFIED, OR OTHERWISE
14 AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE AS ONE OF THE
15 FOLLOWING:16 (I) AN AUDIOLOGIST, HEARING AID DISPENSER, OR
17 SPEECH-LANGUAGE PATHOLOGIST;

18 (II) A DENTIST;

19 (III) A NURSE;

20 (IV) AN OPTOMETRIST;

21 (V) A PHYSICAL THERAPIST;

22 (VI) A PHYSICIAN;

23 (VII) A PHYSICIAN'S ASSISTANT; OR

24 (VIII) A SOCIAL WORKER.

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

30 (2) THE PROPOSAL SHALL SET FORTH:

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

33 (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 OR LOCAL HEALTH DEPARTMENT UNDER THIS
6 SECTION, THE COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH
7 DEPARTMENT MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO THE
8 PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO DONATE
9 THEIR SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

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

12 (I) 25% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY
13 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY
14 HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT FOR PROGRAMS
15 APPROVED UNDER THIS SECTION; OR

16 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE
17 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT TO THE
18 HEALTH CARE PROFESSIONAL FOR THE TAXABLE YEAR.

19 (2) THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A HEALTH
20 CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH
21 DEPARTMENT TAKEN INTO ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER
22 THIS SECTION MAY NOT EXCEED THE LESSER OF:

23 (I) THE REASONABLE COST FOR SIMILAR SERVICES FROM OTHER
24 PROVIDERS; OR

25 (II) \$75 PER HOUR OF TIME DONATED BY THE HEALTH CARE
26 PROFESSIONAL.

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

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

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

38 2. \$1,000.

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

3 (E) THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY
4 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY
5 NOT EXCEED \$250,000.

6 (F) THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE
7 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH
8 CARE PROFESSIONAL.

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

11 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
12 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS
13 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL
14 HEALTH DEPARTMENTS AND FOR DETERMINING THE VALUE OF THE DONATIONS.

15 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH
16 SHALL:

17 1. INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE
18 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH
19 DEPARTMENT AS A PREREQUISITE FOR APPROVAL; AND

20 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE
21 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS
22 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS AND LOCAL HEALTH
23 DEPARTMENTS.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
25 Health and Mental Hygiene, in consultation with the Comptroller of the Treasury,
26 shall evaluate the effectiveness of the tax credit provided under this Act. The
27 Department shall include in this study the number of community health
28 organizations and local health departments that receive tax credits to be assigned to
29 health care professionals, the number and occupations of health care professionals
30 that are assigned credits, and the amount of credits granted. Subject to § 2-1246 of
31 the State Government Article, the Department shall report its findings to the Senate
32 Budget and Taxation Committee and the House Committee on Ways and Means on or
33 before November 1, 2004.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
35 applicable to all taxable years beginning after December 31, 2001 but before January
36 1, 2005.

37 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
38 July 1, 2002. It shall remain effective for a period of 3 years and, at the end of June
39 30, 2005, with no further action required by the General Assembly, this Act shall be
40 abrogated and of no further force and effect.

