

---

By: **Delegates Trueschler, Dwyer, Frank, Gilleland, Kach, McComas, and McDonough**

Introduced and read first time: February 13, 2004

Assigned to: Ways and Means

---

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Malpractice Insurance Premium Increases**

3 FOR the purpose of allowing a tax credit against the State income tax for certain  
4 medical malpractice insurance premiums paid by a licensed physician under  
5 certain circumstances; providing for the application and termination of this Act;  
6 and generally relating to a tax credit for qualifying medical malpractice  
7 insurance premiums.

8 BY adding to  
9 Article - Tax - General  
10 Section 10-725  
11 Annotated Code of Maryland  
12 (1997 Replacement Volume and 2003 Supplement)

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

15 **Article - Tax - General**

16 10-725.

17 (A) IF THE AMOUNT PAID BY A LICENSED PHYSICIAN IN THE STATE FOR  
18 MEDICAL MALPRACTICE INSURANCE FOR THE TAXABLE YEAR EXCEEDS THE  
19 AMOUNT PAID BY THE LICENSED PHYSICIAN FOR MEDICAL MALPRACTICE  
20 INSURANCE FOR THE PRECEDING TAXABLE YEAR BY MORE THAN 10%, THE  
21 LICENSED PHYSICIAN MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN  
22 AMOUNT EQUAL TO 50% OF THE LESSER OF:

23 (1) THE AMOUNT BY WHICH THE AMOUNT PAID FOR THE CURRENT  
24 TAXABLE YEAR EXCEEDS 110% OF THE AMOUNT PAID FOR THE PRECEDING TAXABLE  
25 YEAR; AND

26 (2) 40% OF THE AMOUNT PAID FOR THE PRECEDING TAXABLE YEAR.

1 (B) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE  
2 INCOME TAX, THE UNUSED CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER  
3 TAXABLE YEAR.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 2004, and shall be applicable to taxable years beginning after December 31,  
6 2003 but before January 1, 2007. It shall remain effective for a period of 3 years and,  
7 at the end of June 30, 2007, with no further action required by the General Assembly,  
8 this Act shall be abrogated and of no further force and effect.