
By: **Senator Frosh**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Malpractice Reform - Tax Credit for Malpractice Insurance**

3 FOR the purpose of allowing a tax credit against the State income tax for certain
4 medical malpractice insurance premiums paid by an individual or corporation
5 for a licensed physician under certain circumstances; providing for the
6 application of this Act; and generally relating to a tax credit for qualifying
7 medical malpractice 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) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL OR
18 CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE
19 FOLLOWING AMOUNTS IF THE AMOUNT OF MEDICAL MALPRACTICE INSURANCE
20 PREMIUMS PAID BY THE INDIVIDUAL OR CORPORATION FOR A LICENSED PHYSICIAN
21 IN THE STATE EXCEEDS 14% OF THE AMOUNT OF GROSS INCOME ATTRIBUTABLE TO
22 THE MEDICAL PRACTICE OF THE LICENSED PHYSICIAN FOR WHICH THE
23 MALPRACTICE PREMIUMS ARE PAID:

24 (1) 50% OF THE AMOUNT OF MEDICAL MALPRACTICE PREMIUMS PAID
25 THAT IS MORE THAN 14% BUT LESS THAN OR EQUAL TO 16% OF GROSS INCOME; AND

26 (2) 100% OF THE AMOUNT OF MEDICAL MALPRACTICE PREMIUMS PAID
27 THAT EXCEEDS 16% OF GROSS INCOME.

1 (B) IF A LICENSED PHYSICIAN PRACTICES IN LOCATIONS OUTSIDE OF THE
2 STATE, THE AMOUNT OF MALPRACTICE PREMIUMS PAID FOR THE PURPOSE OF
3 CALCULATING THE CREDIT UNDER THIS SECTION SHALL BE PRORATED TO REFLECT
4 ONLY THE PERCENTAGE OF PRACTICE BY THE PHYSICIAN AT LOCATIONS IN THE
5 STATE.

6 (C) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED IF THE
7 LICENSED PHYSICIAN HAS PAID A MALPRACTICE CLAIM WITHIN THE PREVIOUS 5
8 YEARS.

9 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE
10 INCOME TAX, THE UNUSED CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER
11 TAXABLE YEAR.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect July 1, 2004, and shall be applicable to taxable years after December 1, 2003.