
By: **Delegates Hixson, Bozman, C. Davis, Gordon, Healey, Howard, Marriott,
and Patterson**

Introduced and read first time: January 24, 2005

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 State Comptroller the applicability of the credit for each health care
14 professional; limiting the total available credit that may be allocated for each
15 taxable year; requiring the Department to adopt certain regulations; defining
16 certain terms; requiring a certain study to be done and provided to certain
17 committees of the General Assembly on or before a certain date; providing for
18 the application of this Act; providing for the termination of this Act; and
19 generally relating to a credit against the State income tax for certain health care
20 professionals who donate services to certain organizations and health
21 departments providing health care services to low-income individuals.

22 BY adding to

- 23 Article - Tax - General
- 24 Section 10-725
- 25 Annotated Code of Maryland
- 26 (2004 Replacement Volume)

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 10-725.

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;

24 (VIII) A PROFESSIONAL COUNSELOR OR THERAPIST;

25 (IX) A PSYCHOLOGIST; OR

26 (X) A SOCIAL WORKER.

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

32 (2) THE PROPOSAL SHALL SET FORTH:

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

3 (II) THE LOW-INCOME POPULATION TO BE ASSISTED;

4 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE
5 PROGRAM; AND

6 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

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

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

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

19 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE
20 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT TO THE
21 HEALTH CARE PROFESSIONAL FOR THE TAXABLE YEAR.

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

26 (I) THE REASONABLE COST FOR SIMILAR SERVICES FROM OTHER
27 PROVIDERS; OR

28 (II) \$50 PER HOUR OF TIME DONATED BY THE HEALTH CARE
29 PROFESSIONAL.

30 (3) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH
31 DEPARTMENT MAY NOT ASSIGN A CREDIT TO A HEALTH CARE PROFESSIONAL UNDER
32 THIS SECTION IF THE TOTAL VALUE OF HEALTH CARE SERVICES DONATED BY THE
33 HEALTH CARE PROFESSIONAL TO THE COMMUNITY HEALTH ORGANIZATION OR
34 LOCAL HEALTH DEPARTMENT DURING THE TAXABLE YEAR IS LESS THAN \$5,000.

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

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

5 2. \$500.

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

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

11 (F) THE DEPARTMENT SHALL CERTIFY TO THE STATE COMPTROLLER THE
12 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH
13 CARE PROFESSIONAL.

14 (G) (1) THE DEPARTMENT, IN CONSULTATION WITH THE STATE
15 COMPTROLLER, SHALL ADOPT REGULATIONS TO IMPLEMENT THE TAX CREDIT
16 UNDER THIS SECTION.

17 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
18 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS
19 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL
20 HEALTH DEPARTMENTS AND FOR DETERMINING THE VALUE OF THE DONATIONS.

21 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH
22 SHALL:

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

26 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE
27 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS
28 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS AND LOCAL HEALTH
29 DEPARTMENTS.

30 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
31 Health and Mental Hygiene, in consultation with the State Comptroller, shall
32 evaluate the effectiveness of the tax credit provided under this Act. The Department
33 shall include in this study the number of community health organizations and local
34 health departments that receive tax credits to be assigned to health care
35 professionals, the number and occupations of health care professionals that are
36 assigned credits, and the amount of credits granted. Subject to § 2-1246 of the State
37 Government Article, the Department shall report its findings to the Senate Budget
38 and Taxation Committee and the House Committee on Ways and Means on or before
39 November 1, 2007.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
2 applicable to all taxable years beginning after December 31, 2004, but before January
3 1, 2009.

4 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2005. It shall remain effective for a period of 4 years and, at the end of June
6 30, 2009, with no further action required by the General Assembly, this Act shall be
7 abrogated and of no further force and effect.