

HOUSE BILL 340

Q3
HB 124/08 – W&M

9lr0751

By: **Delegates Hixson, Bartlett, Barve, Cardin, Elmore, Gilchrist, Gutierrez, Howard, Ivey, Jennings, Kaiser, Krebs, Murphy, Rice, Ross, Stukes, F. Turner, Valderrama, and Walker**

Introduced and read first time: January 30, 2009

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Services Donated to Community Health Organizations**

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 to submit proposals to the Department of
7 Health and Mental Hygiene for allocation of the available credit for approved
8 programs; allowing a community health organization to assign the tax credit
9 allocated to the organization's program to certain health care professionals who
10 donate services to the community health organization's approved program;
11 requiring the Department to certify to the Comptroller the applicability of the
12 credit for each health care professional; limiting the total available credit that
13 may be allocated for each taxable year; requiring the Department to adopt
14 certain regulations; defining certain terms; requiring a certain study to be done
15 and provided to certain committees of the General Assembly on or before a
16 certain date; providing for the application of this Act; providing for the
17 termination of this Act; and generally relating to a credit against the State
18 income tax for certain health care professionals who donate services to certain
19 organizations providing health care services to low-income individuals.

20 BY adding to

21 Article – Tax – General

22 Section 10-728

23 Annotated Code of Maryland

24 (2004 Replacement Volume and 2008 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article - Tax - General

2 10-728.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
4 MEANINGS INDICATED.

5 (2) "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL,
6 REGIONAL, OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM
7 TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS
8 ORGANIZED IN WHOLE OR IN PART TO PROVIDE HEALTH CARE SERVICES TO
9 LOW-INCOME INDIVIDUALS WITHOUT CHARGE OR FOR A REDUCED CHARGE.

10 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND
11 MENTAL HYGIENE.

12 (4) "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL
13 PROVIDING HEALTH CARE SERVICES WHO IS LICENSED, CERTIFIED, OR
14 OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE AS A
15 DENTIST OR A PHYSICIAN.

16 (B) (1) A COMMUNITY HEALTH ORGANIZATION MAY SUBMIT A
17 PROPOSAL TO THE DEPARTMENT REQUESTING AN ALLOCATION OF TAX
18 CREDITS FOR USE BY HEALTH CARE PROFESSIONALS DONATING SERVICES TO
19 THE COMMUNITY HEALTH ORGANIZATION.

20 (2) THE PROPOSAL SHALL SET FORTH:

21 (I) THE PROGRAM CONDUCTED OR TO BE CONDUCTED BY
22 THE COMMUNITY HEALTH ORGANIZATION;

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

24 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED
25 TO THE PROGRAM; AND

26 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

27 (C) IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A
28 COMMUNITY HEALTH ORGANIZATION UNDER THIS SECTION, THE COMMUNITY
29 HEALTH ORGANIZATION MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO
30 THE PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO
31 DONATE SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

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

3 (I) 50% OF THE VALUE OF HEALTH CARE SERVICES
4 DONATED BY THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO
5 A COMMUNITY HEALTH ORGANIZATION FOR PROGRAMS APPROVED UNDER THIS
6 SECTION; OR

7 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE
8 COMMUNITY HEALTH ORGANIZATION TO THE HEALTH CARE PROFESSIONAL FOR
9 THE TAXABLE YEAR.

10 (2) THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A
11 HEALTH CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION TAKEN
12 INTO ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER THIS SECTION MAY
13 NOT EXCEED THE LESSER OF:

14 (I) THE REASONABLE COST FOR SIMILAR SERVICES FROM
15 OTHER PROVIDERS; OR

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

18 (3) A COMMUNITY HEALTH ORGANIZATION MAY NOT ASSIGN A
19 CREDIT TO A HEALTH CARE PROFESSIONAL UNDER THIS SECTION IF THE TOTAL
20 VALUE OF HEALTH CARE SERVICES DONATED BY THE HEALTH CARE
21 PROFESSIONAL TO THE COMMUNITY HEALTH ORGANIZATION DURING THE
22 TAXABLE YEAR IS LESS THAN \$5,000.

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

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

31 2. \$1,000.

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

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

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

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

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

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

16 **1. INCLUDE A REQUIREMENT THAT AN ANNUAL**
17 **AUDIT BE PROVIDED BY A COMMUNITY HEALTH ORGANIZATION AS A**
18 **PREREQUISITE FOR APPROVAL; AND**

19 **2. PROVIDE FOR THE EQUITABLE ALLOCATION OF**
20 **THE AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS**
21 **SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
23 Health and Mental Hygiene, in consultation with the Comptroller, shall evaluate the
24 effectiveness of the tax credit provided under this Act. The Department shall include
25 in this study the number of community health organizations that receive tax credits to
26 be assigned to health care professionals, the number and occupations of health care
27 professionals that are assigned credits, and the amount of credits granted. Subject to §
28 2-1246 of the State Government Article, the Department shall report its findings to
29 the Senate Budget and Taxation Committee and the House Committee on Ways and
30 Means on or before November 1, 2011.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
32 applicable to all taxable years beginning after December 31, 2008, but before January
33 1, 2013.

34 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 July 1, 2009. It shall remain effective for a period of 4 years and, at the end of June 30,

1 2013, with no further action required by the General Assembly, this Act shall be
2 abrogated and of no further force and effect.