

HOUSE BILL 668

Q3, J1

4lr0129

By: **Chair, Health and Government Operations Committee (By Request – Departmental – Health and Mental Hygiene)**

Introduced and read first time: January 31, 2014

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2014

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Health Enterprise Zones – Modifications**

3 FOR the purpose of allowing certain Health Enterprise Zone employers a credit, in a
4 certain amount, against the State income tax for hiring a qualified position in a
5 Health Enterprise Zone; requiring the employer to create a certain number of
6 jobs during a certain time period; requiring the Comptroller to certify the
7 applicability of the credit for each employer; defining a certain term; extending
8 the applicability of certain income tax credits to a certain taxable year;
9 requiring the Department of Health and Mental Hygiene, in consultation with
10 the Community Health Resources Commission, to give special consideration to
11 certain applicants when certifying applications for certain tax credits; extending
12 the termination date of a certain Act to a certain date; and generally relating to
13 income tax credits for certain initiatives within certain Health Enterprise
14 Zones.

15 BY repealing and reenacting, with amendments,
16 Article – Tax – General
17 Section 10–731
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2013 Supplement)

20 BY repealing and reenacting, with amendments,
21 Chapter 3 of the Acts of the General Assembly of 2012
22 Section 5 and 6

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Tax – General**

4 10–731.

5 (a) (1) In this section the following words have the meanings indicated.

6 (2) “Department” means the Department of Health and Mental
7 Hygiene.

8 (3) “Fund” means the Health Enterprise Zone Reserve Fund
9 established under § 20–1406 of the Health – General Article.

10 (4) “Health Enterprise Zone” has the meaning stated in § 20–1401 of
11 the Health – General Article.

12 **(5) “HEALTH ENTERPRISE ZONE EMPLOYER” MEANS A HEALTH**
13 **ENTERPRISE ZONE PRACTITIONER, A FOR–PROFIT ENTITY, OR A NONPROFIT**
14 **ENTITY THAT EMPLOYS QUALIFIED EMPLOYEES AND PROVIDES HEALTH CARE**
15 **SERVICES IN A HEALTH ENTERPRISE ZONE.**

16 **[(5)] (6)** “Health Enterprise Zone practitioner” has the meaning
17 stated in § 20–1401 of the Health – General Article.

18 **[(6)] (7)** “Qualified employee” means a Health Enterprise Zone
19 practitioner, community health worker, or interpreter who:

20 (i) provides direct support to a Health Enterprise Zone
21 practitioner; and

22 (ii) expands access to services in a Health Enterprise Zone.

23 **[(7)] (8)** (i) “Qualified position” means a qualified employee
24 position that:

25 1. pays at least 150% of the federal minimum wage;

26 2. is full time and of indefinite duration;

27 3. is located in a Health Enterprise Zone;

28 4. is newly created as a result of the establishment of, or
29 expansion of services in, a Health Enterprise Zone; and

1 (iii) The credit earned under this paragraph shall be taken over
2 a 24-month period, with one-half for the credit amount allowed each year beginning
3 with the first taxable year in which the credit is certified.

4 (iv) If the qualified position is filled for a period of less than 24
5 months, the tax credit shall be recaptured as follows:

6 1. the tax credit shall be recomputed and reduced on a
7 prorated basis, based on the period of time the position was filled, as determined by
8 the Department and reported to the Comptroller; and

9 2. the Health Enterprise Zone [practitioner] **EMPLOYER**
10 who received the tax credit shall repay any amount of the credit that may have
11 already been refunded to the [practitioner] **EMPLOYER** that exceeds the amount
12 recomputed by the Department in accordance with item 1 of this subparagraph.

13 (3) (i) To be certified as eligible for the credits provided under this
14 section, a Health Enterprise Zone practitioner **OR EMPLOYER** may apply for
15 certification through the nonprofit community-based organization or local government
16 that submits an approved proposal under Title 20, Subtitle 14 of the Health – General
17 Article.

18 (ii) 1. Eligibility for the certification for the credits provided
19 under this section is limited by availability of budgeted funds for that purpose, as
20 determined by the Department.

21 2. Certificates of eligibility shall be subject to approval
22 by the Department on a first-come, first-served basis, as determined by the
23 Department in its sole discretion.

24 (e) **(1)** The Department shall certify to the Comptroller the applicability
25 of the credit provided under **SUBSECTION (D)(1)** OF this section for each Health
26 Enterprise Zone practitioner and the amount of each credit assigned to a Health
27 Enterprise Zone practitioner, for each taxable year.

28 **(2) THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER**
29 **THE APPLICABILITY OF THE CREDIT PROVIDED UNDER SUBSECTION (D)(2) OF**
30 **THIS SECTION FOR EACH HEALTH ENTERPRISE ZONE EMPLOYER AND THE**
31 **AMOUNT OF EACH CREDIT ASSIGNED TO A HEALTH ENTERPRISE ZONE**
32 **EMPLOYER, FOR EACH TAXABLE YEAR.**

33 **(F) WHEN CERTIFYING APPLICATIONS FOR TAX CREDITS PROVIDED**
34 **UNDER SUBSECTION (D)(2) OF THIS SECTION, THE DEPARTMENT, IN**
35 **CONSULTATION WITH THE COMMISSION, SHALL GIVE SPECIAL CONSIDERATION**
36 **TO APPLICANTS THAT ARE COMMUNITY-BASED AND SERVE THE OVERALL**

1 GOALS OF THE HEALTH ENTERPRISE ZONE THAT THE APPLICANT IS SEEKING
2 TO SERVE.

3 ~~(F)~~ **(G)** The credits allowed under this section for a fiscal year may not
4 exceed the amount provided for in the State budget for that fiscal year.

5 ~~(G)~~ **(H)** The Department, in consultation with the Comptroller, shall adopt
6 regulations to implement the tax credit under this section.

7 **Chapter 3 of the Acts of 2012**

8 SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
9 be applicable to all taxable years beginning after December 31, 2012, but before
10 January 1, [2016] **2017**.

11 SECTION 6. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
12 take effect July 1, 2012. It shall remain effective for a period of [4] **5** years and, at the
13 end of June 30, [2016] **2017**, with no further action required by the General Assembly,
14 Section 1 of this Act shall be abrogated and of no further force and effect.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 June 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.