

# SENATE BILL 411

Q3

(6lr1215)

## ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senators Eckardt, Hershey, and Mathias**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Income Tax – Credit for ~~Physician~~ Preceptors in Areas With Health Care**  
3 **Workforce Shortages**

4 FOR the purpose of authorizing a credit against the State income tax for certain individuals  
5 who, under certain circumstances, serve as ~~physician~~ preceptors in certain  
6 preceptorship programs and work in certain areas of the State with health care  
7 workforce shortages; providing that the credit may not exceed the State income tax  
8 for that taxable year and that any unused credit may not be carried over to any other  
9 taxable year; providing for the calculation of the credit; requiring the Department of  
10 Health and Mental Hygiene, on application of a taxpayer, to issue a tax credit  
11 certificate under certain circumstances; requiring the application to contain certain  
12 information; providing for the maximum amount of a tax credit certificate that may  
13 be issued; requiring the Department to approve applications on a first-come,  
14 first-served basis and notify applicants of approval or denial of an application within  
15 a certain number of days of receipt of the application; providing that the total number

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#### 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.

*Italics indicate opposite chamber / conference committee amendments.*



1 of tax credit certificates issued by the Department may not exceed a certain amount  
 2 for each taxable year; providing that tax credit certificate amounts not issued during  
 3 a taxable year may be carried over and issued during the next taxable year; requiring  
 4 the Department to report certain information to the Comptroller and the General  
 5 Assembly on or before a certain date each year; requiring the Department, in  
 6 consultation with the Governor's Workforce Investment Board, to adopt certain  
 7 regulations; establishing the Nurse Practitioner Preceptorship Tax Credit Fund as  
 8 a special, nonlapsing fund; specifying the purpose of the Fund; requiring the  
 9 Department to administer the Fund; requiring the State Treasurer to hold the Fund  
 10 and the Comptroller to account for the Fund; specifying the contents of the Fund;  
 11 specifying the purpose for which the Fund may be used; providing for the investment  
 12 of money in and expenditures from the Fund; authorizing a certain amount of the  
 13 unspent portion of money transferred to the Office of Student Financial Assistance  
 14 for use under the Health Personnel Shortage Incentive Grant Program to be  
 15 transferred or revert to the General Fund only for a certain purpose; requiring the  
 16 State Board of Nursing to assess a certain fee for the renewal of a certain  
 17 certification; requiring the Board to pay the fee collected into the Fund; defining  
 18 certain terms; providing for the application of this Act; providing for the termination  
 19 of this Act; and generally relating to a credit against the State income tax for certain  
 20 physician preceptors in certain areas with health care workforce shortages.

21 BY adding to  
 22 Article – Tax – General  
 23 Section 10–737 and 10–738  
 24 Annotated Code of Maryland  
 25 (2010 Replacement Volume and 2015 Supplement)

26 BY repealing and reenacting, without amendments,  
 27 Article – Education  
 28 Section 18–803(b)(1) and (2)  
 29 Annotated Code of Maryland  
 30 (2014 Replacement Volume and 2015 Supplement)

31 BY repealing and reenacting, with amendments,  
 32 Article – Education  
 33 Section 18–803(e)(2)  
 34 Annotated Code of Maryland  
 35 (2014 Replacement Volume and 2015 Supplement)

36 BY adding to  
 37 Article – Education  
 38 Section 18–803(e)(3)  
 39 Annotated Code of Maryland  
 40 (2014 Replacement Volume and 2015 Supplement)

41 BY repealing and reenacting, with amendments,  
 42 Article – Health Occupations

1 Section 8-206(b)  
2 Annotated Code of Maryland  
3 (2014 Replacement Volume and 2015 Supplement)

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

6 **Article – Tax – General**

7 **10-737.**

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
9 INDICATED.

10 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF HEALTH AND  
11 MENTAL HYGIENE.

12 (3) “LICENSED PHYSICIAN” MEANS AN INDIVIDUAL WHO IS LICENSED  
13 TO PRACTICE MEDICINE UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE.

14 (4) “PRECEPTORSHIP PROGRAM” MEANS AN ORGANIZED SYSTEM OF  
15 CLINICAL EXPERIENCE THAT, FOR THE PURPOSE OF ATTAINING SPECIFIED  
16 LEARNING OBJECTIVES, PAIRS AN ENROLLED STUDENT OF A LIAISON COMMITTEE  
17 ON MEDICAL EDUCATION-ACCREDITED MEDICAL SCHOOL IN THE STATE OR AN  
18 INDIVIDUAL IN A POSTGRADUATE MEDICAL TRAINING PROGRAM IN THE STATE ~~THAT~~  
19 ~~IS APPROVED BY THE STATE BOARD OF PHYSICIANS~~ WITH A LICENSED PHYSICIAN  
20 WHO MEETS THE QUALIFICATIONS AS A PRECEPTOR.

21 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A LICENSED  
22 PHYSICIAN MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT  
23 STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS  
24 SECTION FOR THE TAXABLE YEAR IN WHICH THE LICENSED PHYSICIAN SERVED  
25 WITHOUT COMPENSATION AS A PHYSICIAN PRECEPTOR IN A PRECEPTORSHIP  
26 PROGRAM ~~APPROVED BY THE STATE BOARD OF PHYSICIANS~~ AUTHORIZED BY AN  
27 ACCREDITED MEDICAL SCHOOL IN THE STATE AND WORKED:

28 (I) A MINIMUM OF THREE ROTATIONS, EACH CONSISTING OF  
29 160 HOURS OF COMMUNITY-BASED CLINICAL TRAINING; AND

30 (II) IN AN AREA OF THE STATE IDENTIFIED AS HAVING A  
31 HEALTH CARE WORKFORCE SHORTAGE BY THE DEPARTMENT, IN CONSULTATION  
32 WITH THE GOVERNOR’S WORKFORCE INVESTMENT BOARD.

1           **(2) (I) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS**  
2 **SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX**  
3 **IMPOSED FOR THAT TAXABLE YEAR.**

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

6           **(C) (1) ON APPLICATION BY A LICENSED PHYSICIAN, THE DEPARTMENT**  
7 **SHALL ISSUE A CREDIT CERTIFICATE IN THE AMOUNT OF \$1,000 FOR EACH STUDENT**  
8 **FOR WHOM THE LICENSED PHYSICIAN SERVED AS A PHYSICIAN PRECEPTOR**  
9 **WITHOUT COMPENSATION.**

10           **(2) THE APPLICATION SHALL CONTAIN:**

11           **(I) THE NAME OF THE LICENSED PHYSICIAN;**

12           **(II) INFORMATION IDENTIFYING THE PHYSICIAN**  
13 **PRECEPTORSHIP IN WHICH THE LICENSED PHYSICIAN PARTICIPATED;**

14           **(III) THE NUMBER AND NAMES OF THE STUDENTS FOR WHOM**  
15 **THE INDIVIDUAL SERVED AS A PHYSICIAN PRECEPTOR WITHOUT COMPENSATION;**  
16 **AND**

17           **(IV) ANY OTHER INFORMATION THAT THE DEPARTMENT**  
18 **REQUIRES.**

19           **(3) FOR ANY TAXABLE YEAR, THE AMOUNT OF TAX CREDIT STATED IN**  
20 **THE TAX CREDIT CERTIFICATE MAY NOT EXCEED \$10,000.**

21           **(4) THE DEPARTMENT SHALL:**

22           **(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX**  
23 **CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED**  
24 **BASIS; AND**

25           **(II) NOTIFY A TAXPAYER WITHIN 45 DAYS OF RECEIPT OF THE**  
26 **TAXPAYER'S APPLICATION OF ITS APPROVAL OR DENIAL.**

27           **(5) (I) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX**  
28 **CREDIT CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS**  
29 **SECTION MAY NOT EXCEED \$100,000.**

30           **(II) IF THE AGGREGATE AMOUNT OF TAX CREDIT CERTIFICATES**  
31 **ISSUED UNDER THIS SECTION DURING A TAXABLE YEAR TOTAL LESS THAN THE**

1 AMOUNT AUTHORIZED UNDER THIS PARAGRAPH, ANY EXCESS AMOUNT MAY BE  
2 ISSUED UNDER TAX CREDIT CERTIFICATES IN THE NEXT TAXABLE YEAR.

3 (D) ON OR BEFORE JANUARY 31 OF EACH TAXABLE YEAR, THE  
4 DEPARTMENT SHALL:

5 (1) REPORT TO THE COMPTROLLER ON THE TAX CREDIT  
6 CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR;  
7 AND

8 (2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §  
9 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE UTILIZATION OF THE  
10 CREDIT ESTABLISHED UNDER THIS SECTION.

11 (E) THE DEPARTMENT, IN CONSULTATION WITH THE GOVERNOR'S  
12 WORKFORCE INVESTMENT BOARD, SHALL ADOPT REGULATIONS TO CARRY OUT  
13 THE PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND PROCEDURES  
14 FOR APPLICATION FOR, APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX  
15 CREDIT AUTHORIZED UNDER THIS SECTION.

16 10-738.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED.

19 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND  
20 MENTAL HYGIENE.

21 (3) "LICENSED PHYSICIAN" MEANS AN INDIVIDUAL WHO IS LICENSED  
22 TO PRACTICE MEDICINE UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE.

23 (4) "NURSE PRACTITIONER" HAS THE MEANING STATED IN § 8-101  
24 OF THE HEALTH OCCUPATIONS ARTICLE.

25 (5) "PRECEPTORSHIP PROGRAM" MEANS AN ORGANIZED SYSTEM OF  
26 CLINICAL EXPERIENCE THAT, FOR THE PURPOSE OF ATTAINING SPECIFIED  
27 LEARNING OBJECTIVES, PAIRS A NURSE PRACTITIONER STUDENT ENROLLED IN A  
28 NURSING EDUCATION PROGRAM THAT IS RECOGNIZED BY THE STATE BOARD OF  
29 NURSING WITH A NURSE PRACTITIONER OR LICENSED PHYSICIAN WHO MEETS THE  
30 QUALIFICATIONS AS A PRECEPTOR.

31 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A NURSE  
32 PRACTITIONER OR LICENSED PHYSICIAN MAY CLAIM A CREDIT AGAINST THE STATE  
33 INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE ISSUED

1 UNDER SUBSECTION (C) OF THIS SECTION FOR THE TAXABLE YEAR IN WHICH THE  
2 NURSE PRACTITIONER OR LICENSED PHYSICIAN SERVED WITHOUT COMPENSATION  
3 AS A PRECEPTOR IN A PRECEPTORSHIP PROGRAM APPROVED BY THE STATE BOARD  
4 OF NURSING AND WORKED:

5 (I) A MINIMUM OF THREE ROTATIONS, EACH CONSISTING OF  
6 160 HOURS OF COMMUNITY-BASED CLINICAL TRAINING; AND

7 (II) IN AN AREA OF THE STATE IDENTIFIED AS HAVING A  
8 HEALTH CARE WORKFORCE SHORTAGE BY THE DEPARTMENT, IN CONSULTATION  
9 WITH THE GOVERNOR'S WORKFORCE INVESTMENT BOARD.

10 (2) (I) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS  
11 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX  
12 IMPOSED FOR THAT TAXABLE YEAR.

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

15 (C) (1) ON APPLICATION BY A NURSE PRACTITIONER OR LICENSED  
16 PHYSICIAN, THE DEPARTMENT SHALL ISSUE A CREDIT CERTIFICATE IN THE  
17 AMOUNT OF \$1,000 FOR EACH NURSE PRACTITIONER STUDENT FOR WHOM THE  
18 NURSE PRACTITIONER OR LICENSED PHYSICIAN SERVED AS A PRECEPTOR WITHOUT  
19 COMPENSATION.

20 (2) THE APPLICATION SHALL CONTAIN:

21 (I) THE NAME OF THE NURSE PRACTITIONER OR LICENSED  
22 PHYSICIAN;

23 (II) INFORMATION IDENTIFYING THE PRECEPTORSHIP IN  
24 WHICH THE NURSE PRACTITIONER OR LICENSED PHYSICIAN PARTICIPATED;

25 (III) THE NUMBER AND NAMES OF THE NURSE PRACTITIONER  
26 STUDENTS FOR WHOM THE INDIVIDUAL SERVED AS A PRECEPTOR WITHOUT  
27 COMPENSATION; AND

28 (IV) ANY OTHER INFORMATION THAT THE DEPARTMENT  
29 REQUIRES.

30 (3) FOR ANY TAXABLE YEAR, THE AMOUNT OF TAX CREDIT STATED IN  
31 THE TAX CREDIT CERTIFICATE MAY NOT EXCEED \$10,000.

32 (4) THE DEPARTMENT SHALL:

1           **(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX**  
2 **CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED**  
3 **BASIS; AND**

4           **(II) NOTIFY A TAXPAYER WITHIN 45 DAYS OF RECEIPT OF THE**  
5 **TAXPAYER'S APPLICATION OF ITS APPROVAL OR DENIAL.**

6           **(5) (I) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX**  
7 **CREDIT CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS**  
8 **SECTION MAY NOT EXCEED THE LESSER OF:**

9                   **1. THE TOTAL FUNDS IN THE NURSE PRACTITIONER**  
10 **PRECEPTORSHIP TAX CREDIT FUND FOR THAT YEAR; OR**

11                           **2. \$100,000.**

12           **(II) IF THE AGGREGATE AMOUNT OF TAX CREDIT CERTIFICATES**  
13 **ISSUED UNDER THIS SECTION DURING A TAXABLE YEAR TOTAL LESS THAN THE**  
14 **AMOUNT AUTHORIZED UNDER THIS PARAGRAPH, ANY EXCESS AMOUNT MAY BE**  
15 **ISSUED UNDER TAX CREDIT CERTIFICATES IN THE NEXT TAXABLE YEAR.**

16           **(D) (1) IN THIS SECTION, "FUND" MEANS THE NURSE PRACTITIONER**  
17 **PRECEPTORSHIP TAX CREDIT FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS**  
18 **SUBSECTION.**

19                   **(2) THERE IS A NURSE PRACTITIONER PRECEPTORSHIP TAX CREDIT**  
20 **FUND.**

21                   **(3) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

22                   **(4) THE PURPOSE OF THE FUND IS TO OFFSET THE COSTS OF THE TAX**  
23 **CREDIT AVAILABLE UNDER THIS SECTION.**

24                   **(5) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND THAT**  
25 **IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

26                   **(6) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**  
27 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

28                   **(7) THE FUND CONSISTS OF:**

29                           **(I) REVENUE DISTRIBUTED TO THE FUND UNDER § 8-206 OF**  
30 **THE HEALTH OCCUPATIONS ARTICLE;**

1                    (II) MONEY APPROPRIATED IN THE STATE BUDGET TO THE  
2 FUND; AND

3                    (III) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED  
4 FOR THE BENEFIT OF THE FUND.

5                    (8) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED  
6 BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO  
7 THE GENERAL FUND OF THE STATE.

8                    (9) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,  
9 MONEY CREDITED OR APPROPRIATED TO THE FUND SHALL REMAIN IN THE FUND.

10                    (II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR  
11 QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS TO EACH  
12 CREDIT CERTIFICATE ISSUED DURING THE QUARTER.

13                    2. ON NOTIFICATION THAT A CREDIT CERTIFICATE HAS  
14 BEEN ISSUED BY THE DEPARTMENT, THE COMPTROLLER SHALL TRANSFER AN  
15 AMOUNT EQUAL TO THE CREDIT AMOUNT STATED IN THE TAX CREDIT CERTIFICATE  
16 FROM THE FUND TO THE GENERAL FUND OF THE STATE.

17                    (E) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE DEPARTMENT  
18 SHALL:

19                    (1) REPORT TO THE COMPTROLLER ON THE TAX CREDIT  
20 CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR;  
21 AND

22                    (2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §  
23 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE UTILIZATION OF THE  
24 CREDIT ESTABLISHED UNDER THIS SECTION.

25                    (F) THE DEPARTMENT, IN CONSULTATION WITH THE GOVERNOR'S  
26 WORKFORCE INVESTMENT BOARD, SHALL ADOPT REGULATIONS TO CARRY OUT  
27 THE PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND PROCEDURES  
28 FOR APPLICATION FOR, APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX  
29 CREDIT AUTHORIZED UNDER THIS SECTION.

30                    Article – Education



1 (b) (1) There is a Health Personnel Shortage Incentive Grant Program for  
2 eligible institutions.

3 (2) The Office of Student Financial Assistance shall administer the Grant  
4 Program as provided in this section.

5 (e) (2) [Any] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
6 **SUBSECTION, ANY** unspent portions of the money that is transferred to the Office for use  
7 under this section by the Comptroller may not be transferred to or revert to the General  
8 Fund of the State, but shall remain in the Fund maintained by the Office to administer  
9 these programs to be used for the purposes specified in this section.

10 (3) **AN AMOUNT NOT EXCEEDING \$100,000 OF THE UNSPENT**  
11 **PORTION OF THE MONEY THAT IS TRANSFERRED TO THE OFFICE FOR USE UNDER**  
12 **THIS SECTION MAY BE TRANSFERRED TO OR REVERT TO THE GENERAL FUND OF**  
13 **THE STATE IN ORDER TO OFFSET THE COSTS OF THE TAX CREDIT AVAILABLE UNDER**  
14 **§ 10-737 OF THE TAX – GENERAL ARTICLE.**

15 **Article – Health Occupations**

16 8-206.

17 (b) (1) The Board may set reasonable fees for the issuance and renewal of  
18 licenses and its other services.

19 (2) The fees charged shall be set so as to produce funds to approximate the  
20 cost of maintaining the Board as provided in subsection (e) of this section.

21 (3) (I) IN ADDITION TO THE FEE SET BY THE BOARD UNDER THIS  
22 TITLE FOR THE RENEWAL OF AN ADVANCED PRACTICE REGISTERED NURSE  
23 CERTIFICATION OF A NURSE PRACTITIONER, THE BOARD SHALL ASSESS A SEPARATE  
24 \$15 FEE FOR A RENEWAL OF THE CERTIFICATION.

25 (II) THE BOARD SHALL PAY THE FEE COLLECTED UNDER  
26 SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE NURSE PRACTITIONER  
27 PRECEPTORSHIP TAX CREDIT FUND ESTABLISHED UNDER § 10-738 OF THE  
28 TAX – GENERAL ARTICLE.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
30 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015. It  
31 shall remain effective for a period of 5 years and, at the end of June 30, 2021, with no  
32 further action required by the General Assembly, this Act shall be abrogated and of no  
33 further force and effect.