

SENATE BILL 411

Q3

6lr1215
CF 6lr2138

By: **Senators Eckardt, Hershey, and Mathias**
Introduced and read first time: January 29, 2016
Assigned to: Budget and Taxation

A BILL ENTITLED

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
16 of tax credit certificates issued by the Department may not exceed a certain amount
17 for each taxable year; providing that tax credit certificate amounts not issued during
18 a taxable year may be carried over and issued during the next taxable year; requiring
19 the Department to report certain information to the Comptroller and the General
20 Assembly on or before a certain date each year; requiring the Department, in
21 consultation with the Governor's Workforce Investment Board, to adopt certain
22 regulations; authorizing a certain amount of the unspent portion of money
23 transferred to the Office of Student Financial Assistance for use under the Health
24 Personnel Shortage Incentive Grant Program to be transferred or revert to the
25 General Fund only for a certain purpose; defining certain terms; providing for the
26 application of this Act; and generally relating to a credit against the State income
27 tax for certain physician preceptors in certain areas with health care workforce
28 shortages.

29 BY adding to
30 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 Section 10–737
2 Annotated Code of Maryland
3 (2010 Replacement Volume and 2015 Supplement)

4 BY repealing and reenacting, without amendments,
5 Article – Education
6 Section 18–803(b)(1) and (2)
7 Annotated Code of Maryland
8 (2014 Replacement Volume and 2015 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – Education
11 Section 18–803(e)(2)
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2015 Supplement)

14 BY adding to
15 Article – Education
16 Section 18–803(e)(3)
17 Annotated Code of Maryland
18 (2014 Replacement Volume and 2015 Supplement)

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

21 **Article – Tax – General**

22 **10–737.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

25 **(2) “DEPARTMENT” MEANS THE DEPARTMENT OF HEALTH AND**
26 **MENTAL HYGIENE.**

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

29 **(4) “PRECEPTORSHIP PROGRAM” MEANS AN ORGANIZED SYSTEM OF**
30 **CLINICAL EXPERIENCE THAT, FOR THE PURPOSE OF ATTAINING SPECIFIED**
31 **LEARNING OBJECTIVES, PAIRS AN ENROLLED STUDENT OF A LIAISON COMMITTEE**
32 **ON MEDICAL EDUCATION–ACCREDITED MEDICAL SCHOOL IN THE STATE OR AN**
33 **INDIVIDUAL IN A POSTGRADUATE MEDICAL TRAINING PROGRAM IN THE STATE THAT**
34 **IS APPROVED BY THE STATE BOARD OF PHYSICIANS WITH A LICENSED PHYSICIAN**
35 **WHO MEETS THE QUALIFICATIONS AS A PRECEPTOR.**

1 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A LICENSED**
2 **PHYSICIAN MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT**
3 **STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS**
4 **SECTION FOR THE TAXABLE YEAR IN WHICH THE LICENSED PHYSICIAN SERVED**
5 **WITHOUT COMPENSATION AS A PHYSICIAN PRECEPTOR IN A PRECEPTORSHIP**
6 **PROGRAM APPROVED BY THE STATE BOARD OF PHYSICIANS AND WORKED:**

7 **(I) A MINIMUM OF THREE ROTATIONS, EACH CONSISTING OF**
8 **160 HOURS OF COMMUNITY-BASED CLINICAL TRAINING; AND**

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

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

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

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

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

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

23 **(II) INFORMATION IDENTIFYING THE PHYSICIAN**
24 **PRECEPTORSHIP IN WHICH THE LICENSED PHYSICIAN PARTICIPATED;**

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

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

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

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

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

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

14 **(D) ON OR BEFORE JANUARY 31 OF EACH TAXABLE YEAR, THE**
15 **DEPARTMENT SHALL:**

16 **(1) REPORT TO THE COMPTROLLER ON THE TAX CREDIT**
17 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR;**
18 **AND**

19 **(2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §**
20 **2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE UTILIZATION OF THE**
21 **CREDIT ESTABLISHED UNDER THIS SECTION.**

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

27 **Article – Education**

28 18-803.

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

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

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

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

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.