

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1072
Ways and Means

(Prince George's County Delegation)

Prince George's County - County Income Tax - Credit for Primary and Specialty
Health Care Providers

This bill authorizes Prince George's County, by law, to establish a nonrefundable credit against the county income tax equal to up to \$3,000 for each primary or specialty health care provider who during the entire tax year is domiciled within the county and employed by a medical practice with a primary office located within the 20743 zip code. The Comptroller, in consultation with the Prince George's County Office of Finance, must adopt regulations implementing the bill. **The bill takes effect July 1, 2020, and applies to tax year 2020 and beyond.**

Fiscal Summary

State Effect: General fund expenditures may increase beginning in FY 2021 due to administrative costs at the Comptroller's Office. Revenues are not affected.

Local Effect: Prince George's County income tax revenues may decrease by a significant amount beginning in FY 2021 depending on the amount of the tax credit granted and the number of eligible recipients. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: A primary or specialty health care provider is a licensed physician, clinical psychologist, dentist, optometrist, osteopathic physician, or podiatrist. The governing body of Prince George's County may, by law, establish the tax credit amount, applicability, duration, eligibility criteria, and any other provision necessary to implement

the tax credit. Prince George's County must notify the Comptroller by July 1st of the calendar year prior to the first tax year the tax credit may be claimed.

Current Law: Except as otherwise specified, tax credits may be claimed only against the State income tax. The only credits that may be claimed against the county income tax are the earned income credit; poverty level tax credit; and, pursuant to a U.S. Supreme Court ruling, the taxes paid to another state tax credit.

State Expenditures: The Comptroller's Office advises that administering the tax credit, if implemented, will increase expenditures for the agency but could not provide an estimate of the impact.

Local Revenues: Prince George's County income tax revenues may decrease by a significant amount beginning in fiscal 2021 depending on the amount of the tax credit granted and the number of eligible recipients.

The Maryland Department of Health and Prince George's County were unable to provide an estimate on the potential number of recipients and impact on county revenues.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Prince George's County; Comptroller's Office; Department of Legislative Services

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mr/jrb

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