Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 216   (Chair, Finance Committee)(By Request - Departmental - Health)

Finance

Health Occupations - Nursing - Loan Repayment, Education, and Sunset Extension (Building Opportunities for Nurses Act of 2025)

This departmental bill extends the termination date for the State Board of Nursing (MBON) by five years to July 1, 2030. The Secretary of Health continues to have authority over MBON infrastructure operations for which MBON special funds may not be used. The bill renames the Maryland Loan Assistance Repayment Program (MLARP) for Nurses and Nursing Support Staff (and the associated fund) to be MLARP for Nurses, removes nursing support staff as eligible participants, and expands eligibility to additional nurses. The bill alters education requirements for licensure, adds an exception for licensure by endorsement, and repeals provisions regarding nursing assistant training programs. The termination dates for nurse preceptorship income tax credit programs are likewise extended to June 30, 2030. **The bill generally takes effect June 1, 2025.**

Fiscal Summary

State Effect: Maryland Department of Health (MDH) general fund expenditures increase by $5.3 million annually beginning in FY 2026 to continue covering MBON infrastructure operations; MBON reimbursable revenues and expenditures increase correspondingly. MDH special fund revenues and expenditures increase by, at most, $200,000 annually for extension of nurse preceptorship income tax credit programs, with one-half of those revenues from ongoing fees and the other half from general fund capitalization.

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	$0.2	$0.2	$0.2	$0.2	$0.2
ReimB. Rev.	$5.3	$5.3	$5.3	$5.3	$5.3
GF Expenditure	$5.4	$5.4	$5.4	$5.4	$5.4
SF Expenditure	$0.2	$0.2	$0.2	$0.2	$0.2
ReimB. Exp.	$5.3	$5.3	$5.3	$5.3	$5.3
Net Effect	($5.4)	($5.4)	($5.4)	($5.4)	($5.4)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: MDH has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary/Current Law:

Authority Over Infrastructure Operations

Chapters 222 and 223 of 2023 extended the termination date for MBON to July 1, 2025, and granted the Secretary of Health authority over the infrastructure operations of MBON through June 30, 2025. The Secretary may employ staff for the board in accordance with the State budget, define the duties of its staff, and designate a staff member who is a registered nurse (RN) as the board's executive director. Chapter 855 of 2024 repeals the requirement that the executive director be an RN, effective July 1, 2025, or the date on which Chapters 222 and 223 terminate.

Pursuant to Chapters 222 and 223, the Secretary may set the compensation of a board employee whose position is unique to the board, requires specific skills or experience to perform the duties of the position, and does not require the employee to perform functions that are comparable to functions performed in other units of the Executive Branch. The Secretary of Budget and Management, in consultation with the Secretary of Health, must determine the positions for which the Secretary may set compensation. Special funds from the Board of Nursing Fund may not be used to pay for infrastructure operations while the Secretary retains authority.

Under the bill, the Secretary's authority over MBON infrastructure operations (including the authority to designate a staff member who is an RN as the board's executive director) is extended by five years through June 30, 2030, after which authority reverts to MBON (concurrent with the termination date for the board under the bill).

Registered Nurse Licensure Requirements

Under current law, an individual must be licensed by MBON to practice registered nursing in the State, with specified exceptions.

Under the bill, an applicant for an RN license must satisfactorily complete and meet all requirements for a diploma or degree from (1) *an entry-level* registered nursing education

program approved by MBON or (2) an *entry-level registered nursing* program in any other state or country that the board finds substantially equivalent to the education program in the State at the time of the applicant's graduation. "Entry-level registered nursing education program" means an RN program that is the initial entry point for formal RN education that, on successful completion, qualifies an individual with no prior registered nursing education to obtain an RN license. "Entry-level registered nursing education program" does not include degree completion programs, as specified.

Licensure by Endorsement

Under current law, MBON may issue a license by endorsement and waive any appropriate examination requirement for an applicant who has an active unencumbered RN or licensed practical nurse (LPN) license in any other state or country if the applicant meets specified requirements. An applicant must provide adequate evidence that at the time the applicant graduated from a nursing education program approved in the other state or country, the applicant met the educational qualifications required by the laws of Maryland.

Under the bill, the applicant must provide evidence that, at the time the applicant graduated, the *program was substantially equivalent* to the education program approved in Maryland. If an applicant for licensure as an RN by endorsement cannot provide this evidence, the applicant may still qualify for licensure by endorsement if the applicant has:

- completed satisfactorily and met all requirements for a baccalaureate degree in registered nursing from a college or university that, at the time of the applicant's graduation, is (1) accredited by a national or regional nursing accreditation agency recognized by the Secretary of the U.S. Department of Education or the Council for Higher Education Accreditation and (2) approved by MBON or an applicable state regulator in the state in which the program is located; and
- completed a minimum number of direct patient care practice hours as required by regulations adopted by MBON.

Certified Nursing Assistant Training Programs

Chapters 818 and 819 of 2024 require a certified nursing assistant (CNA) to obtain certification as a CNA-I or CNA-II. An individual who has met the requirements for a CNA credential by October 1, 2025, must be certified as a CNA-I. Beginning October 1, 2025, a CNA-II may be certified as a CNA-I by submitting an application to MBON and providing satisfactory evidence of (1) successful completion of an approved nursing assistant training program and (2) passing a nursing assistant competency evaluation. The Acts also authorize a nursing assistant training program to continue to operate during the MBON approval process.

Under current law, the curriculum content for an approved nursing assistant training program must include, among other things, content that meets all specified federal requirements and all basic skills required of a nursing assistant, regardless of the setting of the practice. MBON, in conjunction with the Maryland Higher Education Commission, must approve each nursing assistant training program prior to its implementation and periodically survey all programs in the State.

The bill removes the requirement that MBON approve the use of a nursing assistant training site by a nursing assistant training program within 45 days after the training program applies for approval, if the training program has previously been approved to use the training site by the board. The bill also repeals the authorization for a nursing assistant training program to operate during the approval process, effective October 1, 2025 (or the date on which Chapters 818 and 819 take effect).

Maryland Loan Assistance Repayment Program

Chapter 314 of 2022 established MLARP for Nurses and Nursing Support Staff and the associated MLARP for Nurses and Nursing Support Staff Fund to assist in the repayment of education loans owed by a nurse or nursing support staff who (1) practices in an eligible field of employment or (2) meets any other requirements established by MDH. The Act also required MDH to convene a stakeholder workgroup to examine how the State can implement a program to further incentivize nursing and nursing support staff students to practice in professional shortage areas and medically underserved areas in the State.

Under the bill, nursing support staff (including certified medication technicians, certified medicine aides, CNAs, and geriatric nursing assistants) are removed as eligible recipients of the renamed MLARP for Nurses funding. "Eligible field of employment" is expanded to include, in addition to specified employment by a nonprofit entity, *for-profit employment in an area of the State identified by MDH as having a health care workforce shortage or public health need.*

Subject to the availability of money in the fund, the bill authorizes MDH to assist in the repayment of an education loan owed by a nurse who (1) practices a medical specialty that has been identified by MDH as being in shortage in the geographic area of the State where the nurse practices and (2) commits to practicing in the area for a period of time determined by MDH. MDH must prioritize funding for the repayment of education loans in the following order: (1) nurses practicing in an eligible field of employment; (2) nurses practicing in primary care in a geographic area where MDH has identified a shortage of nurses; and (3) nurses practicing in a medical specialty other than primary care in a geographic area where MDH has identified a shortage of that specialty.

Preceptorship Income Tax Credits

Nurse Practitioner Preceptorship Income Tax Credit: Chapters 385 and 386 of 2016 established the nurse practitioner preceptorship tax credit (as well as the physician preceptorship tax credit). The nonrefundable income tax credit may be claimed by a licensed nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. A licensed nurse practitioner must serve without compensation as a preceptor in a preceptorship program approved by MBON and work (1) at least three rotations with each rotation consisting of 100 hours of community-based clinical training and (2) in an area identified as having a health care workforce shortage. A $15 fee for the renewal of an advanced practice registered nurse (APRN) certificate must be distributed to the Nurse Practitioner Preceptorship Tax Credit Fund, which is intended to offset the costs of the tax credit. Tax credit applications are approved on a first-come, first-served basis until the maximum limit is reached. Each year, MDH may issue the lesser of $100,000 in tax credit certificates or the total amount of money in the fund. If the aggregate amount of tax credit certificates issued in a year is less than $100,000, the excess amount may be issued in the next taxable year. The income tax credit terminates June 30, 2026.

The bill extends the termination date of the nurse practitioner preceptorship income tax credit by four years to June 30, 2030.

Licensed Practical Nurse and Registered Nurse Preceptorship Income Tax Credit: Chapter 675 of 2022 established an LPN and RN preceptorship income tax credit and fund. An LPN, APRN, or RN must serve without compensation as a preceptor in a preceptorship program approved by MBON and work (1) at least three rotations with each rotation consisting of 100 hours of community-based clinical training and (2) in an area identified as having a health care workforce shortage. MDH must issue a credit certificate of $1,000 for each eligible student rotation for which the applicant served as a preceptor without compensation, not to exceed $10,000 per applicant for any taxable year. Tax credit applications are approved on a first-come, first-served basis until the maximum authorized credits are awarded. MDH may issue in each tax year the lesser of $100,000 in tax credit certificates or the total amount of money in the fund. If the aggregate amount of tax credit certificates issued in a year is less than $100,000, the excess amount may be issued in the next taxable year. The fund consists of specified federal COVID-19 pandemic relief funding, money appropriated in the State budget to the fund, and any other money accepted for the benefit of the fund. The LPN and RN preceptorship income tax credit is applicable for tax years 2022 through 2024 and terminates June 30, 2025.

The bill extends the LPN and RN preceptorship income tax credit by five years, with a termination date of June 30, 2030, making the credit applicable to tax years 2025 through 2029.

Background:

Registered Nursing Licensure Requirements

The bill authorizes an applicant for an RN license to satisfactorily complete and meet all requirements for a diploma or degree from specified entry-level registered nursing education programs. MDH advises that this authorization conforms with the directive to address the nursing workforce shortage in the State and removes barriers to RN licensure.

*Certified Nursing Assistant Training Program*s

MDH advises that current statutory requirements for the approval of a nursing assistant training site are inconsistent with MBON's current reapproval process. Additionally, MDH advises that current law may conflict with federal regulations (42 CFR 481.151(e)) that prohibit a state from approving a nurse aide training and competency evaluation program for a period longer than two years. Thus, removing the requirement to approve the use of a nursing assistant training site if the training program has previously been approved by the board and authorization for a nursing assistant training program to operate during the approval process removes any such conflicts.

Maryland Loan Assistance Repayment Program for Nurses and Nursing Support Staff

MDH advises that the MLARP for Nurses and Nursing Support Staff stakeholder workgroup reviewed implementation of the program and noted that a limited number of nursing support staff applied for funds; therefore, the stakeholder workgroup recommended removing nursing support staff as eligible recipients of the fund.

MDH advises that the bill's expansion of program eligibility for nurses with for-profit employment and those practicing medical specialties in an area of the State identified as having a health care workforce shortage or public health need eliminates a barrier that excludes nursing professionals who serve similar populations in public or nonprofit counterparts and those practicing medical specialties other than primary care from the program. According to MDH, these changes better align the program with State priorities.

Maryland Program Evaluation Act

MBON is 1 of approximately 60 regulatory entities and activities subject to termination unless reauthorized periodically through statute. Under the Maryland Program Evaluation Act, these entities may also be subject to an evaluation by the Office of Program Evaluation and Government Accountability (OPEGA) within DLS prior to their termination. However, OPEGA may conduct an evaluation only if directed by specified entities or by

legislation. On January 3, 2023, the Executive Director of DLS directed OPEGA to conduct a [performance evaluation](#) of MBON.

State Fiscal Effect:

Authority Over Infrastructure Operations

MBON is special funded; typically, all board operations are paid with special funds generated through fee revenues. Under current law, costs associated with MBON infrastructure operations shifted to MDH in fiscal 2023 and continue through 2025. Personnel expenditures related to MBON's Executive, Operations (including information technology, fiscal, and human resources), and Legal divisions transferred to the Secretary's control and are general funded. MDH also assumed payment of fixed infrastructure costs, including rent, utilities, office supplies, and printing. Expenditures related to MBON's Accountability (complaints, investigations, discipline, and compliance), Exams and Education, and Licensure and Certification divisions remain under the board's control and are special funded. Under the bill, MDH must continue to absorb costs associated with MBON infrastructure operations through fiscal 2030. Beginning July 1, 2030 (fiscal 2031), all MBON expenditures are special funded.

In fiscal 2024, MDH reimbursed approximately $5.2 million to MBON for infrastructure costs, and the fiscal 2025 working appropriation is $8.0 million. There are no funds included in the fiscal 2026 budget as introduced to account for MDH's continued infrastructure authority over MBON. However, MDH estimates that infrastructure costs total approximately $5.3 million annually beginning in fiscal 2026. Therefore, since in the absence of the bill MBON would resume responsibility for its infrastructure costs in fiscal 2026, MDH general fund expenditures increase by approximately $5.3 million annually from fiscal 2026 through 2030. MBON reimbursable fund revenues and expenditures increase accordingly.

MBON special fund revenues continue under the bill. Any reduction in special fund expenditures resulting from infrastructure operations being covered with general funds in fiscal 2026 through 2030 results in special funds remaining in the Board of Nursing Fund. In fiscal 2022, the MBON fund balance was projected to be completely depleted by the end of fiscal 2024. However, since infrastructure operations have been funded by MDH general funds since fiscal 2023, MBON's closing fund balance at the end of fiscal 2024 was approximately $1.8 million.

Maryland Loan Assistance Repayment Program for Nurses

The fiscal 2026 budget as introduced includes $1.0 million for the MLARP for Nurses and Nursing Support Staff Fund. This analysis assumes these funds are used for the MLARP

for Nurses Fund beginning in fiscal 2026, following the June 1, 2025 effective date of the bill. MDH advises that existing staff resources for the MLARP for Nurses and Nursing Support Staff program are sufficient to meet the program eligibility as expanded under the bill.

Preceptorship Income Tax Credits

The bill specifies that nurse preceptorship tax credits can be claimed in tax years 2025 through 2029. Each year, MDH may issue the lesser of $100,000 in tax credit certificates or the total amount of money in both the Nurse Practitioner Preceptorship Tax Credit Fund and the LPN and RN Preceptorship Tax Credit Fund.

There has not been funding included in the budget for these funds since fiscal 2024. Although discretionary, this analysis assumes funding is provided in fiscal 2026. Therefore, MDH general fund expenditures increase by, *at most,* $100,000 for the LPN and RN Preceptorship Tax Credit Fund in fiscal 2026 through 2030 due to the tax credit extension, while the $15 fee assessed at APRN renewal is assumed to provide $100,000 in ongoing funding for the Nurse Practitioner Preceptorship Tax Credit Fund through fiscal 2030 (even though the nurse practitioner funds could be provided in fiscal 2026 under current law, this analysis assumes that they would not be, absent the extension). Accordingly, special fund revenues and expenditures for the two tax credit funds increase by as much as $200,000 annually through fiscal 2030.

The Comptroller's Office reports that the extension of the nurse preceptorship tax credit can be implemented with existing budgeted resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 19 (Chair, Health and Government Operations Committee)(By Request - Departmental - Health) - Health and Government Operations.

Information Source(s): Comptroller's Office; Maryland Higher Education Commission; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2025
rh/jc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Occupations - Nursing - Loan Repayment, Education, and Sunset
                       Extension (Building Opportunities for Nurses Act of 2025)

BILL NUMBER: SB 216

PREPARED BY: Maryland Department of Health/Health Occupations Boards

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

___   WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposal has no economic impact.