

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 595 (Delegate Lewis, *et al.*)
Ways and Means and Health

Income Tax - Credit for Physician Preceptors in Areas With Health Care
Workforce Shortages - Alterations

This bill expands eligibility for the State income tax credit for physician preceptors in areas with health care workforce shortages to include physicians who serve in a preceptorship program authorized by an accredited out-of-state medical school. The bill also reduces the minimum number of community-based clinical training hours for each of the minimum required three rotations from 100 to 90. **The bill takes effect July 1, 2026, and applies to tax year 2026 and beyond.**

Fiscal Summary

State Effect: General fund revenues may decrease beginning in FY 2027 to the extent the bill increases utilization of the physician preceptors tax credit, as discussed below. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A licensed physician who, during the tax year, serves without compensation as a physician preceptor in an area of the State identified by the Maryland Department of Health (MDH) as having a health care shortage may apply to MDH for a tax credit certificate equal to \$1,000 per eligible student rotation, not to exceed \$10,000. To be eligible for the credit, the preceptorship program must be authorized by an accredited medical school in the State, and the physician preceptor must work a minimum

of three rotations each consisting of 100 hours of community-based clinical training. The credit is nonrefundable and may not be carried over to any other tax year.

MDH must approve qualifying applications on a first-come, first-served basis and generally may not issue more than \$100,000 in tax credit certificates annually. However, any unused amount may be carried over and issued in a subsequent year. MDH must report to the Comptroller and the General Assembly annually on utilization of the tax credit.

State Revenues: Aggregate physician preceptor tax credit certificates averaged about \$30,000 annually for tax years 2020 through 2024. To the extent the bill's changes result in increased utilization of the tax credit, general fund revenues may decrease beginning as early as fiscal 2027. Any such impact cannot be reliably estimated at this time.

Additional Information

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

Designated Cross File: SB 466 (Senator King) - Budget and Taxation.

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

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caw/jrb

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