



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary

January 20, 2021

The Honorable Guy Guzzone, Chairman
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401-1991

RE: SB 102 – Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages – Letter of Information with Amendments

Dear Chairman Guzzone and Committee Members:

The Maryland Department of Health (the “Department”) submits this letter of information with technical amendments for SB 102 – Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages (SB0102).

SB 102 expands the eligible Preceptorship tax credit programs as mandated by Tax-General Article, §§10–738–739 to include tax credit eligibility for preceptors of Physician Assistants.

The Department’s Office of Population Health Improvement (OPHI) manages the implementation of the current Preceptor Tax Credit programs for physicians and nurse practitioners. The program proposed under SB 102 is similar in program requirements and adds an additional preceptor type to the tax credit program. The Department would like to suggest technical clarifications to SB 102 that would allow us to implement SB 102 should the bill be passed.

First, the use of the terms “rotation” and “student” for eligibility and payment criteria in this bill is confusing. The Department suggests the consistent use of the language to make rotation and student distinct for the purpose of determining program eligibility and tax credits. The eligibility criteria for tax credit in SB0102 is based on a minimum of three (3) rotations served, however credit is certified per student. This means a preceptor working with one student for 3 rotations would only be eligible for \$1,000 rather than \$3,000. This misalignment of eligibility and payment criteria creates operational difficulties and potentially disincentivizes preceptors from precepting an individual student for more than one rotation.

Second, SB0102 does not extend any current application review or reporting deadlines to allow for the application cycle, tax year calendar, or anticipated increased workload resulting from the addition of a third preceptor type. Though the bill will add more preceptor applications to the OPHI administration of the tax credit programs, the time to process the applications remains unchanged (45 days after receipt of the individual’s application). The Department recommends that the time to respond to applicants is extended to at least 60 days to account for the current large number of applications received and the anticipated increase in applications.

Lastly, the Department interprets January 31 of the cycle application closure year as the due date for the report to the General Assembly and Comptroller for the prior tax year's credits (those reviewed and awarded during the application cycle). Thirty-one (31) calendar days following the close of the tax year does not allow for the complete review, scoring, validation, Secretary of Health approval, and award/denial of credits.

We suggest the following technical amendments to successfully implement the intent of SB0102, should the Committee desire to report the bill favorably:

AMENDMENT NO. 1

On page 6, lines 19 through 22, after (E) strike **“ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE DEPARTMENT SHALL: (1) REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR”** and substitute **“WITHIN 15 DAYS AFTER THE END OF THE FIRST CALENDAR YEAR QUARTER, REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED FOR THE PRIOR TAXABLE YEAR.”**

AMENDMENT NO. 2

On page 4, lines 19 through 23, strike **“THE DEPARTMENT SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT OF \$1,000 FOR EACH PHYSICIAN ASSISTANT STUDENT FOR WHOM THE HEALTH CARE PRACTITIONER SERVED AS A PHYSICIAN ASSISTANT PRECEPTOR WITHOUT COMPENSATION”** and substitute **“THE DEPARTMENT SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT OF \$1,000 FOR EACH PHYSICIAN ASSISTANT STUDENT ROTATION OF THE MINIMUM NUMBER OF HOURS FOR WHICH THE HEALTH CARE PRACTITIONER SERVED AS A PHYSICIAN ASSISTANT PRECEPTOR WITHOUT COMPENSATION.”**

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 260-3190 or webster.ye@maryland.gov or Deputy Director of Governmental Affairs at the same phone number or heather.shek@maryland.gov.

Sincerely,



Webster Ye
Assistant Secretary, Health Policy