



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

January 21, 2021

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

RE: SB92 – Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages – Eligibility and Set Repeal – 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 SB92 – Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages – Eligibility and Sunset Repeal.

SB92 repeals the sunset of Tax-General Article, §§10–738–739 and revises the minimum number of hours required for a medical student rotation.

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 SB92 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 92 that would allow us to implement SB92 and this program should the bill be passed.

First, the use of the terms “rotation” and “student” for eligibility and payment criteria in this bill is confusing. OPHI would like 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 SB0092 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, 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 amendments to successfully implement the intent of SB92, should the Committee desire to report the bill favorably:

AMENDMENT NO. 1

On page 3, lines 20 through 22, after (d), strike **“On or before January 31 of 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 6, lines 14 through 16, after (e), strike **“On or before January 31 of 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. 3

On page 2, lines 29 through 31, strike **“the Department shall issue a credit certificate in the amount of \$1,000 for each student for whom the licensed physician served as a physician preceptor without compensation”** and substitute **“the Department shall issue a credit certificate in the amount of \$1,000 for each physician student rotation of the minimum number of hours for which the licensed physician served as a preceptor without compensation.”**

AMENDMENT NO. 4

On page 4, lines 25 through 27, strike **“the Department shall issue a credit certificate in the amount of \$1,000 for each nurse practitioner student for whom the nurse practitioner or licensed physician served as a physician preceptor without compensation”** and substitute **“the Department shall issue a credit certificate in the amount of \$1,000 for each nurse practitioner student rotation of the minimum number of hours for which the nurse practitioner or licensed physician served as a 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, Heather Shek at the same phone number or heather.shek@maryland.gov.

Sincerely,



Webster Ye
Assistant Secretary, Health Policy