



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

March 25, 2021

The Honorable Anne R. Kaiser
Chair, Ways and Means Committee
Room 131 Miller 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 Chair Kaiser and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information with technical amendments for Senate Bill (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.

MDH'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. MDH would like to suggest technical clarifications to SB 102 that would allow us to implement SB 102 should the bill be passed.

First, SB 102 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). MDH 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, MDH 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 amendment 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.”

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 Director of Governmental Affairs at the same phone number or heather.shek@maryland.gov.

Sincerely,



Webster Ye
Assistant Secretary, Health Policy