



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 6, 2025

The Honorable Vanessa E. Atterbeary
Chair, House Ways and Means Committee
Room 130, Taylor House Office Building
Annapolis, Maryland 21401

RE: House Bill (HB) 496 – Income Tax - Credits for Nursing Program Preceptors in Areas With Health Care Workforce Shortages - Alterations – Letter of Information

Dear Chair Atterbeary and Committee Members:

The Maryland Department of Health (Department) respectfully submits this Letter of Information for House Bill 496 – Income Tax - Credits for Nursing Program Preceptors in Areas With Health Care Workforce Shortages - Alterations.

House Bill 496 will reduce the number of community-based clinical training hours from 100 to 90 hours per rotation that a licensed physician, advanced practice registered nurse, registered nurse, or licensed practical nurse must serve without compensation as a preceptor to qualify for tax credits in a preceptorship program approved by the State Board of Nursing in areas with health care workforce shortages. HB 496 also removes the sunset date for the Registered Nurse / Licensed Practice Nurse (RN / LPN) Tax Credit program.

The Department's Office of Population Health Improvement (OPHI) administers the Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages Programs including those for physician; nurse practitioner; physician assistant; and registered nurse/licensed practical nurse student preceptors. OPHI manages the Income Tax Credit Programs, facilitating program marketing, application receipt and review, and issuance of income tax credits certification/denial, and managing available Funds provided by the Board of Nursing for the nurse practitioner preceptorship program and Board of Physicians for the physician assistant preceptorship program..

As proposed by HB 496, a decrease in the number of training hours from 100 to 90 hours per rotation may lead to an increase in the number of eligible applicants for the affected Programs and produce a higher number of applicants eligible to receive tax credits. Despite the anticipated increase in eligible applicants for tax credit certificates, it will not increase the amount of tax credit funds available for distribution in each program due to each programs' individual funding limitations. This is especially important for the Registered Nurse / Licensed Practice Nurse (RN / LPN) Tax Credit program as there is no identified permanent funding source. No federal funds,

money appropriated in the State budget, or other funding source has been identified to fund this program.

Additionally, as the amendments do not change the eligibility criteria across all Income Tax Credit Programs uniformly, it could create a challenge in program administration, communication, and understanding by potential applicants. For example, physicians are eligible preceptors for nurse practitioner, physician assistant, and medical students, and yet, they would be required to abide by varied rotation eligibility requirements across nurse practitioner, physician assistant, and medical students leading to potential record keeping challenges needed for the submission of tax credit applications.

Tax credits for preceptorship are an innovative recruitment and retention effort. Currently, the Department is completing a legislative report due to the General Assembly on December 1, 2025, that explores if tax credits contributed to the expansion of preceptorships and the Department looks forward to further analysis of program impacts.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott".

Laura Herrera Scott, MD, MPH
Secretary