

SENATE BILL 788

Q3

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By: **Senator Eckardt**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 8, 2020

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – ~~Credit for Community-Based Faculty Clinicians~~ Credits for**
3 **Preceptors in Areas With Health Care Workforce Shortages**

4 FOR the purpose of authorizing a credit against the State income tax for certain ~~individuals~~
5 health care practitioners who serve as certain ~~community-based faculty clinicians~~
6 preceptors for a certain ~~clerkship~~ preceptorship program approved by the Maryland
7 Department of Health for ~~medical and nursing~~ physician assistant students;
8 providing that any unused credit may not be carried forward to another taxable year;
9 providing for the calculation of the credit; requiring the Department, on application
10 of a taxpayer, to issue a tax credit certificate under certain circumstances; requiring
11 the application to contain certain information; providing for the maximum amount
12 of a tax credit certificate that may be issued; requiring the Department to approve
13 applications on a first-come, first-served basis and notify applicants of approval or
14 denial of an application within a certain number of days after receipt of the
15 application; providing that the total number of tax credit certificates issued by the
16 Department may not exceed a certain amount for each taxable year; providing that
17 tax credit certificate amounts not issued during a taxable year may be carried over
18 and issued during the next taxable year; establishing the Physician Assistant
19 Preceptorship Tax Credit Fund as a special, nonlapsing fund; specifying the purpose
20 of the Fund; requiring the Department to administer the Fund; requiring the State
21 Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying
22 the contents of the Fund; specifying the purpose for which the Fund may be used;
23 providing for the investment of money in and expenditures from the Fund; requiring
24 the State Board of Physicians to assess a certain fee for the renewal of a certain
25 license; requiring the Board to pay the fee collected into the Fund; requiring the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Department to report certain information to the Comptroller and the General Assembly on or before a certain date each year; requiring the Department, in consultation with the Governor's Workforce Development Board, to adopt certain regulations; repealing the termination date for certain tax credits for certain preceptors in areas with health care workforce shortages; providing for the application of certain provisions of this Act; defining certain terms; and generally relating to ~~a credit credits~~ against the State income tax for ~~community-based faculty clinicians~~ health care practitioners serving as preceptors in areas with health care workforce shortages.

BY repealing and reenacting, without amendments,

Article – Health Occupations

Section 15–101(a) and (d)

Annotated Code of Maryland

(2014 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Health Occupations

Section 15–206(a) and (b)

Annotated Code of Maryland

(2014 Replacement Volume and 2019 Supplement)

BY adding to

Article – Tax – General

Section 10–751

Annotated Code of Maryland

(2016 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Chapter 385 of the Acts of the General Assembly of 2016

Section 2

BY repealing and reenacting, with amendments,

Chapter 386 of the Acts of the General Assembly of 2016

Section 2

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Health Occupations

15–101.

(a) In this title the following words have the meanings indicated.

(d) “Board” means the State Board of Physicians, established under § 14–201 of this article.

15-206.

(a) (1) The Board shall set reasonable fees for:

~~[(1)] (I) The issuance and renewal of licenses; and~~

~~[(2)] (II) The other services rendered by the Board in connection with physician assistants, including the cost of providing a rehabilitation program for physician assistants under § 14-401.1(g) of this article.~~

(2) (I) IN ADDITION TO THE FEE SET BY THE BOARD UNDER THIS TITLE FOR THE RENEWAL OF A LICENSE, THE BOARD SHALL ASSESS A SEPARATE \$15 FEE FOR A RENEWAL OF THE LICENSE.

(II) THE BOARD SHALL PAY THE FEE COLLECTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE PHYSICIAN ASSISTANT PRECEPTORSHIP TAX CREDIT FUND ESTABLISHED UNDER § 10-751 OF THE TAX – GENERAL ARTICLE.

(b) ~~[The]~~ **EXCEPT AS PROVIDED IN SUBSECTION (A)(2)(II) OF THIS SECTION, THE Board shall pay all fees collected under this title to the Comptroller of the State.**

Article – Tax – General

10-751.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

~~(2) “COMMUNITY-BASED FACULTY CLINICIAN” MEANS AN UNCOMPENSATED INDIVIDUAL WHO:~~

~~(1) IS LICENSED TO PRACTICE:~~

~~1. MEDICINE UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE;~~

~~2. AS A PHYSICIAN ASSISTANT UNDER TITLE 15 OF THE HEALTH OCCUPATIONS ARTICLE; OR~~

~~3. AS AN ADVANCED PRACTICE REGISTERED NURSE UNDER TITLE 8 OF THE HEALTH OCCUPATIONS ARTICLE; AND~~

~~(H) IN A CALENDAR YEAR, PROVIDES AT LEAST 3 BUT NOT MORE THAN 10 CORE CLERKSHIPS.~~

~~(3) "CORE CLERKSHIP" MEANS A CLERKSHIP:~~

~~(I) FOR A STUDENT WHO IS ENROLLED IN:~~

~~1. A MEDICAL SCHOOL IN THE STATE;~~

~~2. A PHYSICIAN ASSISTANT PROGRAM IN THE STATE; OR~~

~~3. AN ADVANCED PRACTICE REGISTERED NURSE PROGRAM IN THE STATE; AND~~

~~(II) THAT CONSISTS OF A MINIMUM OF 100 HOURS OF COMMUNITY-BASED INSTRUCTION UNDER THE GUIDANCE OF A COMMUNITY-BASED FACULTY CLINICIAN IN FAMILY MEDICINE, GENERAL INTERNAL MEDICINE, OR GENERAL PEDIATRICS.~~

~~(4) (2) "DEPARTMENT" MEANS THE MARYLAND DEPARTMENT OF HEALTH.~~

(3) "HEALTH CARE PRACTITIONER" MEANS AN INDIVIDUAL WHO:

(I) IS LICENSED TO PRACTICE MEDICINE UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE;

(II) IS A PHYSICIAN ASSISTANT, AS DEFINED IN § 15-101 OF THE HEALTH OCCUPATIONS ARTICLE; OR

(III) IS A REGISTERED NURSE PRACTITIONER, AS DEFINED IN § 8-101 OF THE HEALTH OCCUPATIONS ARTICLE.

(4) "PRECEPTORSHIP PROGRAM" MEANS AN ORGANIZED SYSTEM OF CLINICAL EXPERIENCE THAT, FOR THE PURPOSE OF ATTAINING SPECIFIED LEARNING OBJECTIVES, PAIRS AN ENROLLED STUDENT OF A PHYSICIAN ASSISTANT PROGRAM IN THE STATE WITH A HEALTH CARE PRACTITIONER WHO MEETS THE QUALIFICATIONS OF A PRECEPTOR.

~~(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL A HEALTH CARE PRACTITIONER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS SECTION FOR THE TAXABLE YEAR IN WHICH THE INDIVIDUAL SERVED AS A COMMUNITY-BASED FACULTY CLINICIAN IN A CORE~~

~~CLERKSHIP~~ HEALTH CARE PRACTITIONER SERVED WITHOUT COMPENSATION AS A
PHYSICIAN ASSISTANT PRECEPTOR IN A PRECEPTORSHIP PROGRAM APPROVED BY
THE DEPARTMENT AND WORKED:

(I) A MINIMUM OF 3 ROTATIONS, EACH CONSISTING OF AT
LEAST 100 HOURS OF COMMUNITY-BASED CLINICAL TRAINING IN FAMILY
MEDICINE, GENERAL INTERNAL MEDICINE, OR GENERAL PEDIATRICS; AND

(II) IN AN AREA OF THE STATE IDENTIFIED AS HAVING A
HEALTH CARE WORKFORCE SHORTAGE BY THE DEPARTMENT, IN CONSULTATION
WITH THE GOVERNOR'S WORKFORCE DEVELOPMENT BOARD.

(2) (I) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX
IMPOSED FOR THAT TAXABLE YEAR.

(II) ANY UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE
YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

(C) (1) ON APPLICATION BY A ~~COMMUNITY-BASED FACULTY CLINICIAN~~
HEALTH CARE PRACTITIONER, THE DEPARTMENT SHALL ISSUE A TAX CREDIT
CERTIFICATE IN THE AMOUNT OF \$1,000 FOR EACH PHYSICIAN ASSISTANT STUDENT
FOR WHOM THE ~~COMMUNITY-BASED FACULTY CLINICIAN~~ HEALTH CARE
PRACTITIONER SERVED ~~IN A CORE CLERKSHIP~~ AS A PHYSICIAN ASSISTANT
PRECEPTOR WITHOUT COMPENSATION.

(2) THE APPLICATION SHALL CONTAIN:

(I) THE NAME OF THE ~~COMMUNITY-BASED FACULTY CLINICIAN~~
HEALTH CARE PRACTITIONER;

(II) INFORMATION IDENTIFYING THE ~~CORE CLERKSHIP~~
PHYSICIAN ASSISTANT PRECEPTORSHIP IN WHICH THE ~~COMMUNITY-BASED~~
~~FACULTY CLINICIAN~~ HEALTH CARE PRACTITIONER PARTICIPATED;

(III) THE NUMBER AND NAMES OF THE STUDENTS FOR WHOM
THE INDIVIDUAL SERVED AS A ~~COMMUNITY-BASED FACULTY CLINICIAN~~ PRECEPTOR
WITHOUT COMPENSATION; AND

(IV) ANY OTHER INFORMATION THAT THE DEPARTMENT
REQUIRES.

(3) FOR ANY TAXABLE YEAR, THE AMOUNT OF TAX CREDIT STATED IN
THE TAX CREDIT CERTIFICATE MAY NOT EXCEED \$10,000.

(4) THE DEPARTMENT SHALL:

(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

(II) NOTIFY AN INDIVIDUAL WITHIN 45 DAYS AFTER RECEIPT OF THE INDIVIDUAL'S APPLICATION OF ITS APPROVAL OR DENIAL.

(5) (I) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:

1. THE TOTAL FUNDS IN THE PHYSICIAN ASSISTANT PRECEPTORSHIP TAX CREDIT FUND FOR THAT YEAR; OR

2. \$100,000.

(II) IF THE AGGREGATE AMOUNT OF TAX CREDIT CERTIFICATES ISSUED UNDER THIS SECTION DURING A TAXABLE YEAR TOTAL LESS THAN THE AMOUNT AUTHORIZED UNDER THIS PARAGRAPH, ANY EXCESS AMOUNT MAY BE ISSUED UNDER TAX CREDIT CERTIFICATES IN THE NEXT TAXABLE YEAR.

(D) (1) IN THIS SECTION, "FUND" MEANS THE PHYSICIAN ASSISTANT PRECEPTORSHIP TAX CREDIT FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(2) THERE IS A PHYSICIAN ASSISTANT PRECEPTORSHIP TAX CREDIT FUND.

(3) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(4) THE PURPOSE OF THE FUND IS TO OFFSET THE COSTS OF THE TAX CREDIT AVAILABLE UNDER THIS SECTION.

(5) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(6) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(7) THE FUND CONSISTS OF:

1 **(I) REVENUE DISTRIBUTED TO THE FUND UNDER § 15-206 OF**
2 **THE HEALTH OCCUPATIONS ARTICLE;**

3 **(II) MONEY APPROPRIATED IN THE STATE BUDGET TO THE**
4 **FUND; AND**

5 **(III) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
6 **FOR THE BENEFIT OF THE FUND.**

7 **(8) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED**
8 **BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO**
9 **THE GENERAL FUND OF THE STATE.**

10 **(9) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,**
11 **MONEY CREDITED OR APPROPRIATED TO THE FUND SHALL REMAIN IN THE FUND.**

12 **(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR**
13 **QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS TO EACH**
14 **CREDIT CERTIFICATE ISSUED DURING THE QUARTER.**

15 **2. ON NOTIFICATION THAT A CREDIT CERTIFICATE HAS**
16 **BEEN ISSUED BY THE DEPARTMENT, THE COMPTROLLER SHALL TRANSFER AN**
17 **AMOUNT EQUAL TO THE CREDIT AMOUNT STATED IN THE TAX CREDIT CERTIFICATE**
18 **FROM THE FUND TO THE GENERAL FUND OF THE STATE.**

19 ~~**(D)**~~ **(E)** ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE
20 DEPARTMENT SHALL:

21 **(1) REPORT TO THE COMPTROLLER ON THE TAX CREDIT**
22 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR;**
23 **AND**

24 **(2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §**
25 **2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE UTILIZATION OF THE**
26 **CREDIT ESTABLISHED UNDER THIS SECTION.**

27 ~~**(E)**~~ **(F)** THE DEPARTMENT, IN CONSULTATION WITH THE GOVERNOR'S
28 **WORKFORCE DEVELOPMENT BOARD, SHALL ADOPT REGULATIONS TO CARRY OUT**
29 **THE PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND PROCEDURES**
30 **FOR APPLICATION FOR, APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX**
31 **CREDIT AUTHORIZED UNDER THIS SECTION.**

32 **SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read**
33 **as follows:**

Chapter 385 of the Acts of 2016

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015. [It shall remain effective for a period of 5 years and, at the end of June 30, 2021, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

Chapter 386 of the Acts of 2016

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015. [It shall remain effective for a period of 5 years and, at the end of June 30, 2021, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That ~~this Act shall take effect July 1, 2020, and~~ Section 1 of this Act shall be applicable to all taxable years beginning after December 31, ~~2019~~ 2020.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.