

# SENATE BILL 92

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(PRE-FILED)

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By: **Senator Eckardt**

Requested: September 22, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credits for Preceptors in Areas With Health Care Workforce**  
3 **Shortages – Eligibility and Sunset Repeal**

4 FOR the purpose of altering the number of training hours that a licensed physician is  
5 required to perform in a preceptor program rotation in order to qualify for a certain  
6 credit against the State income tax; repealing the termination date for certain credits  
7 against the State income tax for certain individuals who serve as preceptors in  
8 certain preceptorship programs and work in areas of the State with health care  
9 workforce shortages; providing for the application of certain provisions of this Act;  
10 and generally relating to credits against the State income tax for certain preceptors  
11 in areas of the State with health care workforce shortages.

12 BY repealing and reenacting, with amendments,  
13 Article – Tax – General  
14 Section 10–738  
15 Annotated Code of Maryland  
16 (2016 Replacement Volume and 2020 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article – Tax – General  
19 Section 10–739  
20 Annotated Code of Maryland  
21 (2016 Replacement Volume and 2020 Supplement)

22 BY repealing and reenacting, with amendments,  
23 Chapter 385 of the Acts of the General Assembly of 2016  
24 Section 2

25 BY repealing and reenacting, with amendments,  
26 Chapter 386 of the Acts of the General Assembly of 2016

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## 1 Section 2

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

4 **Article – Tax – General**

5 10–738.

6 (a) (1) In this section the following words have the meanings indicated.

7 (2) “Department” means the Maryland Department of Health.

8 (3) “Licensed physician” means an individual who is licensed to practice  
9 medicine under Title 14 of the Health Occupations Article.

10 (4) “Preceptorship program” means an organized system of clinical  
11 experience that, for the purpose of attaining specified learning objectives, pairs an enrolled  
12 student of a Liaison Committee on Medical Education–accredited medical school in the  
13 State or an individual in a postgraduate medical training program in the State with a  
14 licensed physician who meets the qualifications as a preceptor.

15 (b) (1) Subject to the limitations of this section, a licensed physician may claim  
16 a credit against the State income tax in the amount stated on the tax credit certificate  
17 issued under subsection (c) of this section for the taxable year in which the licensed  
18 physician served without compensation as a physician preceptor in a preceptorship  
19 program authorized by an accredited medical school in the State and worked:

20 (i) a minimum of three rotations, each consisting of **[160] 100** hours  
21 of community–based clinical training; and

22 (ii) in an area of the State identified as having a health care  
23 workforce shortage by the Department, in consultation with the Governor’s Workforce  
24 Development Board.

25 (2) (i) The total amount of the credit allowed under this section for any  
26 taxable year may not exceed the State income tax imposed for that taxable year.

27 (ii) Any unused amount of the credit for any taxable year may not be  
28 carried over to any other taxable year.

29 (c) (1) On application by a licensed physician, the Department shall issue a  
30 credit certificate in the amount of \$1,000 for each student for whom the licensed physician  
31 served as a physician preceptor without compensation.

32 (2) The application shall contain:

- 1 (i) the name of the licensed physician;
- 2 (ii) information identifying the physician preceptorship in which the  
3 licensed physician participated;
- 4 (iii) the number and names of the students for whom the individual  
5 served as a physician preceptor without compensation; and
- 6 (iv) any other information that the Department requires.

7 (3) For any taxable year, the amount of tax credit stated in the tax credit  
8 certificate may not exceed \$10,000.

9 (4) The Department shall:

- 10 (i) approve all applications that qualify for a tax credit certificate  
11 under this subsection on a first-come, first-served basis; and
- 12 (ii) notify a taxpayer within 45 days of receipt of the taxpayer's  
13 application of its approval or denial.

14 (5) (i) For each taxable year, the total amount of tax credit certificates  
15 that may be issued by the Department under this section may not exceed \$100,000.

16 (ii) If the aggregate amount of tax credit certificates issued under  
17 this section during a taxable year total less than the amount authorized under this  
18 paragraph, any excess amount may be issued under tax credit certificates in the next  
19 taxable year.

20 (d) On or before January 31 of each taxable year, the Department shall:

21 (1) report to the Comptroller on the tax credit certificates issued under this  
22 section during the prior taxable year; and

23 (2) report to the General Assembly, in accordance with § 2-1257 of the  
24 State Government Article, on the utilization of the credit established under this section.

25 (e) The Department, in consultation with the Governor's Workforce Development  
26 Board, shall adopt regulations to carry out the provisions of this section, including the  
27 criteria and procedures for application for, approval of, and monitoring eligibility for the  
28 tax credit authorized under this section.

29 10-739.

30 (a) (1) In this section the following words have the meanings indicated.

31 (2) "Department" means the Maryland Department of Health.

1 (3) "Licensed physician" means an individual who is licensed to practice  
2 medicine under Title 14 of the Health Occupations Article.

3 (4) "Nurse practitioner" has the meaning stated in § 8–101 of the Health  
4 Occupations Article.

5 (5) "Preceptorship program" means an organized system of clinical  
6 experience that, for the purpose of attaining specified learning objectives, pairs a nurse  
7 practitioner student enrolled in a nursing education program that is recognized by the State  
8 Board of Nursing with a nurse practitioner or licensed physician who meets the  
9 qualifications as a preceptor.

10 (b) (1) Subject to the limitations of this section, a nurse practitioner or licensed  
11 physician may claim a credit against the State income tax in the amount stated on the tax  
12 credit certificate issued under subsection (c) of this section for the taxable year in which  
13 the nurse practitioner or licensed physician served without compensation as a preceptor in  
14 a preceptorship program approved by the State Board of Nursing and worked:

15 (i) a minimum of three rotations, each consisting of at least 100  
16 hours of community-based clinical training; and

17 (ii) in an area of the State identified as having a health care  
18 workforce shortage by the Department, in consultation with the Governor's Workforce  
19 Development Board.

20 (2) (i) The total amount of the credit allowed under this section for any  
21 taxable year may not exceed the State income tax imposed for that taxable year.

22 (ii) Any unused amount of the credit for any taxable year may not be  
23 carried over to any other taxable year.

24 (c) (1) On application by a nurse practitioner or licensed physician, the  
25 Department shall issue a credit certificate in the amount of \$1,000 for each nurse  
26 practitioner student for whom the nurse practitioner or licensed physician served as a  
27 preceptor without compensation.

28 (2) The application shall contain:

29 (i) the name of the nurse practitioner or licensed physician;

30 (ii) information identifying the preceptorship in which the nurse  
31 practitioner or licensed physician participated;

32 (iii) the number and names of the nurse practitioner students for  
33 whom the individual served as a preceptor without compensation; and

1 (iv) any other information that the Department requires.

2 (3) For any taxable year, the amount of tax credit stated in the tax credit  
3 certificate may not exceed \$10,000.

4 (4) The Department shall:

5 (i) approve all applications that qualify for a tax credit certificate  
6 under this subsection on a first-come, first-served basis; and

7 (ii) notify a taxpayer within 45 days of receipt of the taxpayer's  
8 application of its approval or denial.

9 (5) (i) For each taxable year, the total amount of tax credit certificates  
10 that may be issued by the Department under this section may not exceed the lesser of:

11 1. the total funds in the Nurse Practitioner Preceptorship  
12 Tax Credit Fund for that year; or

13 2. \$100,000.

14 (ii) If the aggregate amount of tax credit certificates issued under  
15 this section during a taxable year total less than the amount authorized under this  
16 paragraph, any excess amount may be issued under tax credit certificates in the next  
17 taxable year.

18 (d) (1) In this section, "Fund" means the Nurse Practitioner Preceptorship Tax  
19 Credit Fund established under paragraph (2) of this subsection.

20 (2) There is a Nurse Practitioner Preceptorship Tax Credit Fund.

21 (3) The Department shall administer the Fund.

22 (4) The purpose of the Fund is to offset the costs of the tax credit available  
23 under this section.

24 (5) The Fund is a special continuing, nonlapsing fund that is not subject to  
25 § 7-302 of the State Finance and Procurement Article.

26 (6) The State Treasurer shall hold the Fund separately, and the  
27 Comptroller shall account for the Fund.

28 (7) The Fund consists of:

29 (i) revenue distributed to the Fund under § 8-206 of the Health  
30 Occupations Article;

1 (ii) money appropriated in the State budget to the Fund; and

2 (iii) any other money from any other source accepted for the benefit  
3 of the Fund.

4 (8) The money in the Fund shall be invested and reinvested by the State  
5 Treasurer, and interest and earnings shall be credited to the General Fund of the State.

6 (9) (i) Except as otherwise provided in this paragraph, money credited  
7 or appropriated to the Fund shall remain in the Fund.

8 (ii) 1. Within 15 days after the end of each calendar quarter, the  
9 Department shall notify the Comptroller as to each credit certificate issued during the  
10 quarter.

11 2. On notification that a credit certificate has been issued by  
12 the Department, the Comptroller shall transfer an amount equal to the credit amount  
13 stated in the tax credit certificate from the Fund to the General Fund of the State.

14 (e) On or before January 31 each taxable year, the Department shall:

15 (1) report to the Comptroller on the tax credit certificates issued under this  
16 section during the prior taxable year; and

17 (2) report to the General Assembly, in accordance with § 2-1257 of the  
18 State Government Article, on the utilization of the credit established under this section.

19 (f) The Department, in consultation with the Governor's Workforce Development  
20 Board, shall adopt regulations to carry out the provisions of this section, including the  
21 criteria and procedures for application for, approval of, and monitoring eligibility for the  
22 tax credit authorized under this section.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
24 as follows:

25 **Chapter 385 of the Acts of 2016**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
27 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015. [It  
28 shall remain effective for a period of 5 years and, at the end of June 30, 2021, with no  
29 further action required by the General Assembly, this Act shall be abrogated and of no  
30 further force and effect.]

31 **Chapter 386 of the Acts of 2016**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
33 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015. [It

1 shall remain effective for a period of 5 years and, at the end of June 30, 2021, with no  
2 further action required by the General Assembly, this Act shall be abrogated and of no  
3 further force and effect.】

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be  
5 applicable to all taxable years beginning after December 31, 2020.

6 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
7 1, 2021.