

## Chapter 154

## (Senate Bill 102)

AN ACT concerning

**Income Tax – Credits for Preceptors in Areas With Health Care Workforce Shortages**

FOR the purpose of altering the number of training hours that a licensed physician is required to perform in a preceptor program rotation in order to qualify for a certain credit against the State income tax; clarifying the issuance of a credit certificate in certain preceptorship programs; authorizing a credit against the State income tax for certain health care practitioners who serve as certain preceptors for a certain preceptorship program approved by the Maryland Department of Health for physician assistant students; providing that any unused credit may not be carried forward to another taxable year; providing for the calculation of the credit; requiring the Department, on application of a taxpayer, to issue a tax credit certificate under certain circumstances; requiring the application to contain certain information; providing for the maximum amount of a tax credit certificate that may be issued; requiring the Department to approve applications on a first-come, first-served basis and notify applicants of approval or denial of an application within a certain number of days after receipt of the application; providing that the total number of tax credit certificates issued by the Department may not exceed a certain amount for each taxable year; providing that tax credit certificate amounts not issued during a taxable year may be carried over and issued during the next taxable year; establishing the Physician Assistant Preceptorship Tax Credit Fund as a special, nonlapsing fund; specifying the purpose of the Fund; requiring the Department to administer the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purpose for which the Fund may be used; providing for the investment of money in and expenditures from the Fund; requiring the State Board of Physicians to assess a certain fee for the renewal of a certain license; requiring the Board to pay the fee collected into the Fund; requiring the 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~~ extending the termination date for certain tax credits for certain preceptors in areas with health care workforce shortages; requiring the Department to report to the General Assembly on or before a certain date; providing for the application and termination of certain provisions of this Act; defining certain terms; and generally relating to credits against the State income tax for health care practitioners serving as preceptors in areas with health care workforce shortages.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10-738 and 10-739

Annotated Code of Maryland  
(2016 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, without amendments,  
 Article – Health Occupations  
 Section 15–101(a) and (d)  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,  
 Article – Health Occupations  
 Section 15–206(a) and (b)  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2020 Supplement)

BY adding to  
 Article – Tax – General  
 Section 10–751  
 Annotated Code of Maryland  
 (2016 Replacement Volume and 2020 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 – Tax – General**

10–738.

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

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

(3) “Licensed physician” means an individual who is licensed to practice medicine under Title 14 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 Liaison Committee on Medical Education–accredited medical school in the State

or an individual in a postgraduate medical training program in the State with a licensed physician who meets the qualifications as a preceptor.

(b) (1) Subject to the limitations of this section, a licensed physician 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 licensed physician served without compensation as a physician preceptor in a preceptorship program authorized by an accredited medical school in the State and worked:

(i) a minimum of three rotations, each consisting of [160] 100 hours of community-based clinical training; 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 licensed physician, the Department shall issue a credit certificate in the amount of \$1,000 for each student [for whom] **ROTATION OF THE MINIMUM NUMBER OF HOURS REQUIRED UNDER SUBSECTION (B)(1)(I) OF THIS SECTION FOR WHICH** the licensed physician served as a physician preceptor without compensation.

(2) The application shall contain:

(i) the name of the licensed physician;

(ii) information identifying the physician preceptorship in which the licensed physician participated;

(iii) the number and names of the students for whom the individual served as a physician 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 a taxpayer within 45 days of receipt of the taxpayer'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 \$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) 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

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

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

10-739.

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

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

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

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

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

(b) (1) Subject to the limitations of this section, a nurse practitioner or licensed physician 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 nurse practitioner or licensed physician served without compensation as a preceptor in a preceptorship program approved by the State Board of Nursing and worked:

(i) a minimum of three rotations, each consisting of at least 100 hours of community-based clinical training; 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 nurse practitioner or licensed physician, the Department shall issue a credit certificate in the amount of \$1,000 for each nurse practitioner student [for whom] **ROTATION OF THE MINIMUM NUMBER OF HOURS REQUIRED UNDER SUBSECTION (B)(1)(I) OF THIS SECTION FOR WHICH** the nurse practitioner or licensed physician served as a preceptor without compensation.

(2) The application shall contain:

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

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

(iii) the number and names of the nurse practitioner students for whom the individual served as a 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 a taxpayer within 45 days of receipt of the taxpayer'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 Nurse Practitioner 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 Nurse Practitioner Preceptorship Tax Credit Fund established under paragraph (2) of this subsection.

(2) There is a Nurse Practitioner 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:

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

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

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

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

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

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

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

(e) 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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, 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) “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, 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 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 THREE 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 HEALTH CARE PRACTITIONER, THE DEPARTMENT SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT OF \$1,000 FOR EACH PHYSICIAN ASSISTANT STUDENT ~~FOR WHOM~~ ROTATION OF THE MINIMUM NUMBER OF HOURS REQUIRED UNDER SUBSECTION (B)(1)(I) OF THIS SECTION FOR WHICH THE HEALTH CARE PRACTITIONER SERVED AS A PHYSICIAN ASSISTANT PRECEPTOR WITHOUT COMPENSATION.

(2) THE APPLICATION SHALL CONTAIN:

(I) THE NAME OF THE HEALTH CARE PRACTITIONER;

(II) INFORMATION IDENTIFYING THE PHYSICIAN ASSISTANT PRECEPTORSHIP IN WHICH THE HEALTH CARE PRACTITIONER PARTICIPATED;

(III) THE NUMBER AND NAMES OF THE STUDENTS FOR WHOM THE INDIVIDUAL SERVED AS A 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 SUBSECTION, "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, 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:**

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

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

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

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

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

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

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

**(E) 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**

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

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

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read 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~~ 10 years and, at the end of June 30, ~~2021~~ 2026, 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~~ **10** years and, at the end of June 30, ~~2021~~ **2026**, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.†

SECTION 4. AND BE IT FURTHER ENACTED, That, on or before December 1, 2025, the Maryland Department of Health shall report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on:

(1) the number of preceptor programs offered in the State during the immediately preceding 5 years;

(2) the number of health care practitioners who have claimed the income tax credits allowed under §§ 10-738, 10-739, and 10-751 of the Tax – General Article, as enacted under Sections 1 and 2 of this Act, during the immediately preceding 5 years; and

(3) whether the income tax credits allowed under §§ 10-738, 10-739, and 10-751 of the Tax – General Article, as enacted under Sections 1 and 2 of this Act, contributed to the expansion of preceptorships over the course of the immediately preceding 5 years in areas of the State identified as having health workforce shortages by the Department.

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

SECTION ~~3~~ **6**. AND BE IT FURTHER ENACTED, That Section ~~1~~ **2** of this Act shall take effect July 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2021. It shall remain effective for a period of 5 years and, at the end of June 30, 2026, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION ~~4~~ **7**. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect June 1, 2021.

**Approved by the Governor, May 18, 2021.**