



**Income Tax Credit for
Preceptors in Areas with Health
Care Workforce Shortages**

PROGRAM GUIDELINES

November 2023

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Maryland Department of Health
Income Tax Credit for Preceptors in Areas with Health Care
Workforce Shortages Programs
PROGRAM GUIDELINES

A. Purpose

The purpose of the Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages Programs (Preceptor Tax Credit Program) is to enhance Maryland’s health professional workforce by supporting the recruitment and retention of health professional graduates in workforce shortage areas. This is achieved by supporting health care provider preceptors in the provision of community–based clinical training in areas of the State with health care workforce shortages.

B. Background

Though dedicated healthcare providers work to meet the varied healthcare needs of Marylanders every day, healthcare workforce shortages persist. The Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages Programs (Preceptor Tax Credit Programs) aim to improve the number of graduating healthcare professionals and support the recruitment and retention of the health professional workforce in Maryland. Through an annual application cycle, the Program authorizes a credit against the State income tax for individuals who served as an uncompensated preceptor in certain preceptorship programs in healthcare workforce shortage areas within the most recent tax year. The Maryland Department of Health (MDH) is authorized and assigned administration of the Preceptor Tax Credit Programs through Maryland State law. MDH implements the Programs according to the parameters established through State law. The Preceptor Tax Credit Programs are authorized by State law as follows:

- **Physicians (Medical School) Student Preceptors:**
[Tax–General Article, §10–738, Annotated Code of Maryland](#)
 - Originating Bill: [Senate Bill 0411 \(2016\)](#)
- **Nurse Practitioner Student Preceptors:**
[Tax–General Article, §10–739, Annotated Code of Maryland](#)
 - Originating Bill: [Senate Bill 0411 \(2016\)](#)
- **Physician Assistant Student Preceptors:** [Tax–General Article, §10–752, Annotated Code of Maryland](#)
 - Originating Bill: [Senate Bill 0102 \(2021\)](#)
- **Registered Nurse & Licensed Practical Nurse Student Preceptors:**
[Tax-General Article, §10-739-1, Annotated Code of Maryland](#)
 - Originating Bill: [House Bill 1208 \(2022\)](#)

The history of the programs can be found in Appendix I.

Of note, tax credits are issued on a first come, first served basis, and are based on funding availability. Tax credits are not guaranteed.

C. Preceptor Tax Credit Program Qualification Criteria

To qualify for the tax credit under the Preceptor Tax Credit Programs, a health professional must meet the criteria described below during the Tax Year for which they are applying for a tax credit. Qualification criteria include specific attributes related to:

1. Type of professional/preceptor
2. Student type
3. Enrollment of students in a recognized preceptorship program
4. Rotation hours
5. Preceptor practice site location

D. Qualifying Professionals/Preceptors, Student Types, and Preceptorship Programs

Healthcare professionals must serve without compensation as a preceptor of an eligible student type, in a recognized preceptorship program. A preceptorship program means an organized system of clinical experience for the purpose of attaining specific learning objectives.

Applicants are generally eligible for tax credits if they:

1. Are a licensed Physician (MD or DO), Advanced Practice Registered Nurse (APRN), Physician Assistant (PA), Registered Nurse (RN), or Licensed Practical Nurse (LPN) who is a preceptor for medical students enrolled in a medical school in Maryland, PA students enrolled in a PA program in Maryland, or students enrolled in a nursing education program that is recognized by the Maryland Board of Nursing.
2. Are recognized as a preceptor by a liaison committee in a medical education accredited medical school, PA program, or program recognized by the Maryland Board of Nursing.
3. Provide qualifying community- based clinical preceptor rotations to the student type allowable for the preceptor’s profession.

See Table 1 for qualifying professionals, student types, and preceptorship programs.

Table 1: Qualifying Professionals/Preceptors, Student Types, and Preceptorship Programs

<u>Qualifying Professionals/Preceptors</u>	<u>Qualifying Student Type</u>				
	<u>Medical</u>	<u>NP</u>	<u>PA</u>	<u>RN</u>	<u>LPN</u>
<u>Physician (MD or DO)</u>	✓	✓	✓		
<u>Advanced Practice Registered Nurse (APRN)</u>					
<u>Nurse Practitioner (NP)</u>		✓	✓	✓	✓
<u>Certified Nurse Midwife (CNM)</u>				✓	✓
<u>Clinical Nurse Specialist (CNS)</u>				✓	✓
<u>Certified Registered Nurse Anesthetist (CRNA)</u>				✓	✓
<u>Physician Assistant (PA)</u>			✓		
<u>Registered Nurse (RN)</u>				✓	✓
<u>Licensed Practical Nurse (LPN)</u>					✓
<u>Recognized Preceptorship Programs</u>					
<u>In-state</u>	<u>UMD, JHU</u>	See link	See link	See link	See link
<u>Out-of-state</u>	<u>N/A</u>	See link	<u>N/A</u>	See link	

E. Qualifying Rotation Hours

1. Healthcare professionals must act as a preceptor for a minimum of three distinct rotations, each consisting of at least 100 hours (a minimum total of 300 preceptor hours) of community-based clinical training within a taxable year.
 - a. Preceptor applications may include students that participate in multiple rotations with the preceptor during the tax year, if the preceptor is able to demonstrate distinct rotations that serve the learning objectives of distinct academic courses.

2. A physician assistant student preceptor must act as a preceptor for 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.

F. Qualifying Practice Sites

Health care professionals must provide the community-based clinical preceptorship rotations at a practice site physically located within Maryland and in an area with health care workforce shortages determined by being situated within one of the following, a:

1. [Health professional shortage area \(HPSA, federally designated\)](#);
2. [Medically underserved area \(MUA, federally designated\)](#);
3. [Medical underserved population \(MUP, federally designated\)](#);
4. [Federally designated rural area](#); or
5. [State designated rural area](#).

G. Credit Amount and Limits

1. Tax credit certificates will be issued by MDH in the amount of \$1,000 for each qualifying rotation, for a minimum of \$3,000, for which a Physician, Advanced Practice Registered Nurse, Physician Assistant, Registered Nurse, or Licensed Practical Nurse acted as a preceptor without compensation and meets all other qualifying criteria.
2. Tax credits may not exceed \$10,000 per individual preceptor per tax year.
3. Tax credits are issued:
 - a. On a first come first served basis as complete applications are received and reviewed.
 - b. Based on the availability of funding each tax year, by student type.
4. If approved for income tax credit, MDH will send a certification letter to the preceptor to use to claim credit when filing their taxes.
 - a. To claim income tax credit, the preceptor must include the certificate when filing their state income taxes for the tax year for which credits were certified.
 - b. The total amount of the credit allowed for any taxable year may not exceed the State income tax imposed for that taxable year.
 - c. Any unused amount of certified tax credit for any taxable year may not be carried over to any other taxable year.

H. Application Period, Submission, and Review Process

1. The annual Preceptor Tax Credit Programs application is open from December 1 through January 5 for the preceding tax year (i.e., December 1, 2023, application opening for the 2023 tax year).
 - a. The application is posted to the program website 10 business days prior to the opening of the application cycle.
 - b. Due to the first come, first served nature of the program, application components received prior to the application opening will be discarded and must be submitted during the application cycle to be considered.

2. It is vital and the responsibility of the applicant to track the submission of their application documentation to ensure on-time delivery of a complete and accurate application, including required validation documentation from academic institutions.
3. All components of the application must be received by the application cycle deadline. Incomplete and/or late applications cannot be accepted.
4. Applications are determined complete when:
 - a. Application Parts 1, 2, and Maryland license to practice (Part 4) have been received from the Applicant and all Part 3 documents expected (per Part 2) have been received from the respective academic institution, or;
 - b. The application acceptance period has closed (12:00 a.m., January 6), and:
 - i. Application Parts 1, 2, and Maryland license to practice (Part 4) have been received from the Applicant, and
 - ii. Part 3 documents have been received to validate at least 3 qualifying preceptor rotations (even if all Part 2 academic institutions are not represented).
5. Program applications are processed within 45 days of program receipt, on a first-come, first-served basis.
 - a. Processing times may be delayed if an application requires follow-up.
 - b. MDH will reach out to the applicant and/or academic institutions as needed to validate application contents.
6. Tax credits are issued based on applicant qualification and are subject to the availability of funds. Credits can only be certified up to the funding amounts available each year and are not guaranteed for every eligible applicant.
7. All applicants for whom a complete application is received will receive a certification or denial letter, depending on the final status of the application.

I. Application Content Requirements

The application includes four parts, posted to the application webpage annually with completion instructions: <https://health.maryland.gov/pophealth/Pages/taxcredit.aspx>.

1. Part 1: Applicant information to be completed by preceptor applicants:
This part of the application requests applicant's personal information including applicant's spouse details for joint tax filers, assessment of applicant's eligibility for the program, and a description of the practice site where the preceptorship rotation(s) occurred to evaluate the applicant's qualifications for tax credits.
2. Part 2: Proof of student attendance to be completed by preceptor applicants:
The second part of the application focuses on the precepted student(s) including name(s), academic program(s), and institution(s) with rotation timeframe/hours of preceptorship.
3. Part 3: Proof of preceptorship to be completed by the academic institution:
The academic institution of each precepted student must complete and submit this form to verify information provided in Part 2.

4. Part 4: Professional License information to be completed by preceptor applicants:
Applicants are required to submit a copy of their Maryland professional licenses for their individual health profession (Physician, NP, PA, CNM, CNS, CRNA, RN, or LPN) to validate their professional credentials.
5. Submission:
Submit this application during the published application cycle, via email to: mdh.preceptortaxcredit@maryland.gov.

J. Application Selection

1. Office staff review all complete applications received during the open application cycle on a first-come, first-served basis.
2. Reviewers confirm program qualification, validating information provided in the application and following up with applicants and/or academic programs as needed.
3. Following review of applications, the Office communicates decisions regarding tax credits with each applicant through a certification or denial letter which will be delivered via email to the email address provided in Part I of the application.
4. A certification letter will be written for all approved applicants and a denial letter will be sent to all denied applicants.

K. Program Contact Information

General application questions can be directed to the Office of Health Care Workforce Development:

Phone: 410-767-6123

Office Email: mdh.providerworkforceprograms@maryland.gov

Program Email: Monitored only during the application cycle:

mdh.preceptortaxcredit@maryland.gov

Website: <https://pophealth.health.maryland.gov/Pages/taxcredit.aspx>

Appendix I:

History of Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages Programs

Senate Bill 411 (SB 411) *Income Tax – Credit for Preceptors in Areas with Health Care Workforce Shortages* established the licensed physician and nurse practitioner Income Tax Credit Program in Areas with Health Care Workforce Shortages as the first Income Tax Credit for Preceptors Program. It also mandated the Maryland Department of Health to administer and manage the program. The law took effect on July 1, 2016, and was initially established with a June 30, 2021 sunset.

In 2021, the law was amended with the enactment of Senate Bill 102 (SB 102) *Income Tax – Credits for Preceptors in Areas with Health Care Workforce Shortages* that made several changes to SB 411 (2016) including the extension of the licensed physician and nurse practitioner Income Tax Credit for Preceptors Program from June 30, 2021, to June 30, 2026. It further altered eligibility hours for this program by specifying that each rotation worked by a qualifying preceptor must consist of at least 100 hours of community-based clinical training instead of the 160 hours previously required for licensed physicians and changed the tax credit payments from \$1,000 “per student” to \$1,000 “per student rotation.” These amendments aligned the minimum hours of community-based clinical training for all preceptors regardless of the tax credit program.

Further, SB 102 established the Physician Assistant Income Tax Credit for Preceptor Program and the Physician Assistant Preceptorship Tax Credit Fund to offset the costs of the Physician Assistant program by requiring the State Board of Physicians to assess a \$15 fee for the renewal of a physician assistant license to be paid into the Fund. It also defined a health care practitioner to include a licensed physician, physician assistant, or nurse practitioner who can be paired with an enrolled student of a physician assistant program in the State if they meet the qualifications of a preceptor.

There was an additional amendment to these programs with the passage of House Bill 1208 (HB 1208) in 2022, which created the Licensed Practical Nurse (LPN) and Registered Nurse (RN) Preceptorship Tax Credit Program. The law took effect on July 1, 2022, affecting taxable years 2021 through 2024, and will terminate on June 30, 2025.