

# Title 10

## MARYLAND DEPARTMENT OF HEALTH

### Subtitle 01 PROCEDURES

#### 10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages

Authority: Tax-General-Article §§10-738, 10-739, 10-739.1, and 10-752, Annotated Code of Maryland

##### ~~[.01 Purpose and Effective Date:~~

~~A. Effective July 1, 2021, there is an income tax credit for nurse practitioners, physicians, and physician assistants that serve as preceptors in health care workforce shortage areas.~~

~~B. This chapter describes the procedures used by the Secretary of Health to evaluate eligibility for and certify state income tax credits for nurse practitioners, physicians, and physician assistants that serve as preceptors without compensation in health care workforce shortage areas.]~~

##### ***.01 PURPOSE.***

*A. To establish regulatory language related to a state income tax credit program for qualified physicians, advanced practice registered nurses, physician assistants, nurse practitioners, registered nurses, and licensed practical nurses who serve as preceptors in health care workforce shortage areas without compensation.*

*B. This chapter describes the procedures used by the Maryland Department of Health to assess eligibility of applicants, process of applications, and certify income tax credits for approved applications.*

##### **.02 DEFINITIONS.**

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) “Applicant” means an individual:

- (a) Who has submitted an application to the Department [for an income tax credit for serving as a preceptor] *requesting state income tax credit*; and
- (b) Whose status for receipt of a tax credit *certification* has not yet been determined.

~~[(2) “Board” means the State Board of Nursing.]~~

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Bracket and strikeout indicate language deleted from current COMAR 10.01.01.

*Green italicized* text indicates amendment or new language introduced to COMAR 10.01.01.

~~[(3)]~~ (2) “Department” means the Maryland Department of Health.

~~[(4)]~~ (3) “Health Care Practitioner” means an individual who is:

~~[(a) Licensed to practice medicine under Health Occupations Article, Title 14, Annotated Code of Maryland;~~

~~[(b) A physician assistant, as defined in Health Occupations Article, §15-101, Annotated Code Maryland; or~~

~~[(c) A registered nurse practitioner, as defined in Health Occupations Article, §8-101, Annotated Code of Maryland.]~~

*(a) Defined in Tax General Article, §10-752, Annotated Code of Maryland;*

*(b) An advanced practice registered nurse as defined in Health Occupations Article, §8-101, Annotated Code of Maryland;*

*(c) A registered nurse as defined in Health Occupations Article, §8-101, Annotated Code of Maryland; or*

*(d) A licensed practical nurse as defined in Health Occupations Article, §8-101, Annotated Code of Maryland.*

~~[(5)]~~ (4) “Health care workforce shortage area” means:

(a) Federally designated health professional shortage area;

(b) Federally designated medically underserved area;

(c) Federally designated medically underserved population;

(d) Federally designated rural areas;

(e) State defined shortage areas;

(f) State defined rural areas; or

(g) Other areas defined as in need by the Secretary of Health or Governor or as otherwise determined by the Department in consultation with the Governor’s Workforce Development Board.

~~[(6) “Health Personnel Shortage Incentive Grant Program” means grants to eligible institutions offering educational programs leading to licensure or certification in health occupations determined to be in short supply.~~

~~[(7) “Health professional shortage area” means an area designated by the Health Resources and Services Administration of the United States Department of Health and Human Services as having a shortage of primary medical care providers, dental care providers, or mental health care providers based on shortages that are geographic or demographic, or based on shortages of institutional comprehensive health centers, federally qualified health centers, or public facilities.]~~

~~[(8)]~~ (5) “Income tax credit” means a nonrefundable credit against State income tax.

~~[(9) “Licensed physician” means an individual who is licensed to practice medicine under Health Occupations Article, Title 14, Annotated Code of Maryland.~~

- (10) ~~“Medically Underserved Area” means an area designated by the Health Resources and Services Administration of the United States Department of Health and Human Services as having:~~
- ~~(a) Too few primary care providers;~~
  - ~~(b) High infant mortality;~~
  - ~~(c) High poverty;~~
  - ~~(d) High elderly population; or~~
  - ~~(e) A combination of §B(9)(a) — (d) of this regulation.~~
- (11) ~~“Medically underserved population” means a population designated by the Health Resources and Services Administration of the United States Department of Health and Human Services as having:~~
- ~~(a) Too few primary care providers;~~
  - ~~(b) High infant mortality;~~
  - ~~(c) High poverty;~~
  - ~~(d) High elderly population; or~~
  - ~~(e) A combination of §B(10)(a) — (d) of this regulation.~~
- (12) ~~“Nurse practitioner” has the meaning stated in Health Occupations Article, §8-101, Annotated Code of Maryland.~~
- (13) ~~“Nurse Practitioner Preceptorship Tax Credit Fund” means a special nonlapsing fund created by a \$15 fee for the renewal of a nurse practitioner certification, regardless of the number of certifications held by the nurse practitioner.~~
- (14) ~~“Office of Student Financial Assistance” means the office in the Maryland Higher Education Commission that administers the Health Personnel Shortage Incentive Grant Program.~~
- (15) ~~“Physician Assistant Preceptorship Tax Credit Fund” means a special, nonlapsing fund that is not subject to State Finance and Procurement Article, §7-302, Annotated Code of Maryland, and created by a \$15 fee for the renewal of licenses.]~~
- ~~{(16)}~~ (6) “Preceptor” means a *health care practitioner participating in a preceptorship program*. ~~[licensed physician, who meets the qualifications of a preceptor and provides instruction, training, and supervision to a medical, nurse practitioner, or physician assistant, student within a preceptorship program.]~~
- ~~{(17)}~~ (7) “Preceptorship program” *has the meaning as stated in Tax General Articles §§10-738, 10-739, 10-739.1, and 10-752, Annotated Code of Maryland.* ~~[means an organized system of clinical experience that, for the purpose of attaining specified learning objectives, pairs:~~

- ~~(a) 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) A nurse practitioner student enrolled in a nursing education program that is recognized by the Board with a nurse practitioner or licensed physician who meets the qualifications as a preceptor; or~~
- ~~(c) An enrolled student of a physician assistant program in the State with a health care practitioner who meets the qualifications of a preceptor.]~~

~~{(18)}~~ (8) “Rotation” means *a minimum of:*

- (a) 100 hours of community-based clinical training between a:*
  - (i) Medical student and a licensed physician preceptor;*
  - (ii) Physician assistant student and a licensed physician, nurse practitioner, or physician assistant preceptor in family medicine, general internal medicine, or general pediatrics practice or setting; or*
- (b) 90 hours of community-based clinical training between a:*
  - (i) Nurse practitioner student and a licensed physician or nurse practitioner preceptor;*
  - (ii) A registered nurse student and an advanced practice registered nurse or a registered nurse preceptor; or*
  - (iii) A licensed practical nurse student and advanced practice registered nurse, a registered nurse, or licensed practical nurse preceptor.*

- ~~[(a) 100 hours between a nurse practitioner student and a licensed physician or nurse practitioner;~~
- ~~(b) 100 hours between a medical student and a licensed physician; or~~
- ~~(c) 100 hours between a physician assistant student and a licensed physician, nurse practitioner, or physician assistant in family medicine, general internal medicine, or general pediatrics.]~~

~~{(19)}~~ (9) “Taxable year” means the annual accounting period for keeping records and reporting income and expenses that starts on January 1 and ends on December 31 of the same year.

### **.03 PROGRAM ELIGIBILITY.**

- A. ~~[A licensed physician is eligible for an income tax credit if the individual served without compensation as a:~~
  - ~~(1) Physician preceptor in a physician preceptorship program authorized by an accredited medical school in the State and worked:~~
    - ~~(a) A minimum of three rotations, and~~
    - ~~(b) In a health care workforce shortage area;~~
  - ~~(2) Preceptor in a Board-approved nurse practitioner program and worked:~~
    - ~~(a) A minimum of three rotations and~~

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- ~~(b) In a health care workforce shortage area; or~~
- ~~(3) Preceptor in a physician assistant preceptorship program in the State and worked:~~
  - ~~(a) 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~~
  - ~~(b) In a health care workforce shortage area.~~
- ~~B. A nurse practitioner is eligible for an income tax credit if the individual served without compensation as a:~~
  - ~~(1) Nurse practitioner preceptor in a Board-approved nurse practitioner program and worked:~~
    - ~~(a) A minimum of three rotations, each consisting of at least 100 hours of community-based clinical training; and~~
    - ~~(b) In a health care workforce shortage area; or~~
  - ~~(2) Preceptor in a physician assistant preceptorship program in the State and worked:~~
    - ~~(a) 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~~
    - ~~(b) In a health care workforce shortage area.~~
- ~~C. A physician assistant is eligible for an income tax credit if the individual served without compensation as a physician assistant preceptor in a preceptorship program approved by the Department and worked:~~
  - ~~(1) 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~~
  - ~~(2) In a health care workforce shortage area.]~~
- A. A healthcare practitioner preceptor in a preceptorship program is eligible for income tax credit if the individual served without compensation for a minimum of three rotations and in a health professional shortage area.*

#### **.04 APPLICATION ~~[AND APPLICATION PROCESS]~~ *PROCEDURES.***

##### **A. Applicant.**

- ~~(1) [An applicant shall submit:~~
  - ~~(a) A completed application to the Department on the form designated by the Department; and~~
  - ~~(b) Supporting documentation required by the Department.]~~ *By the published deadlines, on the form designated by the Department, an applicant:*
    - (a) Shall submit a complete application to the Department; and*

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*(b) Facilitate submission of application components by all contributors and supporting documentation as requested by the Department.*

(2) An applicant may voluntarily withdraw an application without prejudice.

(3) An applicant may submit a new application subject to §[€] *B* of this regulation.

~~[B.]~~ C. The Department shall:

(1) *Accept* ~~[Approve]~~ applications *received* during the application period *for Department review*;

(2) Approve the application if the:

(a) Application is complete; ~~[and]~~

(b) Applicant is determined to be eligible; *and*

*(c) Funds are available in the appropriate Fund based on precepted student type;*

(3) Disapprove ~~[the]~~ *an* application if the *application*:

~~[(a) Application is incomplete;]~~

~~[(b)]~~ (a) ~~[Applicant]~~ Fails to provide sufficient information or *comply with requested* documentation to determine eligibility;

*(b) Has the appropriate documentation but is determined to be ineligible; or*

~~(c) [Applicant provides the appropriate documentation but is determined ineligible]~~ *Does not satisfy the requirements established by law or the Department; and*

(4) Provide the applicant with written notice of the final disposition of the application within 45 calendar days *of receipt of an application*.

[€.] *B*. The Department shall receive applications by January 5 for the previous taxable year during which ~~[the]~~ rotations ~~[was]~~ *were* completed.

*D. Appealing a decision to disapprove an application.*

*(1) An applicant may appeal the decision to disapprove an application by submitting an appeal request in writing to the Department within 30 calendar days of the date on the notice of the disapproved application.*

*(2) If an applicant submits an appeal, the Department, within 60 calendar days, shall:*

*(a) Sustain or reverse the decision on the application; and*

*(b) Provide written notice to the applicant:*

*(i) Indicating whether the decision on the application has been sustained or reversed; and*

*(ii) Providing an explanation of the decision.*

*(3) An applicant may request a hearing within 10 calendar days after the date of written notice of the Department's disapproval of an application as stated in §D(2) of this regulation. When the Department receives the request, it will follow hearing procedures in accordance with COMAR 10.01.03.*

- (4) *Failure to be present for the hearing without prior notice, communication, or approval from the Department may result in:*
- (a) The appeal nullified and decision sustained;*
  - (b) Hearing on the appeal not rescheduled; or*
  - (c) Appropriate sanctions as deemed by the Department.*

#### **.05 VERIFICATION AND AUDIT OF INCOME TAX CREDITS.**

A. The Department may:

- (1) Request from an applicant [~~or preceptor~~] additional information to verify statements in an application [~~for an income tax credit~~]; and
- (2) Use independent verification, such as a preceptor list and preceptor completion letters received by the medical and nursing schools, to verify information reported on an application for an income tax credit.

B. The Comptroller shall retain its audit authority under Tax-General Article §13–300, Annotated Code of Maryland.

#### **.06 INCOME TAX CREDITS.**

*A. On approval of an application, the Department shall issue an income tax credit certificate to the approved healthcare practitioner in the amount of \$1,000 for each qualifying student rotation for which the healthcare practitioner served as a preceptor.*

~~[A. On approval of an application, the Department shall issue an income tax credit certificate to the approved licensed physician in the amount of \$1,000 for each medical student rotation for which the physician served as a preceptor:~~

- ~~(1) For a minimum of three rotations, each consisting of 100 hours of community-based clinical training;~~
- ~~(2) Without compensation; and~~
- ~~(3) In a health care workforce shortage area.~~

~~B. On approval of an application, the Department shall issue an income tax credit certificate to the approved nurse practitioner or licensed physician in the amount of \$1,000 for each nurse practitioner student rotation for which the nurse practitioner or licensed physician served as a preceptor:~~

- ~~(1) For a minimum of three rotations, each consisting of 100 hours of community-based clinical training;~~
- ~~(2) Without compensation; and~~
- ~~(3) In a health care workforce shortage area.~~



~~C.~~ On approval of an application, the Department shall issue an income tax credit certificate to a physician assistant in the amount of \$1,000 for each physician assistant student rotation for which the physician assistant served as a preceptor:

- ~~(1) 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;~~
- ~~(2) Without compensation; and~~
- ~~(3) In a health care workforce shortage area.]~~

~~[D.]~~ *(B.)* Income tax credits shall be issued for the taxable year *of the application* during which the *healthcare practitioner served* ~~[as a preceptor]~~ without compensation.

~~[E.]~~ *(C.)* The total amount of an income tax credit allowed for an individual in a taxable year may not exceed the:

- ~~(1) Maximum credit amount~~ *as indicated in Tax General Articles §10-738, 10-739, 10-739.1, and 10-752, Annotated Code of Maryland* ~~[of \$10,000]; or~~
- ~~(2) State income tax imposed for that individual for that taxable year.~~

~~[F.]~~ *(D.)* Any unused amount of an income tax credit for a taxable year may not be carried over to any other taxable year *by the preceptor*, as referenced in *Tax-General Articles §10-738, 10-739, 10-739.1, and 10-752, Annotated Code of Maryland.*

#### ~~/:07 NURSE PRACTITIONER PRECEPTORSHIP TAX CREDIT FUND:~~

~~A.~~ The purpose of the Nurse Practitioner Preceptorship Tax Credit Fund is to offset the costs of the income tax credit for preceptors of nurse practitioner students.

~~B.~~ The Fund is:

- ~~(1) A pursuant to Tax-General Article, §10-738, Annotated Code of Maryland; and~~
- ~~(2) Not subject to State Finance and Procurement Article, §7-302, Annotated Code of Maryland.~~

~~C.~~ The Fund consists of:

- ~~(1) Revenue distributed to the Fund under Health Occupations Article, §8-206, Annotated Code of Maryland;~~
- ~~(2) Money appropriated in the State budget to the Fund; and~~
- ~~(3) Any other money from any other source accepted for the benefit of the Fund.~~

~~D.~~ Except when the Comptroller transfers an amount equal to an income tax credit certificate issued from the Fund to the General Fund of the State, pursuant to Tax-General Article, §10-738, Annotated Code of Maryland, money credited or appropriated to the Fund will remain in the Fund.]



**~~[.08 PHYSICIAN ASSISTANT PRECEPTORSHIP TAX CREDIT FUND.~~**

~~A. The purpose of the Physician Assistant Preceptorship Tax Credit Fund is to offset the costs of the income tax credit available to approved preceptors of physician assistant students.~~

~~B. The Fund is:~~

- ~~(1) A special, nonlapsing fund pursuant to Tax-General Article, §10-738, Annotated Code of Maryland; and~~
- ~~(2) Not subject to State Finance and Procurement Article, §7-302, Annotated Code of Maryland.~~

~~C. The Fund consists of:~~

- ~~(1) Revenue distributed to the Fund under Health Occupations Article, §15-206, Annotated Code of Maryland;~~
- ~~(2) Money appropriated in the State budget to the Fund; and~~
- ~~(3) Any other money from any other source accepted for the benefit of the Fund.~~

~~D. Except when the Comptroller transfers an amount equal to an income tax credit certificate issued from the Fund to the General Fund of the State, pursuant to Tax-General Article, §15-206, Annotated Code of Maryland, money credited or appropriated to the Fund will remain in the Fund.~~

**~~.09 PHYSICIAN PRECEPTORSHIP INCOME TAX CREDITS.~~**

~~A. Each year an amount not exceeding \$100,000 of the unspent portion of the money that is transferred to the Office of Student Financial Assistance for use for the Health Personnel Shortage Incentive Grant Program may be transferred to or revert to the General Fund of the State in order to offset the costs of the income tax credit for physician preceptors.~~

**~~[.10 LIMITS AND EXCESS AMOUNTS.~~**

~~A. The amount of income tax credit stated in the income tax credit certificate may not exceed \$10,000 for any individual in any taxable year.~~

~~B. Physician Preceptorship Program:~~

- ~~(1) The Department may not issue more than \$100,000 in income tax credit certificates for each taxable year.~~
- ~~(2) If the aggregate amount of income tax credit certificates issued during a taxable year totals less than \$100,000, the excess amount may be issued for income tax credit certificates in the next taxable year.~~

~~C. Nurse Practitioner Preceptorship Program:~~

~~(1) The total amount of income tax credit certificates issued by the Department shall be the lesser of:~~

~~(a) The total funds in the Nurse Practitioner Preceptorship Tax Credit Fund for that year; or~~

~~(b) \$100,000.~~

~~(2) Any excess amount of income tax credits for a taxable year may be issued under income tax credit certificates in the next taxable year.~~

~~D. Physician Assistant Preceptorship Tax Credit Fund:~~

~~(1) For each taxable year, the total amount of tax credit certificates issued by the Department may not exceed the lesser of:~~

~~(a) The total amount of funds in the Physician Assistant Preceptorship Tax Credit Fund for that year; or~~

~~(b) \$100,000.]~~

#### **[~~11~~] (.07) RESPONSIBILITIES OF THE COMPTROLLER.**

- A. On notification that an income tax credit certificate has been issued by the Department, the Comptroller shall transfer an amount equal to the income tax credit amount stated in the income tax credit certificate from the Nurse Practitioner Preceptorship Tax Credit Fund, ~~or~~ the Physician Assistant Preceptorship Tax Credit Fund, or *Licensed Practical Nurse and Registered Nurse Preceptorship Tax Credit Fund*, ~~both,~~ to the General Fund.

#### **[~~12~~] (.08) EXPIRATION OF PROGRAM.**

~~[A.]~~ B. This chapter remains in effect until ~~[the earlier of]~~:

- (1) The date that funding for income tax credits ceases to be available; or  
 (2) *Sunset on June 30, 2030* ~~[June 30, 2026]~~.

~~[B.]~~ A. The Department shall issue final income tax credits based on available funds.