TO: The Honorable Edward J. Kasemeyer, Chair
      Members, Senate Budget and Taxation Committee
      The Honorable Adelaide C. Eckardt

FROM: J. Steven Wise
      Pam M. Kasemeyer
      Danna L. Kauffman

DATE: February 24, 2016

RE: SUPPORT – Senate Bill 411 – Income Tax – Credit for Physician Preceptors in Areas
    With Health Care Workforce Shortages

The Maryland State Medical Society (MedChi), which represents more than 7,600 Maryland
physicians and their patients, supports Senate Bill 411.

MedChi supports SB 411 and its goal of providing incentives for medical students and those in
postgraduate medical training programs to practice in areas of the State that are underserved. The
income tax credit the bill provides to those practices willing to take on these students will be a useful
tool in not only luring students to these areas, but in hopefully getting them to remain after their
education is complete and they are fully licensed.

However, MedChi would like to note to the Committee that the funding mechanism for the tax
credit has already been the subject of legislation passed by the Senate this year. The Health
Personnel Shortage Incentive Grant Program (HPSIG) is referenced on page 4-5 of the bill, and some
of the money in that program flowed from a diversion of physician license fees. Indeed, 12 percent
of all Board of Physician fees have been diverted evenly between HPSIG and the Physician Loan
Assistance Repayment Program (LARP) for many years. MedChi strongly supports LARP, but has
long questioned the appropriateness of diverting license fees to HPSIG, which had a fund balance in
recent years that was taken for the General Fund and has funded programs that have little to do with
the practice of medicine.

Earlier this Session, the Senate amended the law to discontinue sending BOP fees to HPSIG, but
continued current funding levels for LARP. Thus, in order to properly fund the tax credit under
Senate Bill 411, another means of funding will have to be utilized. MedChi would be pleased to
work with the Committee to identify that source.

For the reasons set forth above, MedChi supports Senate Bill 411.

For more information call: