



Report to the Joint Standing Committee on Taxation of the Maine Legislature

Primary Care Access Credit Program

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Submitted Jointly By:

Department of Health and Human Services and
Department of Administrative and Financial Services, Maine Revenue Services

Jeanne M. Lambrew, Ph.D., Commissioner
Department of Health and Human Services

Jerome D. Gerard, Executive Director, Maine Revenue Services
Department of Administrative and Financial Services

I. Background Information

"An Act to Create a Tax Credit for Primary Care Professionals Practicing in Underserved Areas" (also known as the Primary Care Access Credit Program) was enacted by the Maine Legislature in 2014 as Public Law 2013, c. 599 (L.D. 440) to create an income tax credit program for *new* primary care professionals who located their practices in underserved areas of Maine. In 2015, the Legislature amended the law to extend the program to primary care professionals who *currently practice* in underserved areas. (Public Law 2015, c. 108 (L.D. 740)). In 2018, the Legislature again amended the law to increase the number of eligible primary care professionals that may be certified each year from five to ten and extended the tax credit to tax years after 2018. Attachment "A" of this report contains the statutory language for the program (36 M.R.S. § 5219-LL).

The program, available for tax years beginning on or after January 1, 2014, provides a tax incentive to eligible primary care professionals. The professional must agree to practice in an underserved area for at least five years, must have an unpaid student loan for course work directly related to that person's training in primary care medicine, and must be certified as eligible for the program by the Department of Health and Human Services (DHHS).

DHHS is authorized to certify up to five individuals each year for the program through 2018 and up to ten individuals each year thereafter and must monitor continued eligibility of each individual. An individual previously certified may be decertified if it is determined that the individual no longer meets the eligibility criteria for the program.

Each person certified as eligible by DHHS may claim an income tax credit for up to five years not exceeding \$6,000 the first year of eligibility, \$9,000 in the second year, \$12,000 in the third year, \$15,000 in the fourth year and \$18,000 in the fifth year. The credit may not reduce the individual's income tax to less than zero. Unused credit amounts may not be carried over to any other tax year.

II. Program Reporting Requirement

The statutory reporting requirement is contained in 36 M.R.S. § 5219-LL (5):

Annual report. By January 15, 2016 and annually thereafter, the Department of Health and Human Services and Maine Revenue Services shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters. The report must indicate the number of eligible primary care professionals certified and decertified each year by the Department of Health and Human Services pursuant to this section and the total annual loss of revenue attributable to the credit.

III. Program Accomplishments

The following achievements have been made since enactment of the Primary Care Access Credit Program in 2014:

Rules governing procedures for certification and decertification by DHHS have been adopted with an effective date of May 19, 2016.

Three (3) individuals have been certified for the program as eligible to claim the credit beginning with tax year 2014.

Five (5) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2015. The three (3) individuals certified eligible to claim the credit beginning with tax year 2014 have been determined to also be eligible to claim the credit for tax year beginning in 2015.

Five (5) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2016. Two (2) individuals certified eligible to claim the credit beginning with tax year 2014 and five (5) individuals certified eligible to claim the credit beginning with tax year 2015 have been determined to also be eligible to claim the credit for tax year beginning in 2016.

Five (5) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2017. Two (2) individuals certified eligible to claim the credit beginning with tax year 2014, four (4) individuals certified eligible to claim the credit beginning with tax year 2015, and five (5) individuals certified eligible to claim the credit beginning with tax year 2016 have been determined to also be eligible to claim the credit for tax year beginning in 2017.

Six (6) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2018. Two (2) individuals certified eligible to claim the credit beginning with tax year 2014, four (4) individuals certified eligible to claim the credit beginning with tax year 2015, five (5) individuals certified eligible to claim the credit beginning with tax year 2016, and five (5) individuals certified eligible to claim the credit beginning with tax year 2017 have been determined to also be eligible to claim the credit for tax year beginning in 2018.

Ten (10) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2019. Three (3) individuals certified eligible to claim the credit beginning with tax year 2015, four (4) individuals certified eligible to claim the credit beginning with tax year 2016, four (4) individuals certified eligible to claim the credit beginning with tax year 2017, and five (5) individuals certified eligible to claim the credit beginning with tax year 2018 have been determined to also be eligible to claim the credit for tax year beginning in 2019.

Three (3) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2020. Four (4) individuals certified eligible to claim the credit beginning with tax year 2016, four (4) individuals certified eligible to claim the credit beginning with tax year 2017, four (4) individuals certified eligible to claim the credit beginning with tax year 2018, and nine (9) individuals certified eligible to claim the credit beginning with tax year 2019 have been determined to be eligible to claim the credit for tax year 2020.

Nine (9) new individuals have been certified for the program as eligible to claim the credit beginning with tax year 2021. Two (2) individuals certified eligible to claim the credit beginning with tax year 2017, three (3) individuals certified eligible to claim the credit beginning with tax year 2018, five (5) individuals certified eligible to claim the credit beginning with tax year 2019, and one (1) individual certified eligible to claim the credit beginning with tax year 2020 have been determined to be eligible to claim the credit for tax year 2021.

No primary care access credits were claimed prior to July 1, 2016. Credits were claimed from July 1, 2016 through December 31, 2016, all of which related to tax years beginning in 2014 and 2015. The total loss of General Fund revenue for state fiscal year 2016-17 with respect to those claims was less than \$50,000.

From January 1, 2017 through June 30, 2017, credits were claimed for tax years beginning in 2015 and 2016. The additional total loss of General Fund revenue for state fiscal year 2016-17 with respect to those claims was less than \$60,000. Combined with the claims filed in 2016, the total loss of General Fund revenue for state fiscal year 2016-17 was less than \$110,000.

From July 1, 2017 through June 30, 2018, credits were claimed for tax years beginning in 2017. The total loss of General Fund revenue for the state fiscal year 2017-18 with respect to those claims was less than \$105,000.

From July 1, 2018 through June 30, 2019, credits were claimed for tax years beginning in 2018. The total loss of General Fund revenue for the state fiscal year 2018-19 with respect to those claims was less than \$152,000.

From July 1, 2019 through June 30, 2020, credits were claimed for tax years beginning in 2019. The total loss of General Fund revenue for the state fiscal year 2019-20 with respect to those claims was less than \$183,000.

From July 1, 2020 through June 30, 2021, credits were claimed for tax years beginning in 2020. The total loss of General Fund revenue for the state fiscal year 2020-21 with respect to those claims was less than \$134,000.

From July 1, 2021 through June 30, 2022, credits were claimed for tax years beginning before 2022. The total loss of General Fund revenue for the state fiscal year 2021-22 with respect to those claims was less than \$90,000.

**Maine Revised Statutes
Title 36: TAXATION
Chapter 822: TAX CREDITS**

§5219-LL. PRIMARY CARE ACCESS CREDIT

(REALLOCATED FROM TITLE 36, SECTION 5219-KK)

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible primary care professional" means a person licensed under Title 32, chapter 31, subchapter 3 or subchapter 4; Title 32, chapter 36, subchapter 4; or Title 32, chapter 48, subchapter 2 and who, on or after January 1, 2013:

- (1) Practices primary care medicine in the State as part of an existing health care practice in an underserved area or establishes a new health care practice or purchases an existing health care practice in an underserved area;
- (2) Agrees to practice full time for at least 5 years following certification under subsection 3 in an underserved area;
- (3) Is certified under subsection 3 to be eligible by the Department of Health and Human Services; and
- (4) Has an unpaid student loan owed to an institution for course work directly related to that person's training in primary care medicine. [2015, c. 108, §1 (AMD); 2015, c. 108, §2 (AFF) .]

B. "Underserved area" means an area in the State that is a health professional shortage area or medically underserved area or that contains a medically underserved population as defined by the federal Department of Health and Human Services, Health Resources and Services Administration. [2013, c. 2, §46 (RAL) .]

[2015, c. 108, §1 (AMD); 2015, c. 108, §2 (AFF) .]

2. (TEXT EFFECTIVE UNTIL 12/13/18) Credit. For tax years beginning on or after January 1, 2014 but before January 1, 2019, an eligible primary care professional is allowed a credit against the taxes due under this Part as follows.

A. The credit may be claimed in the first year that the eligible primary care professional meets the conditions of eligibility for at least 6 months and each of the 4 subsequent years or until the student loan of the eligible primary care professional is paid in full, whichever comes first. [2013, c. 2, §46 (RAL) .]

B. The credit may be claimed in an amount equal to the annual payments made on the student loan not to exceed \$6,000 in the first year, \$9,000 in the 2nd year, \$12,000 in the 3rd year, \$15,000 in the 4th year and \$18,000 in the 5th year. [2013, c. 2, §46 (RAL) .]

C. The credit may not reduce the tax due under this Part to less than zero. [2013, c. 2, §46 (RAL) .]

[2013, c. 2, §46 (RAL) .]

2. (TEXT EFFECTIVE 12/13/18) Credit. For tax years beginning on or after January 1, 2014, an eligible primary care professional is allowed a credit against the taxes due under this Part as follows.

A. The credit may be claimed in the first year that the eligible primary care professional meets the conditions of eligibility for at least 6 months and each of the 4 subsequent years or until the student loan of the eligible primary care professional is paid in full, whichever comes first. [2013, c. 2, §46 (RAL) .]

B. The credit may be claimed in an amount equal to the annual payments made on the student loan not to exceed \$6,000 in the first year, \$9,000 in the 2nd year, \$12,000 in the 3rd year, \$15,000 in the 4th year and \$18,000 in the 5th year. [2013, c. 2, §46 (RAL) .]

C. The credit may not reduce the tax due under this Part to less than zero. [2013, c. 2, §46 (RAL) .]

[2017, c. 435, §4 (AMD) .]

3. (TEXT EFFECTIVE UNTIL 12/13/18) Eligibility limitation; certification. The Department of Health and Human Services shall certify up to 5 eligible primary care professionals each year. The Department of Health and Human Services shall monitor certified primary care professionals to ensure that they continue to be eligible for the credit under this section and shall decertify any primary care professional who ceases to meet the conditions of eligibility. The Department of Health and Human Services shall notify the bureau whenever a primary care professional is certified or decertified. A decertified primary care professional ceases to be eligible for the credit under this section beginning with the tax year during which the primary care professional is decertified.

[2013, c. 2, §46 (RAL) .]

3. (TEXT EFFECTIVE 12/13/18) Eligibility limitation; certification. The Department of Health and Human Services shall certify up to 10 eligible primary care professionals each year. The Department of Health and Human Services shall monitor certified primary care professionals to ensure that they continue to be eligible for the credit under this section and shall decertify any primary care professional who ceases to meet the conditions of eligibility. The Department of Health and Human Services shall notify the bureau whenever a primary care professional is certified or decertified. A decertified primary care professional ceases to be eligible for the credit under this section beginning with the tax year during which the primary care professional is decertified.

[2017, c. 435, §4 (AMD) .]

4. Rules. The Department of Health and Human Services may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[2013, c. 2, §46 (RAL) .]

5. Annual report. By January 15, 2016 and annually thereafter, the Department of Health and Human Services and the bureau shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters. The report must indicate the number of eligible primary care professionals certified and decertified each year by the Department of Health and Human Services pursuant to this section and the total annual loss of revenue attributable to the credit under subsection 2.

[2013, c. 2, §46 (RAL) .]

SECTION HISTORY

RR 2013, c. 2, §46 (RAL). 2015, c. 108, §1 (AMD). 2015, c. 108, §2 (AFF).
2017, c. 435, §4 (AMD) .

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Primary Care Access Tax Credit Worksheet for tax year 2021 36 M.R.S. § 5219-LL

Enclose with your Form 1040ME.

Taxpayer Name: _____ SSN: _____

Line 1. Enter the amount you paid during 2021 on your student loan for course work directly related to your training in primary care medicine..... 1. _____

Line 2. Credit limitation..... 2. _____
 If this is the first year you are claiming the credit, enter \$6,000.
 If this is the second year you are claiming the credit, enter \$9,000.
 If this is the third year you are claiming the credit, enter \$12,000.
 If this is the fourth year you are claiming the credit, enter \$15,000.
 If this is the fifth year you are claiming the credit, enter \$18,000.

Line 3. Credit amount. Enter the smaller of lines 1 or 2. Also enter this amount on Form 1040ME, Schedule A, Other Tax Credits Worksheet, line 10. 3. _____

Attach to your Form 1040ME:

- **A copy of this worksheet; and**
- **A copy of the credit certificate issued by the Department of Health & Human Services**

Note: MRS may request additional information supporting the credit claimed before the return can be processed.

Instructions

Individuals certified as eligible primary care professionals by the Department of Health and Human Services (“DHHS”) may qualify for the primary care access credit. Generally, to be eligible for certification, a primary care professional must agree to practice at least five years in an underserved area of the state (an area having a primary care professional shortage as determined by the federal DHHS, Health Resources and Services Administration) and have an unpaid student loan for course work directly related to your training in primary care medicine.

The individual is eligible for the credit the year during which they meet the conditions of eligibility for at least six months and each of the four subsequent years subject to continued eligibility under the terms of certification.

The credit is not refundable. Unused credits may not be carried back or forward to other tax years.