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Summary: Health Enterprise Zone Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

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12/13/2017 House Referred to Committee on **Ways and Means**

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**VERSIONS OF THIS BILL**

[12/13/2017](file:///p:\pprever\2017-18\4494_20171213.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “HEALTH ENTERPRISE ZONE ACT” BY ADDING CHAPTER 140 TO TITLE 44 SO AS TO AUTHORIZE THE ESTABLISHMENT OF HEALTH ENTERPRISE ZONES IN CERTAIN AREAS OF THE STATE BASED ON DOCUMENTED HEALTH DISPARITIES AND POOR HEALTH OUTCOMES AND SUBJECT TO THE APPROVAL OF THE DIRECTOR OF THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL; TO ESTABLISH CRITERIA FOR CONSIDERATION AND AWARD OF THE DESIGNATION; TO PROVIDE FOR CERTAIN TAX CREDITS AND LOAN REPAYMENT ASSISTANCE FOR HEALTH ENTERPRISE ZONE PRACTITIONERS WHO PRACTICE IN HEALTH ENTERPRISE ZONES AND WHO HIRE CERTAIN STAFF; TO ESTABLISH REQUIREMENTS ADDRESSING SUBMISSION OF INFORMATION TO THE DEPARTMENT OF REVENUE CONCERNING APPLICATIONS FOR TAX CREDITS; TO LIMIT THE TOTAL TAX CREDITS AVAILABLE TO FOUR MILLION DOLLARS ANNUALLY DIVIDED EQUALLY BETWEEN AVAILABLE TAX CREDITS; TO PROVIDE FOR GRANTS TO ORGANIZATIONS RECEIVING THE DESIGNATION AS A HEALTH ENTERPRISE ZONE AND TO HEALTH ENTERPRISE ZONE PRACTITIONERS; TO AUTHORIZE THE DEPARTMENT TO PROMULGATE REGULATIONS; AND TO REQUIRE THE DEPARTMENT TO SUBMIT REPORTS TO THE GOVERNOR AND GENERAL ASSEMBLY; AND BY ADDING SECTION 12‑6‑3775 SO AS TO REFERENCE THE AVAILABILITY OF CERTAIN TAX CREDITS AVAILABLE PURSUANT TO CHAPTER 140, TITLE 44.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 44 of the 1976 Code is amended by adding:

“CHAPTER 140

Health Enterprise Zone Act

Section 44‑140‑10. This chapter may be cited as the ‘Health Enterprise Zone Act’.

Section 44‑140‑20. For purposes of this chapter:

(1) ‘Area’ means a contiguous geographic area that:

(a) demonstrates measurable and documented health disparities and poor health outcomes; and

(b) is small enough to allow for the incentives offered pursuant to this chapter to have a significant impact on improving health outcomes and reducing health disparities, including racial, ethnic, and geographic health disparities.

(2) ‘Bureau’ means the Bureau of Community Health and Chronic Disease Prevention of the Department of Health and Environmental Control.

(3) ‘Department’ means the Department of Health and Environmental Control.

(4) ‘Director’ means the Director of the Department of Health and Environmental Control.

(5) ‘Health Enterprise Zone’ means a contiguous geographic area that:

(a) demonstrates measurable and documented health disparities and poor health outcomes;

(b) is small enough to allow for the incentives offered pursuant to this chapter to have a significant impact on improving health outcomes and reducing health disparities, including racial, ethnic, and geographic health disparities; and

(c) is designated as a Health Enterprise Zone by the director in accordance with the provisions of this chapter.

(6) ‘Health Enterprise Zone practitioner’ means a health care practitioner who is licensed to practice medicine pursuant to Chapter 47, Title 40 or dentistry pursuant to Chapter 15, Title 40 and who provides:

(a) primary care, including obstetrics, gynecological services, pediatric services, or geriatric services;

(b) behavioral health services, including mental health or alcohol and substance abuse services; or

(c) dental services.

(7) ‘Qualified employee’ means a Health Enterprise Zone practitioner, community health worker, or interpreter who:

(a) provides direct support to a Health Enterprise Zone practitioner; and

(b) expands access to services in a Health Enterprise Zone.

(8)(a) ‘Qualified position’ means a qualified employee position that:

(i) pays at least one hundred fifty percent of the federal minimum wage;

(ii) is full time and of indefinite duration;

(iii) is located in a Health Enterprise Zone;

(iv) is newly created as a result of the establishment of, or expansion of services in, a Health Enterprise Zone; and

(v) is filled.

(b) ‘Qualified position’ does not include a position that is filled for a period of less than twelve months.

Section 44‑140‑30. (A) The purpose of establishing a Health Enterprise Zone is to target state resources to reduce health disparities, improve health outcomes, reduce health costs, and decrease hospital admissions and readmissions in specific areas of the State. The director shall consult with the department’s Bureau of Community Health and Chronic Disease Prevention and Office of Minority Health in implementing the provisions of this chapter.

(B) The department may promulgate regulations to carry out the provisions of this chapter and to specify eligibility criteria and application, approval, and monitoring processes for the benefits available pursuant to this chapter.

Section 44‑140‑40. (A) In order for an area to receive designation as a Health Enterprise Zone, a nonprofit community‑based organization or a local governmental agency shall apply to the department on behalf of the area to receive that designation.

(B) The application must be in the form and manner and contain the information required by the department and contain an effective and sustainable plan to reduce health disparities, reduce costs, or produce savings to the health care system and improve health outcomes, including:

(1) a description of the plan of the nonprofit community‑based organization or local governmental agency to utilize funding available pursuant to this chapter to address health care provider capacity, improve health services delivery, effect community improvements, and conduct outreach and education efforts; and

(2) a proposal to use funding available pursuant to this chapter to provide for loan repayment incentives to induce Health Enterprise Zone practitioners to practice in the area.

(C) The application also may include a plan to utilize other benefits, including:

(1) tax credits available pursuant to Section 44‑140‑60 to encourage Health Enterprise Zone practitioners to establish or expand health care practices in the area;

(2) proposals to use innovative public health strategies to reduce health disparities in the area, such as the use of community health workers, health coaches, registered dieticians, optometrists, peer learning, and community‑based disease management activities that could be supported by grants awarded pursuant to this chapter; and

(3) proposals to use other incentives or mechanisms to address health disparities that focus on ways to expand access to care, expand access to fresh produce through grocery stores and farmers’ markets, promote hiring, and reduce costs to the health care system.

Section 44‑140‑50. (A) The bureau shall make recommendations to the director on the designation of Health Enterprise Zones pursuant to this chapter.

(B) The director shall designate areas as Health Enterprise Zones, taking into consideration, among other factors, geographical diversity, and may direct the bureau to conduct outreach efforts to facilitate a geographically diverse pool of applicants, including promoting applications from rural areas.

(C) The director may limit the number of areas designated as Health Enterprise Zones based on funding available and shall give priority to applications that demonstrate the following:

(1) support from and participation of key stakeholders in the public and private sectors, including residents of the area and local government;

(2) a plan for long‑term funding and sustainability;

(3) inclusion of supporting funds from the private sector;

(4) integration with the goals of the Centers for Disease Control’s Preventive Health and Health Services Block Grant;

(5) a plan for evaluation of the impact of designation of the proposed area as a Health Enterprise Zone; and

(6) other factors that the department determines are appropriate to demonstrate a commitment to reduce disparities and improve health outcomes.

(D) The decision of the director to designate an area as a Health Enterprise Zone is final and is not subject to agency or judicial review.

Section 44‑140‑60. (A) Subject to subsection (B), a Health Enterprise Zone practitioner who practices in a Health Enterprise Zone may be certified to receive:

(1) a state income tax credit pursuant to Section 44‑140‑70; and

(2) loan repayment assistance, as provided for in the application for designation as a Health Enterprise Zone and approved by the director pursuant to this chapter.

(B) To be eligible for the income tax credit pursuant to this section, a Health Enterprise Zone practitioner must:

(1) demonstrate competency in cultural, linguistic, and health literacy in a manner determined by the department;

(2) accept and provide care for patients enrolled in the state’s Medicaid program and for uninsured patients; and

(3) meet any other criteria established by the department.

(C) A nonprofit community‑based organization or a local governmental agency that submits a proposal to the department to be designated as a Health Enterprise Zone pursuant to Section 44‑140‑40 also may submit to the department a request for certification of eligibility for certain income tax credits on behalf of a Health Enterprise Zone practitioner practicing or seeking to practice in a Health Enterprise Zone.

Section 44‑140‑70. (A) If the department approves a request for certification submitted pursuant to Section 44‑140‑60, a Health Enterprise Zone practitioner may claim a credit against the practitioner’s state income tax liability in an amount equal to one hundred percent of the amount of the practitioner’s state income tax liability attributable to income derived from practice in the Health Enterprise Zone, as certified by the department for the taxable year.

(B)(1) In addition to the state income tax credit provided pursuant to subsection (A), a Health Enterprise Zone practitioner may claim a refundable credit of ten thousand dollars against the state income tax for hiring for a qualified position in the Health Enterprise Zone, as certified by the department for the taxable year.

(2) To be eligible for the credit provided pursuant to this subsection, a Health Enterprise Zone practitioner may create one or more qualified positions during any twenty four‑month period.

(3) The credit earned pursuant to this subsection must be taken over a twenty four‑month period, with one half for the credit amount allowed each year beginning with the first taxable year in which the credit is certified.

(4) If the qualified position is filled for a period of less than twenty‑four months, the tax credit is recaptured as follows:

(a) the tax credit must be recomputed and reduced on a prorated basis, based on the period of time the position was filled, as determined by the department and reported to the State Comptroller; and

(b) the Health Enterprise Zone practitioner who received the tax credit must repay any amount of the credit that may have already been refunded to the practitioner that exceeds the amount recomputed by the department in accordance with subitem (a).

(C)(1) To be certified as eligible for the tax credits provided pursuant to this section, a Health Enterprise Zone practitioner may apply for certification through the nonprofit community‑based organization or local government agency that submits an approved proposal pursuant to Section 44‑140‑40.

(2)(a) Eligibility for the certification for the tax credits provided pursuant to subsection (A) is limited by the amount provided in subsection (E).

(b) Certificates of eligibility are subject to approval by the department on a first‑come, first‑served basis, as determined by the department in its sole discretion.

(D) The department shall certify to the Department of Revenue on a form that must be attached to the appropriate income tax return the applicability of the credit provided pursuant to this section for each Health Enterprise Zone practitioner and the amount of each credit assigned to a Health Enterprise Zone practitioner, for each taxable year.

(E) The total credits allowed pursuant to this section for any one taxable year may not exceed four million dollars equally divided between the credits allowed pursuant to subsections (A) and (B).

(F) The department, in consultation with the Department of Revenue, shall promulgate regulations and prescribe rules to implement the tax credits allowed pursuant to this section.

Section 44‑140‑80. (A) A nonprofit community‑based organization or a local governmental agency that applies on behalf of an area for designation as a Health Enterprise Zone may receive grants, as determined by the director, to implement actions outlined in the organization’s or agency’s application to improve health outcomes and reduce health disparities in the Health Enterprise Zone.

(B)(1) A Health Enterprise Zone practitioner may apply to the bureau for a grant to defray the costs of capital or leasehold improvements to, or medical or dental equipment to be used in, a Health Enterprise Zone.

(2) To qualify for a grant under item (1), a Health Enterprise Zone practitioner shall:

(a) own or lease the health care facility; and

(b) provide health care from that facility.

(3)(a) A grant to defray the cost of medical or dental equipment may not exceed the lesser of twenty‑five thousand dollars or fifty percent of the cost of the equipment.

(b) Grants for capital or leasehold improvements must be for the purposes of improving or expanding the delivery of health care in the Health Enterprise Zone.

(c) The General Assembly in the annual general appropriations act shall appropriate those funds it determines appropriate for the grants authorized by this section.

Section 44‑140‑90. On or before December fifteenth of each year, the director shall submit to the Governor and the General Assembly, a report that includes:

(1) the number and types of incentives granted in each Health Enterprise Zone;

(2) evidence of the impact of the tax and loan repayment incentives in attracting Health Enterprise Zone practitioners to Health Enterprise Zones;

(3) evidence of the impact of the incentives offered in Health Enterprise Zones in reducing health disparities and improving health outcomes; and

(4) evidence of the progress in reducing health costs and hospital admissions and readmissions in Health Enterprise Zones.”

SECTION 2. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3775. For the tax years beginning after 2018, a Health Enterprise Zone practitioner who practices in a Health Enterprise Zone pursuant to Chapter 140, Title 44 is allowed the income tax credits provided pursuant to Section 44‑140‑70.”

SECTION 3. This act takes effect upon approval by the Governor.

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