

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

Senate Bill 81 (Chairman, Budget and Taxation Committee)
 (Departmental - Comptroller)

Budget and Taxation

Income Tax - Tax Forms

This emergency departmental bill repeals the requirement that income tax forms be designed for the separate payment of State and local income taxes.

Fiscal Summary

State Effect: General fund expenditures could decline by an estimated \$114,324, increasing by 1% annually. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(114,324)	(115,467)	(116,622)	(117,788)	(118,966)
Net Effect	(\$114,324)	(\$115,467)	(\$116,622)	(\$117,788)	(\$118,966)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: The Office of the Comptroller has determined that this bill will have minimal or no impact on small businesses (attached). Legislative Services concurs with this assessment.

Fiscal Analysis

Background: Chapter 4 of 1997 requires the Comptroller to collect separate payments for State and local income taxes beginning in tax year 1998. Taxpayers making estimated payments would be affected beginning in April 1998; all other taxpayers would be affected when filing for tax year 1998, in the Spring of 1999. The Comptroller's Office has not prepared for the two-check payment system; the required expenditures have not been incurred.

State Expenditures: The processing of one check rather than two for all taxpayers who must make a payment when their taxes are filed or for those who make estimated payments would halve the number of checks which must be processed. Eight temporary employees who process payments will not be required, at a savings of \$9,734. The 12 temporary employees who verify checks will not be required, at a savings of \$12,960. Lockbox costs will be halved, an expenditure reduction of \$59,780 for 490,000 items at 12.2 cents per item. Encoding expenditures of \$31,850 will also be saved (3.25 cents per item for each document and check processed). These expenditures would have increased by about 1% annually under current law.

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates),
Department of Legislative Services

Fiscal Note History: First Reader - January 19, 1998

tlw

Analysis by: David F. Roose

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710