

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

House Bill 830
Ways and Means

(Delegate Kramer, *et al.*)

Budget and Taxation

Income Tax Checkoff for Developmental Disabilities

This bill establishes a Developmental Disabilities Waiting List Equity Fund Contribution checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the Waiting List Equity Fund within the Department of Health and Mental Hygiene (DHMH).

The bill takes effect July 1, 2010, and applies to tax year 2010 and beyond.

Fiscal Summary

State Effect: Minimal net increase in special fund revenues in FY 2011 and beyond. General fund expenditures increase by \$36,100 in FY 2011 due to one-time computer programming expenses at the Comptroller’s Office.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	-	-	-	-	-
GF Expenditure	\$36,100	\$0	\$0	\$0	\$0
Net Effect	(\$36,100)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Developmental Disabilities Administration within DHMH administers the Waiting List Equity Fund, which is generally used to provide community-based services to individuals eligible for but not receiving DDA services.

DDA advises it disbursed a total of \$958,400 from the fund to 39 individuals during fiscal 2009 and ended with a fund balance of \$3.2 million.

The Chesapeake Bay and Endangered Species Fund (CBESF), the Fair Campaign Financing Fund (FCFF), and the Cancer Research Fund (CRF) are the three current checkoffs on the personal income tax form. In fiscal 2009, \$1.2 million was donated to CBESF, \$569,000 to CRF, and \$117,000 to FCFF. **Exhibit 1** shows the amount of donations provided to existing checkoffs since fiscal 1990.

Background: After adjusting for inflation, the total amount contributed to State income tax checkoffs has not significantly changed in the last 20 fiscal years. The inflation adjusted amount contributed to CBESF, however, has decreased by \$543,600 over this time period while donations to the two checkoffs established since fiscal 1990 have increased by a total of \$686,000. Donations to CBESF decreased by one-fifth in fiscal 1996 after the introduction of the FCFF checkoff. Total donations to these checkoffs decreased by a little less than one-third, or \$607,300, in the first fiscal year individuals could contribute to CRF.

State Revenues: While the amount of donations cannot be accurately estimated, the Department of Legislative Services believes that there will be a minimal net increase in special fund revenues in fiscal 2011 and beyond. Donations to this checkoff would likely divert funds from the three existing personal income checkoffs: CBESF, CRF, and FCFF. To the extent that the new checkoff does not divert funds from the existing checkoffs, net special fund revenues will increase by a greater amount.

State Expenditures: The Comptroller's Office reports that it would incur a one-time expenditure increase of \$36,100 to add the checkoff to personal income tax forms. This includes data processing changes to the SMART income tax return processing and imaging systems, and systems testing.

Exhibit 1
Donations to Existing Income Tax Checkoffs
(\$ in Thousands)

Fiscal	CBESF	FCFF	CRF	Total	Difference	Percent Difference
1990	\$1,045	\$0	\$0	\$1,045		
1991	1,093	0	0	1,093	\$48	4.6%
1992	1,167	0	0	1,167	74	6.8%
1993	995	0	0	995	-172	-14.7%
1994	1,037	0	0	1,037	42	4.2%
1995	1,171	0	0	1,171	134	12.9%
1996	958	75	0	1,033	-138	-11.8%
1997	875	85	0	960	-73	-7.1%
1998	828	92	0	920	-40	-4.2%
1999	954	110	0	1,064	144	15.7%
2000	958	115	0	1,073	9	0.8%
2001	965	123	0	1,088	15	1.4%
2002	1,109	134	0	1,243	155	14.2%
2003	1,380	173	0	1,553	310	24.9%
2004	1,571	184	0	1,755	202	13.0%
2005	1,144	114	423	1,681	-74	-4.2%
2006	1,180	121	455	1,756	75	4.5%
2007	1,189	118	550	1,857	101	5.8%
2008	1,133	113	522	1,768	-89	-4.8%
2009	1,223	117	569	1,909	141	8.0%

Additional Information

Prior Introductions: None.

Cross File: SB 318 (Senator Kramer, *et al.*) - Budget and Taxation.

Information Source(s): Department of Health and Mental Hygiene, Comptroller's Office, Department of Legislative Services

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