

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

House Bill 1521 (Delegate Olszewski, *et al.*)
 Ways and Means

Income Tax Checkoff - Maryland Veterans Trust Fund

This bill establishes the Maryland Veterans Trust Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are credited to the fund and distributed by the Maryland Department of Veterans Affairs (MDVA).

The bill takes effect July 1, 2014, and applies to tax years 2014 and beyond.

Fiscal Summary

State Effect: Special fund expenditures increase by \$48,000 in FY 2015 due to one-time computer programming expenses at the Comptroller’s Office. While special fund revenues to the Maryland Veterans Trust Fund increase annually, total special fund revenues to the Maryland Veterans Trust Fund and other funds receiving contributions through tax checkoffs may be unaffected or decrease. MDVA can administer the additional funds to the Maryland Veterans Trust Fund with existing budgeted resources.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SF Revenue	-	-	-	-	-
SF Expenditure	\$48,000	\$0	\$0	\$0	\$0
Net Effect	(\$48,000)	\$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: Checkoffs on the personal income tax form include the State Chesapeake Bay and Endangered Species Fund, the Developmental Disabilities Administration Waiting List Equity Fund, and the Maryland Cancer Fund.

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts and grants received by MDVA. Money in the fund may be used to make grants and loans to veterans and their families, support public and private programs that serve veterans in the State, or support the Charlotte Hall Veterans Home. Money in the fund may also be used to invest in general obligations of the State or other securities, pay for the cost of administering the fund, or support any other programs that the Secretary of Veterans Affairs considers appropriate. Money expended from the fund is supplemental to and is not intended to take the place of funding otherwise appropriated to MDVA.

State Revenues: Special fund revenues to the Maryland Veterans Trust Fund increase, but the amount of the donations cannot be accurately estimated. Overall special fund revenues, however, may be unaffected or decrease. The Comptroller's Office anticipates the addition of the checkoff resulting in either (1) no overall change in special fund revenue from the tax checkoffs collectively (based on an expectation that contributions to the Maryland Veterans Trust Fund checkoff will be contributions shifted from the other checkoffs) or (2) a decrease in overall special fund revenue to the checkoffs. The potential decrease in overall special fund revenue results from limited space on the existing income tax return form that will require the tax checkoffs to be moved to a supplemental form to accommodate the Maryland Veterans Trust Fund checkoff. The Comptroller's Office advises that adding a page to the income tax return form instead is prohibitively expensive. Moving the checkoffs to a supplemental form may make them less visible to taxpayers and generate fewer contributions. Contributions to the existing checkoffs for the 2011 tax year totaled approximately \$1.5 million.

State Expenditures: The Comptroller's Office reports that it will incur a one-time expenditure increase of \$48,000 in fiscal 2015 for programming to implement the tax checkoff. While the programming costs will be incurred prior to receipt of contributions from the checkoff, it is assumed the programming costs can be accounted for with revenue from the tax checkoff contributions, assuming sufficient revenue is generated in fiscal 2015.

MDVA reports that additional donations to the Maryland Veterans Trust Fund will enable the agency to provide more financial assistance to veterans in need. MDVA can process these additional donations and financial assistance with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Veterans Affairs,
Department of Legislative Services

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mm/jrb

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