

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 118 (Senator Simonaire)  
 Budget and Taxation

Income Tax Checkoff - Maryland Hunger Relief Fund

This bill establishes the Maryland Hunger Relief 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 Department of Human Resources (DHR). DHR may use the funds to distribute grants to organizations that provide hunger relief services to low-income individuals.

The bill takes effect July 1, 2016, and applies to tax years 2016 and beyond.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$50,900 in FY 2017 due to one-time computer programming expenses at the Comptroller’s Office. While special fund revenues to the Maryland Hunger Relief Fund increase annually, total special fund revenues to other funds receiving contributions through tax checkoffs may decrease.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,900	0	0	0	0
Net Effect	(\$50,900)	\$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

**Bill Summary:** The Comptroller must include a checkoff designated as the Maryland Hunger Relief Fund Contribution on the individual income tax return form. The checkoff must state that the individual, or each spouse in the case of a joint return, may contribute to the fund an amount designated by the individual if the individual or each spouse is a U.S. citizen or admitted for permanent legal residence in the United States. The individual deducts the amount of the contribution from any refund to which the individual is entitled or, if the individual is not entitled to a refund, the individual adds the amount of the contribution to the income tax paid with the return. The Comptroller must include, with the individual income tax return package, a description of the purposes of the Maryland Hunger Relief Fund. From the contributions collected, the Comptroller distributes an amount necessary to administer the checkoff system to an administrative cost account and distributes the remainder to the Maryland Hunger Relief Fund. The fund also consists of money appropriated in the State budget to the fund and any other money donated to the fund. Money expended from the fund may only be made in accordance with the State budget and is supplemental to and is not intended to take the place of funding otherwise appropriated to organizations that provide hunger relief services to low-income individuals.

**Current Law/Background:** The Chesapeake Bay and Endangered Species Fund, Cancer Research Fund, Developmental Disabilities Services and Support Fund Contribution, and Fair Campaign Financing Fund are the four current checkoffs on the personal income tax form. In tax year 2013, taxpayers contributed a total of \$1.8 million via income tax checkoffs. This amount does not include donations to the Fair Campaign Financing Fund, which was reestablished beginning in tax year 2015.

**State Revenues:** Special fund revenues to the Maryland Hunger Relief Fund increase, but the amount of the donations cannot be accurately estimated. Overall special fund revenues, however, may be unaffected or decrease. Donations to this new checkoff would likely divert funds from the four existing checkoffs. 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 will incur a one-time general fund expenditure increase of \$50,900 in fiscal 2017 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. DHR can process donations and financial assistance with existing resources.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 29, 2016  
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Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510