

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1564 (Delegate Glass, *et al.*)  
 Ways and Means

Income Tax Credit - Veterinary Services

This bill creates a nonrefundable credit against the State income tax for 100% of the eligible veterinary service expenses incurred by an active State or local government employee for an adopted dog that has been professionally trained to aid the State or a political subdivision of the State. The amount of the tax credit may not exceed \$1,000 in the taxable year. The credit may not be carried over to any other taxable year. **The bill takes effect July 1, 2018, and applies to tax year 2018 and beyond.**

Fiscal Summary

**State Effect:** General fund revenues decrease beginning in FY 2019 due to eligible expenses being claimed against the State income tax. Under one set of assumptions, general fund revenues may decrease by \$25,000 annually. General fund expenditures increase by \$54,000 in FY 2019 due to one-time implementation costs at the Comptroller’s Office.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF Revenue	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)
GF Expenditure	\$54,000	\$0	\$0	\$0	\$0
Net Effect	(\$79,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** No similar State income tax credit exists.

Each publicly owned dog used for law enforcement work by the State or a local jurisdiction must have a license issued by the Department of State Police (DSP). There is no license fee. A license must be issued on the form provided by DSP and to the law enforcement officer to whom the licensed dog is assigned. Each license must (1) be dated and numbered; (2) state the law enforcement agency to which the dog belongs; and (3) describe the dog that is licensed. DSP must provide with each license a metal tag that is stamped “Department of State Police” and bears the license number of the dog. The tag must be affixed to a substantial collar to be provided by the law enforcement agency to which the dog belongs.

A license is valid for all dog licensing purposes anywhere in the State and is in effect until the earlier of (1) revocation of the license by DSP or (2) removal of the licensed dog from law enforcement work.

**Background:** DSP’s canine unit has 40 dogs and 32 handlers. The unit’s primary mission is to provide DSP and other police departments specialized canine support to assist them in their mission of protecting both the life and property of the citizens of the State of Maryland. This is achieved by advancing the primary purpose of the police service canine, which is to “locate and indicate” whether it be for narcotics, explosives, or people wanted for either criminal acts or those reported missing. DSP reports that the average service life of a law enforcement dog is eight years, followed by an expected post-service life of four years. For DSP, on average, five dogs are retired annually.

The Maryland Transportation Authority and the Transportation Security Administration currently have 13 canines. Each dog is in service for approximately seven years. There are seven retired dogs that are adopted by their previous handlers.

Numerous local jurisdictions also operate canine units. For example, Baltimore County has 29 dogs handled by 25 handlers.

DSP is responsible for maintaining a [registry](#) of all publicly owned dogs used for law enforcement by State or local government agencies. Licensing and registration is done online. The license terminates upon the death of the dog, retirement from service, or transfer to another agency. Upon reassignment of a handler and/or the assignment of the canine to a new handler, the new handler or agency is required to notify DSP.

The number of new State and local law enforcement dog licenses issued each year by DSP from calendar 2010 through 2015 is shown in **Exhibit 1**.

---

**Exhibit 1**  
**Licenses Issued by the Department of State Police**  
**Calendar 2010-2015**

	<u><b>New Licenses Issued</b></u>
2010	7
2011	93
2012	91
2013	82
2014	47
2015	95
<b>Total</b>	<b>415</b>

Source: Department of State Police

---

**State Revenues:** Tax credits may be claimed beginning in tax year 2018. As a result, general fund revenues may decrease beginning in fiscal 2019. The amount of the revenue loss depends on the number of qualified dogs adopted by active State or local government employees and the amount of eligible expenses claimed against the State income tax. Assuming 25 active State or local government employees pay at least \$1,000 in veterinary services for adopted qualified dogs and these individuals have a tax liability of at least \$1,000, general fund revenues decrease by \$25,000 annually.

**State Expenditures:** The Comptroller's Office reports that it would incur a one-time expenditure increase of \$54,000 in fiscal 2019 to add the tax credit to the personal income tax form. This includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

---

**Additional Information**

**Prior Introductions:** Similar bills, HB 1243 of 2017, HB 1322 of 2016, HB 413 of 2015, and HB 1357 of 2014, received a hearing in the House Ways and Means Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Department of Agriculture; Department of Natural Resources; Department of State Police; Maryland Department of Transportation; Baltimore County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2018  
mm/hlb

---

Analysis by: Heather N. Ruby

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