

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1304

(Delegate Kaiser, *et al.*)

Health and Government Operations

Finance

Maryland Department of Health and Department of Aging - Earned Income Tax
Credit - Distribution of Information and Training

This bill requires the Maryland Department of Health (MDH) to develop a process for providing information about the availability of the State's earned income tax credit to enrollees and potential enrollees in specified programs and other individuals receiving specified services. The bill further requires the Maryland Department of Aging (MDOA) to provide periodic training to the Maryland Access Point network to increase awareness of the availability of the State's earned income tax credit.

Fiscal Summary

State Effect: The bill's requirements can likely be handled with existing budgeted resources, as discussed below. To the extent the bill results in increased utilization of the State earned income and poverty level tax credits, general fund revenues may decrease beginning as early as FY 2025.

Local Effect: To the extent the bill results in increased utilization of the local earned income and poverty level tax credits, local revenues may decrease beginning as early as FY 2025, and Montgomery County expenditures for its earned income tax credit supplement program may increase beginning as early as FY 2025, as discussed below.

Small Business Effect: Potential minimal operational impact on small business pharmacies that participate in the Prescription Drug Repository Program.

Analysis

Bill Summary: MDH must develop a process for providing information about the availability of the State's earned income tax credit to (1) enrollees and potential enrollees in the Maryland Medical Assistance Program, Maryland Children's Health Program, and Qualified State Long-Term Care Insurance Partnership when providing information about these programs; (2) individuals receiving services under the Senior Prescription Drug Assistance Program; and (3) individuals receiving donated prescription drugs and medical supplies under the Prescription Drug Repository Program.

Current Law:

Maryland Earned Income Tax Credit

Maryland's earned income tax credit offers both refundable and nonrefundable credits against the State income tax and a nonrefundable credit against the local income tax for low- to moderate-income resident taxpayers. The State nonrefundable credit is generally equal to 50% of the amount of an eligible taxpayer's federal earned income tax credit for the taxable year. A taxpayer for whom the State nonrefundable credit is less than the taxpayer's State income tax liability may also be eligible to claim the State and local poverty level tax credits.

Maryland Access Point

The Aging and Disability Resource Center – known as “Maryland Access Point” – is the State's Aging and Disability Resource Center for purposes of the federal Older Americans Act Amendments of 2006. The purpose of the program is to provide a coordinated system of information and access for individuals seeking long-term services and supports, including in-home, community-based, and institutional services.

State Expenditures: As the bill generally contemplates the distribution of information to specified program enrollees and prospective enrollees through existing outreach for these programs, it is assumed that MDH can handle the bill's requirements with existing budgeted resources. The Department of Legislative Services notes that the Qualified State Long-Term Care Insurance Partnership is jointly administered by MDH and the Maryland Insurance Administration (MIA); thus, MDH may require the assistance of MIA in distributing information to current or prospective policyholders.

MDOA advises that it can provide periodic training to the Maryland Access Point network as required under the bill with existing budgeted resources.

State Revenues/Local Fiscal Effect: To the extent the bill results in increased utilization of the State earned income and poverty level tax credits, general fund revenues decrease beginning as early as fiscal 2025. Any such impact cannot be reliably estimated.

To the extent the bill results in increased utilization of the State's local earned income and poverty level tax credits, local income tax revenues decrease beginning as early as fiscal 2025. In addition, Montgomery County expenditures for the Working Families Income Supplement Program, which provides a match to county residents based on the amount of the State earned income tax credit, may increase beginning as early as fiscal 2025.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Maryland Department of Aging; Maryland Department of Health; Department of Human Services; Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2024
km/jrb Third Reader - March 27, 2024
Revised - Amendment(s) - March 27, 2024

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