

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1246
Ways and Means

(Prince George's County Delegation)

**Prince George's County - Income Tax Credit for Parent and Guardian
Volunteers in Elementary and Secondary Schools**
PG 411-24

This bill establishes a refundable credit against the State income tax for a parent or legal guardian of an elementary or secondary school student in Prince George's County who volunteers at the school in which the student is enrolled. To receive the tax credit, an eligible taxpayer must apply to the county board of education member who represents the school or, if the student is enrolled in a nonpublic school, the administrator of the school. On application by an eligible taxpayer, a county board member or school administrator must issue a tax credit certificate in an amount equal to \$20 per volunteer hour. An eligible taxpayer may claim up to \$500 in credit in any tax year. In consultation with the Comptroller, the Maryland State Department of Education (MSDE) must develop and make available an application and tax credit certificate to be used in accordance with the bill. **The bill takes effect July 1, 2024, and applies to tax year 2024 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease by potentially more than \$1.8 million annually beginning in FY 2025, as discussed below. The Comptroller's Office and MSDE can implement the bill's provisions with existing budgeted resources.

Local Effect: Prince George's County Public Schools can likely absorb any related administrative costs within existing budgeted resources. Local revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: “School,” as it applies to the bill, means a public or nonpublic elementary or secondary school in Prince George’s County, including a charter school. For any tax year, an eligible taxpayer may apply for and receive more than one tax credit certificate, regardless of whether another eligible taxpayer has received a tax credit certificate for the same student.

A county board member or school administrator who issues a tax credit certificate under the bill must keep a record of the number of volunteer hours accrued by each eligible taxpayer that receives a credit.

Current Law: State law does not provide for a credit against the State income tax for hours volunteered at elementary or secondary schools in the State or in Prince George’s County, specifically, as contemplated under the bill.

State Revenues: General fund revenues decrease significantly beginning in fiscal 2025 due to credits claimed against the State income tax. Assuming at least 50% of eligible taxpayers with creditable volunteer hours claim the credit, the Department of Legislative Services (DLS) estimates that annual general fund revenue losses may exceed \$1.8 million annually based on an analysis of national volunteering statistics published by the U.S. Bureau of Labor Statistics, Maryland volunteer statistics published by AmeriCorps, and American Community Survey data on Maryland’s school-age population by county.

However, DLS advises that there is considerable uncertainty regarding the number of taxpayers who will be eligible for and ultimately claim the credit and their average creditable volunteer hours. Thus, the bill’s precise impact on general fund revenues cannot be reliably estimated.

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 State Department of Education; Prince George’s County Public Schools; U.S. Bureau of Labor Statistics; U.S. Census Bureau; AmeriCorps; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2024
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