

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 382 (Senator Young, et al.)
Budget and Taxation

**Income Tax - Deductions for Home Mortgage Interest
and Charitable Contributions**

This bill provides that, notwithstanding any change in federal income tax law after January 1, 1996, residential home mortgage interest and charitable contributions can continue to be deducted for State income tax purposes as allowed under the Internal Revenue Code in effect on January 1, 1996.

This bill is effective July 1, 1996, and applies to all taxable years beginning after December 31, 1995.

Fiscal Summary

State Effect: Revenues could be affected as described below. Expenditures would not be affected.

Local Effect: None.

Fiscal Analysis

State Effect: This bill would only have an effect if changes are made to federal tax law regarding home mortgage interest deductions and charitable contributions. The bill will maintain Maryland income tax revenues and hold Maryland taxpayers harmless from these changes in regard to State income taxes. In tax year 1993, \$6.4 billion of deductions were taken for home mortgage interest, and \$1.8 billion for charitable contributions. These deductions would continue under this bill, regardless of any changes to federal law.

Information Source(s): Office of the Comptroller (Revenue Administration Division),
Department of Fiscal Services

Fiscal Note History: First Reader - March 1, 1996

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