

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1375 (Delegate W. Baker, et al.)  
Ways and Means

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**Income Tax - Subtraction Modification for Ground Heat Pump Systems**

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This bill creates a subtraction modification for the individual income tax of 40% of the amount paid by an individual for the acquisition and installation of a ground heat pump system.

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

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**Fiscal Summary**

**State Effect:** Minimal indeterminate general fund revenue decrease. No effect on expenditures.

**Local Effect:** Revenues will decline by 54.5% of any State revenue decrease. Expenditures would not be affected.

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**Fiscal Analysis**

**State Revenues:** The average cost to consumers of purchasing and installing ground heat pump systems is approximately \$7,500. The number of such systems which will be installed cannot be reliably determined at this time, but is assumed to be relatively small. For every ten ground heat pump systems installed, the general fund will lose \$1,500.

Any loss will be realized in the fiscal year following the tax year in which the subtraction is taken. The first year this bill will have an effect is fiscal 1997.

**Local Revenues:** Local revenues will decline by 54.5% on average, of any State revenue decrease. Therefore, for every ten systems installed, revenues will decline by \$818.

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

**Fiscal Note History:** First Reader - March 11, 1996  
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