

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 756 (Delegate Cryor)
Ways and Means

**Inheritance Tax and Income Tax - Owners of Professional Football Teams Located
in the State**

This bill provides that a decedent who has owned a professional football team located in Maryland within three years of the person's death is considered domiciled in the State at the time of death, thereby subjecting the decedent's heirs to the Maryland inheritance tax. The bill also provides that an individual who owns the majority interest in a professional football team located in Maryland is considered a Maryland resident and is thereby subject to Maryland State and local income taxes on all earnings.

This bill is effective July 1, 1996.

Fiscal Summary

State Effect: Potential indeterminate increase in general fund revenues, as described below.

Local Effect: Indeterminate increase in income tax revenues, as described below.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate amount as a result of increased inheritance and income tax revenues. With regard to the inheritance tax, this bill makes the property of someone who has owned a professional football team in Maryland within three years of his death subject to the State inheritance tax, regardless of his actual state of domicile at the time of death. Any increase in inheritance tax revenues would depend upon the decedent's date of death, his state of domicile at the time of death, how long it has been since he has owned a professional football team in Maryland, and the value of taxable property that is transferred to the heirs upon death. These factors cannot be reliably estimated at this time.

This bill would also make the entire income of an owner of a professional football team in Maryland subject to State and local individual income taxes, regardless of whether the individual is domiciled in Maryland. Under current law, a resident taxpayer pays Maryland income taxes on all income, and a tax credit is granted for all taxes paid on income earned in another state. Thus, in most cases, the taxpayer only pays taxes on the amount of income earned in Maryland. However, if the taxpayer is domiciled in another state, no credit is granted against Maryland taxes for taxes on income earned in other states. Accordingly, under this bill, if the majority owner of a professional football team in Maryland lives in another state, the owner would pay Maryland income taxes on all earnings, regardless of the state in which they are earned, and would not be entitled to a credit for taxes on income earned in another state.

By declaring an out-of-state taxpayer a resident, this bill also subjects the taxpayer to local income taxes on his entire earnings. Under current law, nonresidents do not pay local income taxes. Though the bill does not specify, it is assumed that the tax would be paid to the local jurisdiction in which the professional football team is located.

Any increase in income tax revenues would depend upon whether or not the owners of any professional football teams located in Maryland would be domiciled in Maryland and, if not, the amount of taxable income they earn. These factors cannot be reliably estimated at this time.

If an owner of a professional football team in Maryland moves to Maryland, this bill would have no effect on the income taxes the person would pay. This bill would only affect football team owners who maintain their primary residence outside of the State.

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

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Analysis by: Lisa Kleinschmidt
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710