

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 58 (Senator Munson, et al.)
Budget and Taxation

Referred to Ways and Means

Maryland Breast Cancer Research Fund - Income Tax Checkoff

This amended bill requires the Comptroller to include a Breast Cancer Research Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are credited to the fund and distributed by the Secretary of the Department of Health and Mental Hygiene through the annual budget process to eligible entities for breast cancer research. The Secretary is required to report to the General Assembly annually on the administration of the fund. If, in any tax year, less than \$100,000 in net proceeds is contributed to the fund, the Comptroller shall remove the checkoff from the individual income tax return form.

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

Fiscal Summary

State Effect: Special fund revenues would increase by an indeterminate but potentially significant amount beginning in FY 1997. Special fund expenditures could increase by \$9,800 in FY 1997.

Local Effect: None.

Fiscal Analysis

State Revenues: The increase in State revenues which would result from the Breast Cancer Research Fund checkoff is difficult to quantify at this time. For comparative purposes, the State Chesapeake Bay and Endangered Species Fund checkoff raises approximately \$1,000,000 yearly.

State Expenditures: The Department of Health and Mental Hygiene (DHMH) will require one-half of a position to develop regulations, write the requests for proposals for research grants, and assemble an expert contract review committee to make funding recommendations.

DHMH expenditures would increase an estimated \$9,800 in fiscal 1997 due to the costs associated with hiring a half-time contractual Program Administrator I to perform the functions required by this bill. This estimate reflects a starting date of April 1, 1997, when funds will begin to come into the Breast Cancer Research Fund. The salary for fiscal 1997 would total \$3,954 with fringe benefits at 9%. One-time start-up costs of \$5,285 would be incurred.

Future year expenditures would reflect a full salary with a 2% annual increase and 2% annual increases in ongoing operating expenses. It is unknown how long these expenses would continue since the checkoff expires if net collections are less than \$100,000. If this program continues in fiscal 1998, expenditures would total \$18,480. These costs would presumably be paid from the fund.

The Office of the Comptroller advises that form and instruction changes will cost \$1,620, and computer program changes will cost \$45,000. Since the Comptroller must deduct administrative expenses before depositing collections in the Breast Cancer Research Fund, this bill would not increase the Comptroller's general fund expenditures.

The Department of Fiscal Services advises that if other legislation is passed changing the Maryland income tax calculation or forms, economies of scale regarding computer programming changes could be realized. This would reduce computer programming costs associated with this bill and other income tax legislation. Further, the Department of Fiscal Services advises that since forms and instructions are updated annually, the form changes resulting from this bill can be absorbed within existing resources.

Information Source(s): Department of Health and Mental Hygiene (Local and Family Health Administration), Office of the Comptroller (Revenue Administration Division), Department of Fiscal Services

Fiscal Note History: First Reader - January 25, 1996

ncs Revised - Senate Third Reader - March 13, 1996

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