

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 170 (Chairman, Ways and Means Committee)
(Departmental - Comptroller)

Ways and Means

Income Tax - Itemized Deductions

This departmental bill provides that spouses who elect to file separate Maryland income tax returns may not claim itemized deductions unless both do.

This bill is effective July 1, 1997, and applies to all taxable years beginning after December 31, 1996.

Fiscal Summary

State Effect: Minimal increase in general fund revenues. Expenditures would not be affected.

Local Effect: Local revenues would increase 54.5% of any State revenue gain. Expenditures would not be affected.

Small Business Effect: The Office of the Comptroller has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

State Revenues: General fund revenues would increase an indeterminate though minimal amount. It is assumed that those married couples who currently file separately with only one spouse itemizing do so to minimize taxes. Therefore, requiring both spouses to claim

either itemized deductions or the standard deduction would result in an increase in general fund revenues. The number of such couples is not known, nor is the amount of itemized deductions which would be lost.

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

Fiscal Note History: First Reader - January 17, 1997
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