

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 874 (Delegate Finifter, *et al.*)
Ways and Means

Referred to Budget and Taxation

Income Tax - Subtraction Modification for Volunteer Police Officers

This enrolled bill creates a \$3,000 subtraction modification for the individual income tax for qualifying volunteer police officers. To qualify for the modification, an individual must qualify for active status under a length of service award program established by the Police Training Commission in conjunction with the Maryland Association of Counties and the Maryland Municipal League program, or must have maintained active status for at least 25 years under that program. The individual must also have been an active member for at least 72 months during the last 10 calendar years by the end of the tax year.

Police agencies shall submit to the Department of Public Safety and Correctional Services and the Office of the Comptroller a report stating the number of individuals who qualified for the subtraction modification for the preceding tax year. Persons who make false statements or reports regarding eligibility for this subtraction are subject to a fine of \$1,000.

This bill is effective July 1, 1998, and applies for all taxable years beginning after December 31, 1998.

Fiscal Summary

State Effect: General fund revenues could decline an estimated \$18,600 in FY 2000, increasing at 2% per year. Expenditures would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$18,600)	(\$18,900)	(\$19,300)	(\$19,700)	(\$20,100)
GF Expenditures	0	0	0	0	0
Net Effect	(\$18,600)	(\$18,900)	(\$19,300)	(\$19,700)	(\$20,100)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Local revenues in five jurisdictions could decline an estimated \$9,600 in FY

2000. Expenditures would not be affected.

Small Business Effect: None. This bill does not directly affect small businesses.

Fiscal Analysis

State Revenues: General fund revenues could decline an estimated \$18,600 in fiscal 2000. Currently, 266 individuals are volunteer police officers in two counties, Baltimore City, and three municipalities. An estimated 124 would qualify for the subtraction in tax year 1999, resulting in subtractions totaling \$363,000. Tax year 1999 revenues would therefore decline \$18,600. This loss would occur in fiscal 2000, when tax year 1999 returns are filed. The revenue loss is estimated to increase 2% per year.

Local Revenues: Local piggyback revenues for the five jurisdictions with qualifying police officers would decline an estimated total of \$9,560 in fiscal 1999.

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

Fiscal Note History: First Reader - February 24, 1997
lc Revised - Enrolled Bill - May 7, 1997

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