

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 150 (Delegate Beck)

Ways and Means

State Income Tax - Credit for Individuals for Tax Year 1998

This bill provides a 1998 State income tax credit of \$100 for single taxpayers and \$150 for taxpayers filing jointly. The credit is not refundable, and may not be claimed by an individual filing as the dependent of another taxpayer.

This bill is effective July 1, 1998, and applies to tax years beginning after December 31, 1997 but before January 1, 1999. This bill sunsets June 30, 1999.

Fiscal Summary

State Effect: General fund revenues would decline by an estimated \$216.8 million, and expenditures could increase by \$39,000 in FY 1999, the only year in which there is an impact.

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: General fund revenues would decline by an estimated \$216.8 million in fiscal 1999 based on the following facts and assumptions:

- There were 946,900 single, head of household, married filing separately, and qualified widow(er) returns filed in tax year 1995, 74,165 of which had tax liability under \$100;
- there were 812,274 joint returns filed in tax year 1995, 32,814 of which had tax liability under \$150;

- the average liability for single returns with tax liability under \$100 is \$50, and for joint returns with liability under \$150 is \$75; and
- the number of returns filed increases at 1% per year.

State Expenditures: The Office of the Comptroller would incur costs of \$39,000 for computer programming changes. The Department of Legislative Services advises that economies of scale regarding computer programming changes could be realized, since there will be changes to the income tax processing system due to the 1997 income tax reduction which is phased in through 2002.

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates), Department of Legislative Services

Fiscal Note History: First Reader - February 6, 1998

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