

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 603 (Senator Craig. *et al.*)

Budget and Taxation

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**Constitutional Amendment - Rebate of Revenue Surplus to  
Individual Income Taxpayers**

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This bill proposes a constitutional amendment which would rebate to individual income taxpayers any general fund surplus (less the Comptroller's costs for providing this rebate) if the surplus is 2% or greater. As soon as possible after each legislative session, the Comptroller is to report the estimated amount of general fund revenues as of July 1, adjusted for changes in laws adopted during that session. As soon as possible after June 30, the Comptroller must report the general fund revenues actually collected.

If actual revenues collected during the fiscal year exceed the estimate by 2% or more, a rebate will be paid. Each taxpayer will receive a percentage of the taxpayer's prior year tax liability, unless the rebate is less than \$10. That percentage will be the amount of the surplus, less administrative costs, divided by the total individual income tax liability for the prior tax year. Rebates shall be mailed by December 1, or for those taxpayers who file on or after August 15, as soon as possible.

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**Fiscal Summary**

**State Effect:** Potential indeterminate reduction in general fund revenues. Expenditures would increase by an estimated \$61,600 in FY 1999, and could increase by \$1.8 million in any year in which a rebate is issued, but would be deducted from any amount rebated.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Fiscal Analysis**

**State Effect:** It is unknown whether a rebate would be issued under this constitutional amendment. Had this amendment been in effect since fiscal 1993, rebates would have been issued in fiscal 1995 and 1997, totaling about \$217 million and \$207 million, respectively. The rebate to a family of four with income of \$40,000 would have been approximately \$88 in 1997.

The Office of the Comptroller would incur computer programming costs of \$61,600 to make adjustments to the tax processing system. These costs could possibly be included in administrative costs for the first time a rebate is issued. In any year in which rebates were issued, costs would increase by about \$1.8 million, including costs for processing time; digital storage; 1.9 million checks, envelopes, and postage; one million form 1099-Gs and postage (the 1099-G reports refunds); and bank processing fees, among other items. These costs would be deducted from the total amount rebated, however.

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

**Fiscal Note History:** First Reader - February 23, 1998

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