

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 396 (Senator Miller)

Budget and Taxation

**Income Tax - Subtraction Modification for Volunteer Police, Fire, Rescue, and
Emergency Medical Services Personnel**

This bill increases the subtraction modification for individual income taxes allowed to volunteer police, fire, rescue, and emergency medical services personnel from \$3,000 to \$3,500.

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

Fiscal Summary

State Effect: General fund revenues could decline by an estimated \$201,200 in FY 2000. Out-year estimates reflect 1% annual growth in individuals claiming the subtraction and lower top income tax rates. Expenditures would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$201,200)	(\$201,200)	(\$201,000)	(\$200,100)	(\$203,000)
GF Expenditures	0	0	0	0	0
Net Effect	(\$201,200)	(\$201,200)	(\$201,000)	(\$200,100)	(\$203,000)

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

Local Effect: Local revenues would decline by an estimated \$112,900 in FY 2000. Expenditures would not be affected.

Small Business Effect: None.

Fiscal Analysis

State Revenues: General fund revenues could decline by an estimated \$201,215 in fiscal 2000. The current \$3,000 subtraction was claimed by 7,850 volunteer fire, rescue, and emergency medical services personnel in tax year 1996. Assuming growth in the number of individuals eligible for the subtraction of 1% annually, 8,088 would claim the subtraction in tax year 1999. An additional 125 volunteer police are expected to be eligible for the existing credit. Increasing the subtraction by 500 for 8,213 individuals would result in a total increase of subtractions of \$4.1 million, resulting in a revenue loss of \$201,215 in fiscal 2000.

Local Revenues: Local revenues would decline by an estimated \$112,900 in fiscal 2000 through the local income tax.

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates), Maryland State Firemen's Association, Department of Legislative Services

Fiscal Note History: First Reader - February 22, 1998

ncs

Analysis by: David F. Roose

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710