

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 391 (Delegate Healev. *et al.*)

Ways and Means

**Income Tax Subtraction for Computer Equipment Donated to Private, Parochial,
and Public Schools**

This bill creates a subtraction modification for the individual and corporate income taxes for the value of any computer equipment donated to (1) a private or parochial elementary or secondary school in the State that does not have an endowment over \$1 million; or (2) a public secondary or elementary school. The computer equipment must not be over two years old and must have a value of over \$1,000 for new equipment or \$500 for used equipment. The school must provide a written receipt specifying the Orion Blue Book value of the donated goods. The subtraction is in addition to any allowable itemized deduction.

This bill is effective October 1, 1999, and applies to all taxable years beginning after December 31, 1999.

Fiscal Summary

State Effect: Indeterminate general fund and Transportation Trust Fund (TTF) revenue decline beginning in FY 2001. Expenditures would not be affected.

Local Effect: Indeterminate local revenue decline beginning in FY 2001. Expenditures would not be affected.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: General fund and TTF revenues would decline an indeterminate amount. The number of computers which would be donated as a result of this bill cannot be reliably estimated. Given the rapid advancement of computer technology and the profusion of companies selling computers, however, a large percentage of computers currently in use are worth less than \$1,000. Each donation of \$1,000 of computer equipment in 2000 would result in a revenue loss of \$48.50 for an individual income tax taxpayer; each such donation for a corporate income tax taxpayer would result in a revenue loss of \$70, of which about \$17.50 would be a loss to the TTF.

Local Revenues: Local revenues would decline by about 55% of 5% of any State revenue loss through the local income tax for subtractions taken against the individual income tax. A donation of \$1,000 of computer equipment would reduce local revenues by an average of \$27.50. Local revenues would also decline a minimal amount for subtractions claimed against the corporate income tax, as a portion of corporate income tax revenues is distributed to local governments through the TTF.

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

Fiscal Note History: First Reader - February 26, 1999
ncs/jr Revised - House Third Reader - March 29, 1999

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