HB 1151

Department of Legislative Services

Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1151 (Delegate Zirkin)
Ways and Means

High Technology Public Centers - Contributions - Tax Credits

This bill provides a 100% credit against the State income tax for individuals and corporations making contributions to State technology centers. Applications for the tax credits must be approved by the Technology Center Advisory Commission (TCAC). An application must include the name of the technology center to which the donation was made and the amount of the monetary or nonmonetary contribution. The TCAC may not approve a tax credit application if it is determined that the applicant has overstated the amount of a nonmonetary contribution. The bill is contingent on the enactment of HB 236, which establishes the TCAC and the Technology Center Development Fund (TCDF) to supply counties with seed money for local technology centers.

The bill is effective July 1, 2000 and approved tax credits may be applied to all taxable years beginning after December 31, 1999.

Fiscal Summary

State Effect: Reduction in general fund and Transportation Trust Fund (TTF) revenues depending on the amount of the credit for contributions to technology centers. Contribution amounts cannot be reliably estimated at this time. State expenditures for the development of technology centers could be reduced.

Local Effect: Increase in revenues for counties developing technology centers approved by the TCAC. Reduction in local government revenues from the TTF depending on the amount of the credit taken by corporations.

Small Business Effect: Potential minimal.

Analysis

Current Law: There is no tax credit for contributions to technology centers.

Background: HB 236 would establish the TCAC within the Department of Business and Economic Development (DBED). The TCAC would initiate the development of a statewide network of technology centers that focus on educational programs and exhibits devoted to the Internet, virtual reality technology, Internet schooling, and other technological programs. The bill would also establish the TCDF, administered by the TCAC, that would provide funding to counties for the technology centers. The TCDF would include money from private donations as well as general funds from the State. To qualify for TCDF funds, counties would submit proposals to the TCAC, and the TCAC would approve or deny funding.

State Revenues: State income tax revenues would decrease by the amount of approved individual and corporate contributions to technology centers. There would be a reduction in State general fund revenues equal to 100% of the approved individual contributions to technology centers and 75% of the approved corporate contributions to technology centers. TTF revenues would decrease by 25% of the amount of approved corporate contributions to technology centers. The amount of contributions by individuals or corporations cannot be reliably estimated at this time.

State Expenditures: HB 236 requires the State to begin appropriating funds to the TCDF in fiscal 2002. If this bill results in significant private contributions to technology centers, State funding of the TCDF could be reduced.

Local Revenues: Local governments receive 30% of the 25% of corporate income taxes that are distributed to the TTF. Thus, any approved corporate contribution to technology centers would result in a loss of local revenues. The amount of corporate contributions cannot be reliably estimated.

Local Expenditures: HB 236 does not require a local jurisdiction to match State funds, but does allow for this possibility. To the extent that local centers can acquire resources through private contributions, local governments may decrease expenditures to the centers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Comptroller, Department of Business and Economic Development, Department of Legislative Services

Fiscal Note History: First Reader - March 13, 2000
cm/jr

Analysis by: Mark Collins

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510