

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1103 (Delegate Heller)

Ways and Means

Elevator Handrails in Health Care Facilities - Income Tax Subtraction Modification

This bill allows an income tax subtraction modification for 100% of the expenses incurred by a taxpayer to purchase and install handrails in existing elevators in health care facilities or any other building in which at least 50% of the space is used for medical purposes.

The bill takes effect July 1, 2000, and applies to all taxable years beginning after December 31, 1999.

Fiscal Summary

State Effect: The amount of any decrease in general fund and Transportation Trust Fund (TTF) revenues depends on the number of persons taking the subtraction and the amount of each taken. For illustrative purposes only, for every \$10,000 subtracted on personal income tax returns, general fund revenues would decrease by \$485. For every \$10,000 subtracted on corporate income tax returns, general funds would decrease by \$525 and TTF revenues would decrease by \$123.

Local Effect: Local revenues would decline by approximately 2.67% of the total subtraction taken, or 55% of the State loss for installing handrails in elevators. In addition, local government revenues would decline as a result of corporate returns claiming the subtraction proposed in the bill.

Small Business Effect: Minimal.

Analysis

Current Law: No subtraction modification of this type exists.

State Fiscal Effect: The actual costs of this bill cannot be reliably estimated because it is not known how many individuals or corporations would take the subtraction provided by the bill.

Subtractions taken on personal income tax returns result in a reduction of general fund revenues of approximately 4.85% of the subtraction taken. Seventy-five percent of the subtraction taken on corporate income tax returns results in a general fund reduction and the remaining 25% results in a reduction in TTF revenues because of the distribution of corporate income tax revenue to the TTF.

It is estimated that the average cost to install handrails in an elevator is \$780 per elevator. Assuming that 100 buildings had elevator handrails installed, the total cost of the subtraction would be \$78,000. If all taxpayers taking the subtraction for tax year 2000 are individuals, the general fund revenue loss would be \$3,783 and the local government loss would be \$2,083. If all taxpayers taking the subtraction in tax year 2000 are corporations, the general fund revenue loss would be \$4,095, the TTF revenue loss would be \$956, and the local government loss would be \$410.

Local Fiscal Effect: Local revenues would decline by approximately 2.67% of the total subtraction taken, or 55% of the State loss for installing elevator handrails. In addition, local government revenues would decline as a result of corporate returns claiming the subtraction proposed in the bill. As mentioned above, 75% of corporate tax revenues are distributed to the general fund, and 25% are distributed to the TTF. Of the 25% distributed to the TTF, approximately 30% is distributed to local jurisdictions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Health and Mental Hygiene, Department of Legislative Services

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