

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

House Bill 742 (Delegate Klausmeier, *et al.*)  
Ways and Means

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**Income Tax Credit for Individuals Moving into the State to Fill Critical Occupations**

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This bill allows an individual who becomes a resident of the State and commences employment in an occupation designated as in short supply and critical to Maryland's economic development strategy to claim a \$1,000 credit against the State income tax. The Secretary of Higher Education is required to designate occupations that are in short supply and critical to Maryland's economic development strategy, after consultation with the Secretaries of Business and Economic Development and Labor, Licensing, and Regulation and appropriate advisory boards.

The bill takes effect July 1, 2001 and applies to all taxable years beginning after December 31, 2000.

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**Fiscal Summary**

**State Effect:** Potential significant general fund revenue decrease. The extent of any decrease depends on the occupations that are determined to be in short supply and critical to Maryland's economic development strategy and the number of individuals moving into the State to work in those occupations. General fund revenues would decrease by \$1,000 for every individual claiming the credit.

**Local Effect:** None. The credit is taken against the State income tax.

**Small Business Effect:** Potential meaningful. Small businesses could benefit to the extent that they are able to attract employees to Maryland.

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## Analysis

**Current Law:** None applicable.

**State Fiscal Effect:** The cost of the bill depends on occupations that are determined to be in short supply and critical to Maryland's economic development strategy and the number of individuals moving into the State to work in those occupations.

*The Maryland Workforce Educational Needs Assessment Survey* conducted by the Maryland Higher Education Commission (MHEC), the Maryland Roundtable for Business, the Department of Business and Economic Development, the Maryland Economic Development Commission, and the Maryland State Department of Education (MSDE) in October of 1999, indicates that computer engineers or analysts, manufacturing or skilled workers, engineers, and laboratory or technical personnel are among the most difficult positions to fill by employers who need these types of employees. The study also indicates that management and supervisory personnel are in critical need. Assuming that MHEC designates all of these occupations to be in short supply and critical to the State's economic development strategy and markets these types of jobs in other states, it is possible that a sizable number of individuals from other states could move to Maryland to fill these jobs. As a result, general fund revenues would decrease by \$1,000 for every individual moving into the state and claiming the credit.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller of the Treasury (Bureau of Revenue Estimates), Maryland Higher Education Commission, Department of Legislative Services

**Fiscal Note History:** First Reader – February 23, 2001  
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