

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

House Bill 243           (Delegates Mitchell and Hutchins)  
Ways and Means

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**Volunteer Citizens on Patrol - Income Tax Subtraction Modification**

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This bill provides a subtraction modification under the Maryland income tax in an amount equal to \$3,500 if an individual is a qualifying member of a Citizens on Patrol Program for the taxable year. An individual qualifies for the subtraction modification by: (1) being an active member of a Citizens on Patrol program; (2) serving in a volunteer capacity; (3) maintaining active status under a Citizens on Patrol Length of Service Award Program established by a local law enforcement agency or maintaining active status for at least two years under the Citizens on Patrol Length of Service Award Program; and (4) being an active member of a Citizens on Patrol program for at least 12 months during the last ten years by December 31 of the taxable year.

Local law enforcement agencies are required to maintain records of the activities of Citizens on Patrol volunteers and to provide reports of those activities to the volunteers, the Department of Public Safety and Correctional Services, and the Office of the State Comptroller. Violators of the provisions of the bill are subject to a \$1,000 fine.

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:** General fund revenue decrease of approximately \$605,900 in FY 2002. Future year decreases reflect a 1% increase in the number of subtractions taken and a new tax rate. No effect on expenditures.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	(\$605,900)	(\$605,600)	(\$611,600)	(\$617,700)	(\$623,900)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$605,900)	(\$605,600)	(\$611,600)	(\$617,700)	(\$623,900)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Local government revenue loss of approximately \$345,900 in FY 2002. Expenditure increases for Harford and Montgomery counties. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

## Analysis

**Current Law:** No such subtraction modification exists under the Maryland income tax.

**State Fiscal Effect:** Several counties -- Anne Arundel, Baltimore City, Baltimore County, Charles, Harford, Montgomery, and Prince George's -- have Citizens on Patrol programs. These programs are volunteer community policing programs that are associated with the local police departments.

General fund revenues would decrease by approximately \$605,900 in fiscal 2002 based on the following facts and assumptions:

- There are approximately 5,400 members of Citizens on Patrol programs statewide.
- Approximately two-thirds (3,600) of these individuals would meet the requirements of the bill and qualify for the subtraction modification.

Future year losses are expected to increase by 1% annually.

Actual general fund revenue decreases would vary depending on the number of individuals who actually meet the eligibility requirements of the bill. Also, to the extent that the bill encourages more Citizens on Patrol programs to be started or for more individuals to join Citizens on Patrol programs, revenue losses could be higher than estimated.

**Local Revenues:** Local government revenues would decrease by approximately 2.74% of the total subtraction taken. Based on the estimate above, local government revenues could decrease by approximately \$345,850 in fiscal 2002.

**Local Expenditures:** In addition, the bill's monitoring and reporting requirements could result in increased local government expenditures in those jurisdictions that currently have Citizens on Patrol organizations. Harford and Montgomery counties indicate that their expenditures would increase in order to comply with the bill's requirements. Harford County advises that expenditures could increase by approximately \$200,000 as a result of having to hire additional personnel to handle the bill's reporting and monitoring requirements. Montgomery County advises that expenditures could increase by approximately \$42,100 in order to meet the requirements of the bill.

Carroll, Cecil, and St. Mary's counties do not currently have Citizens on Patrol programs and would not be affected by the bill. Prince George's County has several informal community policing organizations. These organizations are not expected to meet the requirements of the bill, and as a result, county expenditures would not be affected. However, these counties indicate that should Citizens on Patrol programs be established, they could incur increased expenditures.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller of the Treasury (Bureau of Revenue Estimates); Department of Public Safety and Correctional Services; Carroll, Cecil, Harford, Montgomery, Prince George's, and St. Mary's counties; Department of Legislative Services

**Fiscal Note History:** First Reader – February 9, 2001  
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