

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 1095 Delegate Rudolph, et al.)
 Ways and Means

Budget and Taxation

**Income Tax - Subtraction Modification for Volunteer Fire, Rescue, and
 Emergency Medical Services Personnel - Ladies' Auxiliary**

This bill extends the \$3,500 subtraction modification under the Maryland income tax for qualifying volunteer fire, rescue, and emergency medical services personnel to members of an auxiliary organization of a bona fide Maryland fire, rescue, or emergency medical services organization.

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

Fiscal Summary

State Effect: General fund revenue decrease of approximately \$111,200 in FY 2002. Future year reductions reflect an increased number of qualifying members and decreased number of total members.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	(\$111,200)	(\$134,200)	(\$175,400)	(\$171,900)	(\$168,400)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$111,200)	(\$134,200)	(\$175,400)	(\$171,900)	(\$168,400)

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

Local Effect: Local government revenues would decrease by approximately \$63,500 in FY 2002.

Small Business Effect: None.

Analysis

Current Law: Qualifying volunteer fire, rescue, and emergency medical services personnel are eligible for a \$3,500 subtraction modification.

Background: There are 184 Ladies' Auxiliaries of the Maryland State Firemen's Association with 2,746 members statewide. These individuals provide administrative and service functions, including fundraising for local fire departments.

State Fiscal Effect: General fund revenues would decrease by approximately \$111,200 in fiscal 2002 based on the following facts and assumptions:

- Approximately 24% (662) of members would be eligible for the subtraction in tax year 2001 based on information that 24% of volunteer fire, rescue, and emergency medical services personnel qualified for the current subtraction in tax year 1999.
- It is estimated that 30% to 40% of members could be eligible for the subtraction beginning in tax year 2002 due to the length of service requirement.

The revenue impact could be reduced to the extent that eligible individuals do not file a Maryland income tax return. However, the number of these individuals, if any, cannot be reliably estimated.

Local Fiscal Effect: Local government revenues would decrease by approximately 2.74% of the total State subtraction taken. In fiscal 2002 local government revenues would decrease by approximately \$63,500.

Additional Information

Prior Introductions: None.

Cross File: SB 850 (Senator Hafer, *et al.*) – Budget and Taxation.

Information Source(s): Comptroller of the Treasury (Bureau of Revenue Estimates), Maryland State Firemen's Ladies' Auxiliary, Department of Legislative Services

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