

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

House Bill 1266 (Delegate Gladden, *et al.*)  
Ways and Means and Appropriations

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**Public School Symposia - Participation - State Employee Leave/Tax Credit**

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This bill creates a tax credit program for individuals participating in educational symposia established by local boards of education. An individual or corporation may claim a credit against the State income tax equal to 100% of the compensation paid (maximum of two days) to an employee who is granted leave to participate in the educational symposia. If the amount of the credit exceeds the State income tax, any unused portion may be carried forward for up to ten years. State employees can receive up to two days of paid leave to participate in the educational symposia as long as the event does not occur at a school in which the employee's child is enrolled.

This bill takes effect July 1, 2001.

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**Fiscal Summary**

**State Effect:** General fund and Transportation Trust Fund (TTF) revenues could decrease by a significant amount due to tax credits offered in the bill.

**Local Effect:** Local revenues could decrease due to credits claimed on corporate income tax revenues. Local governments receive approximately 30% of the corporate income tax revenues that are distributed to the TTF.

**Small Business Effect:** Potential minimal.

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## Analysis

**Current Law:** None applicable.

**State Fiscal Effect:** There are 1,375 public schools in Maryland. Assuming each public school holds an educational symposium consisting of a five-member panel, approximately 6,875 individuals could participate. Based on State employment records, it is assumed that 82% of participants would be private sector employees, 4% would be State employees, and 14% would be federal and local governments employees.

The private sector accounts for 82% of total employment in Maryland. The average weekly wage for the private sector was \$655 for the second quarter of calendar 2000. Two days of paid annual leave would total approximately \$262 per employee. Assuming 5,638 (82%) participants at the educational symposia are private sector employees and all businesses apply for the tax credit, State revenues could decrease by \$1.5 million annually. Credits taken on personal income tax returns would reduce general fund revenues in the amount of the credits. Because 75% of all corporate income tax revenues is distributed to the general fund and 25% is distributed to the TTF, credits taken on corporate income tax returns will reduce general fund revenues by 75% of the amount of the credits taken, and TTF revenues will be reduced by 25% of the credits taken. In addition, 30% of the 25% of revenue distributed to the TTF is distributed to local governments. At this time, the number of credits expected to be claimed on personal or corporate income tax returns cannot be reliably estimated.

State agencies could be affected by granting employees two days of paid leave to attend an educational symposium at a public school in which their children are not enrolled. With State employees accounting for 4% of the total workforce in Maryland, approximately 275 participants at the educational symposia could be State employees. Their salaries for two days of paid annual leave would total approximately \$72,300. This does not, however, represent an increase in State costs.

**Local Fiscal Effect:** Local government revenues would decrease as a result of corporate taxpayers claiming credits through the educational symposia and presentation program. Seventy-five percent of corporate income tax revenues is distributed to the State general fund and 25% is distributed to the TTF. Of the amount allocated to the TTF, approximately 30% is distributed to local jurisdictions through the highway user formula. In addition, any significant decrease in State general fund revenues could affect the amount of State funding provided to local school systems.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Department of Legislative Services

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Analysis by: Hiram L. Burch, Jr.

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