

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 573 (Delegate Barkley)
 Environmental Matters and Ways and Means

Maryland Breast Cancer Research Fund - Income Tax Checkoff

This bill establishes a Breast Cancer Research Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are credited to the fund and distributed by the Secretary of Health and Mental Hygiene through the annual budget process to eligible entities for breast cancer research. The Secretary is required to report to the General Assembly annually on the administration of the fund.

The bill is effective July 1, 2002, and applies to all tax years beginning after December 31, 2001.

Fiscal Summary

State Effect: No net change in total donations to checkoff funds. Approximately \$1 million would be distributed among three funds. The exact amount contributed to each fund cannot be reliably estimated. Special fund expenditures increase by approximately \$185,000 in FY 2003, which includes one-time tax form changes and computer programming expenditures. Future year expenditures reflect annualized salaries, operating costs, and inflation.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	185,000	42,400	43,400	44,300	45,300
Net Effect	(\$185,000)	(\$42,400)	(\$43,400)	(\$44,300)	(\$45,300)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: There are currently two checkoffs on the personal income tax form -- the Chesapeake Bay and Endangered Species Fund and the Fair Campaign Financing Fund.

State Revenues: The Chesapeake and Endangered Species Fund checkoff was established in 1990. Contributions were approximately \$1 million per year until the Fair Campaign Financing Fund checkoff was established in 1996. Beginning in 1996, total contributions to the two funds have been approximately \$1 million per year. As a result of this historical data, it is estimated that combined contributions for the three funds would be approximately \$1 million per year. As a result, revenue distributed to the two existing funds could decline. However, the distribution among the three funds cannot be reliably estimated at this time.

In New York State, the number of returns using a breast cancer checkoff represents less than 1.0% of all returns filed. The average dollar amount per checkoff is \$10. Assuming that 1% of Maryland returns contributed \$10, the fund would receive approximately \$250,000.

State Expenditures: The Department of Health and Mental Hygiene (DHMH) will require one contractual position to develop regulations, write requests for proposals for research grants, and assemble an expert contract review committee to make funding recommendations. Accordingly, DHMH expenditures would increase by an estimated \$36,757 in fiscal 2003 due to the costs associated with hiring one contractual Program Administrator I. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) a full salary with 2.3% increases, with 3.8% employee turnover; and (2) 1% annual increases in ongoing operating expenses. These costs would presumably be paid from the fund.

The Comptroller's Office reports that it would incur a one-time expenditure increase of \$148,260 to add the checkoff to the personal income tax form. This includes data processing changes to the SMART income tax return processing and imaging systems, system testing, artwork, and postage. It is assumed that this expenditure would also be paid from the fund.

Additional Information

Prior Introductions: This bill was introduced as HB 590 in the 2001 session. It received an unfavorable report from the House Environmental Matters Committee.

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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ncs/jr

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