

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1428 (Delegates Harrison and C. Davis)
Commerce and Government Matters

**Charitable Campaigns - Use of County and Municipal Corporation Payroll
Deduction Systems - Eligible Charitable Organizations**

This bill requires a county or municipality that allows a charitable umbrella organization to conduct a charitable campaign using the jurisdiction's payroll deduction system to allow any charitable organization designated as a participating agency in the Maryland Charity Campaign to participate in the jurisdiction's charitable campaign. The bill also provides that the charitable organization may not be charged a fee to participate in the charitable campaign.

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: None.

Local Effect: Local government expenditures would increase to adjust payroll deduction systems to include additional charitable organizations. Local government revenues would not be affected. *This bill may impose a mandate on a unit of local government.*

Small Business Effect: None.

Analysis

Current Law: There is no provision of law that requires a county or a municipality to include any charitable organization that participates in the Maryland Charity Campaign in the jurisdiction's payroll deduction system for charitable campaign purposes.

Background: Examples of charitable umbrella organizations include the Maryland Charity Campaign and the United Way. The Maryland Charity Campaign has more than 700 charitable organizations participating in its charitable giving campaign. The United Way has more than 300 organizations participating in its charitable giving campaigns throughout Maryland. The Office of the Secretary of State, the entity responsible for implementing the Maryland Charity Campaign to State employees and retirees, advises that approximately 5,500 non-profits are currently registered with the State and could join the Maryland Charity Campaign.

Local Fiscal Effect: Local government expenditures would increase to process employee contributions to charitable organizations, including processing costs to remit charitable contributions to each charitable organization and additional expenditures for changing computer programs to allow for additional charitable deductions. Implementation costs would vary by jurisdiction depending on the number of charitable organizations requesting to participate in a jurisdiction's charitable campaign and the level of sophistication of each jurisdiction's payroll deduction system.

For illustration purposes only, Montgomery County advises that county expenditures would increase by \$130 annually for each additional charitable organization participating in the county's charitable campaign for costs associated with processing payments directly to the charitable organization. Montgomery County advises that it has the capacity to add approximately 300 new charitable organizations to its payroll deduction system before the county would be faced with having to modify its existing payroll deduction system or purchase a more sophisticated payroll deduction system. Counties and municipalities without excess capacity for payroll deductions could face the need to modify existing payroll deduction systems or purchase new payroll deduction systems.

It is assumed that each charitable organization would incur the costs of informing and soliciting county and municipality employees of the option of giving to the charitable organization.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Town of Sykesville, City of Greenbelt, City of Hagerstown, City of Laurel, Washington County, Montgomery County, Prince George's County, Kent County, Worcester County, Town of La Plata, Department of Legislative Services

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