

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 746

(Senator Miller)

Budget and Taxation

Ways and Means

**Volunteer Police, Fire, Rescue, and Emergency Medical Services Personnel
 Subtraction Modification Program - Active Military Service and Civilian Support
 Personnel**

This bill alters the eligibility criteria for the current \$3,500 subtraction modification for qualifying volunteer fire, rescue, and emergency medical services personnel so that an individual who is (1) a member of the National Guard or other reserve component of the U.S. armed forces who has been ordered into active military service and who serves on active duty in the armed forces during the taxable year; or (2) a civilian member of the merchant marine on assignment in support of the armed forces of the United States during the taxable year in an area designated as a combat zone by executive order of the President, is eligible for the subtraction modification, as long as existing specified criteria are met.

The bill takes effect July 1, 2003 and applies to all taxable years beginning after December 31, 2002.

Fiscal Summary

State Effect: General fund revenue decrease of approximately \$34,900 annually beginning in FY 2004. The number of individuals qualifying for the subtraction modification is expected to remain constant. No effect on expenditures.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	(\$34,900)	(\$34,900)	(\$34,900)	(\$34,900)	(\$34,900)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$34,900)	(\$34,900)	(\$34,900)	(\$34,900)	(\$34,900)

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

Local Effect: Local government revenues would decrease by approximately \$19,600 annually beginning in FY 2004.

Small Business Effect: None.

Analysis

Current Law: An individual qualifies for a \$3,500 subtraction modification for qualifying volunteer fire, rescue, or emergency services personnel, if the individual is:

- an active member of a bona fide Maryland fire, rescue, or emergency medical services organization, an auxiliary organization of a bona fide Maryland fire, rescue, or emergency medical services organization, or the U.S. Coast Guard Auxiliary;
- serves the organization in a volunteer capacity without compensation, except nominal expenses or meals;
- (a) qualifies for active status during the taxable year under specified volunteer fire, rescue, or emergency medical services personnel or auxiliary length of service award program or point system operated by a county or municipal corporation; or (b) has maintained active status for at least 25 years under a volunteer fire, rescue, or emergency medical services personnel or auxiliary length of service award program or a point system established in lieu of a length of service award program; and
- will have been an active member of: (1) a bona fide Maryland fire, rescue, or emergency medical services organization or an auxiliary organization of a bona fide Maryland fire, rescue, or emergency medical services organization during the last 10 calendar years by December 31 of the taxable year for at least: 72 months after December 31, 1999; 60 months after December 31, 2000; 48 months after December 31, 2001; and 36 months after December 31, 2002; or (2) the U.S. Coast Guard Auxiliary during the last 10 calendar years by December 31 of the taxable year for at least 72 months.

Background: Chapter 442 of 2001 named the subtraction modification referenced by the bill as the Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue, and Emergency Medical Services Personnel Subtraction Modification Program.

State Fiscal Effect: General fund revenues could decrease by approximately \$34,913 annually beginning in fiscal 2004 as a result of the changes to the current subtraction modification. The estimate is based on the following facts and assumptions:

- based on information provided by counties and the Maryland State Firemen's Association, approximately 200 individuals would qualify for the subtraction annually; most of the individuals qualifying are volunteer fire fighters, since the average age of volunteer police officers would preclude them from being called to active duty;
- an additional ten individuals could be eligible as civilians serving in the merchant marine;
- all individuals would take the maximum \$3,500 subtraction modification; and
- the number of eligible individuals is expected to remain constant.

Subtractions taken in a given tax year are expected to reduce revenues in the following fiscal year. The cost of the subtraction could increase to the extent that more volunteer police and fire fighters are called to active duty.

Local Fiscal Effect: Local government revenues would decrease by approximately 2.8% of the total State subtraction taken. Based on the estimate above, local government revenues would decrease by approximately \$19,600 annually beginning in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2003
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