

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 805 (Delegate Cardin, *et al.*)
 Ways and Means

Income Tax - Clean Air - Subtraction Modification for Bicycle and Pedestrian Commuters

This bill creates a subtraction modification under the State income tax for bicycle and pedestrian commuters. The amount of the subtraction modification is equal to \$0.10 per mile traveled in the year, not to exceed \$100. To claim it an individual must keep a detailed travel log and submit this information along with the tax return.

The bill takes effect July 1, 2005 and applies to tax year 2005 and beyond.

Fiscal Summary

State Effect: General fund revenues would decrease by \$109,000 in FY 2006; future years reflect 1% increase in bicycle and pedestrian commuters. No effect on expenditures.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	(\$109,000)	(\$110,100)	(\$111,200)	(\$112,300)	(\$113,400)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$109,000)	(\$110,100)	(\$111,200)	(\$112,300)	(\$113,400)

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

Local Effect: Local revenues would decline by approximately 3.1% of the total State subtraction taken. Local revenues would decrease by approximately \$71,100 in FY 2006. Future year losses increase by 1% annually.

Small Business Effect: None.

Analysis

Current Law: No similar State subtraction modification exists.

Background: The U.S. Census Bureau estimates that 64,842 Marylanders walked to work and 4,483 biked to work in calendar 2000. Commuterchoice.com, supported in partnership with the Federal Highway Administration and the Environmental Protection Agency, estimates the average commute distance for Americans who bicycle to work is two miles and walk is one-half mile.

State Revenues: Subtraction modifications could be claimed beginning in tax year 2005. As a result, general fund revenues would decrease by approximately \$109,000 in fiscal 2006. This estimate is based on the following facts and assumptions:

- The estimated number of people who bicycle and walk to work in 2000 is increased by approximately 1% annually.
- Each person claiming the deduction works 260 days annually.
- Based on these estimates, walkers would deduct \$26 annually and bikers the maximum \$100.
- State revenue loss (and benefit to taxpayer) would be \$1.24 per walker and \$4.75 per biker.

Additional Information

Prior Introductions: None.

Cross File: SB 549 is designated as a cross file although it is not identical.

Information Source(s): U.S. Census Bureau, Commuterchoice.com, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2005
mll/hlb

Analysis by: Robert J. Rehrmann

Direct Inquiries to:
(410) 946-5510
(301) 970-5510