

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 50

(Delegate Goodwin, *et al.*)

Ways and Means

Budget and Taxation

Income Tax - Credit for Security Expenses

This bill creates a tax credit against the State income tax for expenses incurred by a business or nonprofit organization to provide security to commercial rental property or residential multifamily rental property that are eligible under regulations adopted by the Maryland Emergency Management Agency (MEMA). The credit is equal to 50% of the expenses incurred for purchasing and installing security devices, not to exceed \$10,000 or the tax liability for the tax year. MEMA can award a maximum of \$150,000 in credits in each tax year.

The bill takes effect July 1, 2006 and applies to eligible security expenses incurred between July 1, 2006 and June 30, 2009.

Fiscal Summary

State Effect: State revenues would decrease by \$150,000 annually in FY 2007 through 2010. General fund expenditure would increase by \$32,900 in FY 2007 due to one-time tax form changes and computer expenses.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF/SF Rev.	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	\$0
GF Expenditure	32,900	0	0	0	0
Net Effect	(\$182,900)	(\$150,000)	(\$150,000)	(\$150,000)	\$0

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

Local Effect: Local government revenues would decrease as a result of tax credits claimed against the corporate income tax, which would impact local highway user revenues.

Small Business Effect: Minimal.

Analysis

Current Law: No similar State tax credit exists.

State Fiscal Effect: The bill provides that tax credits can be earned beginning in tax year 2006 for eligible expenses incurred between July 1, 2006 and June 30, 2009 and limits the maximum amount of credits that can be awarded to \$150,000 in each year. As a result, State revenues would decrease by \$150,000 annually in fiscal 2007 through 2010.

The Comptroller's Office reports that it would incur a one-time expenditure increase of \$32,850 in fiscal 2007 to add the tax credit to the personal income tax form. This includes data processing changes to the SMART income tax return processing and imaging systems, and systems testing.

Additional Information

Prior Introductions: HB 1400 of 2005, a similar bill, was not reported from the House Ways and Means Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 26, 2006
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