

Department of Legislative Services  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

Senate Bill 272  
Budget and Taxation

(Senator Hooper, *et al.*)

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**Income Tax - Credit for Motorized Shopping Carts**

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This bill creates a tax credit against the State income tax for retail establishments that purchase up to two motorized shopping carts for each business location in order to assist individuals with disabilities shop in the retail establishment. The maximum value of the credit that can be claimed by individuals or corporations is equal to \$1,000, not to exceed the tax liability for that tax year. Any unused amount of the credit can be carried forward five tax years.

The bill is effective July 1, 2006 and applies to tax years 2006 through 2009. The bill terminates December 31, 2009.

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**Fiscal Summary**

**State Effect:** The extent of any State revenue loss depends on the number of businesses that purchase motorized shopping carts. Under one set of assumptions, State revenues could decrease by approximately \$2.1 million annually in FY 2007 through 2010. General fund expenditures would increase by approximately \$32,900 in FY 2007, which reflects one-time tax form changes and computer programming expenditures.

**Local Effect:** Based on the assumptions above, local highway user revenues could decrease by approximately \$38,600 beginning in FY 2007 through 2010 if one-quarter of the credits were claimed against the corporate income tax. No effect on expenditures.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** No similar State income tax credit exists.

**Background:** Motorized shopping carts are available in a variety of retail establishments, notably in grocery stores and large discount shopping stores. According to the Department of Labor, Licensing, and Regulation, there are 19,341 businesses operating a retail trade in the State. Of these, 2,034 are grocery stores and 154 are discount department stores.

**State Revenues:** The actual cost of the bill, which cannot be reliably estimated at this time, depends on the number of eligible businesses that purchase motorized shopping carts. Credits could be claimed by individuals or corporations beginning in tax year 2006. However, *for illustrative purposes only*, based on the number of retail establishments in the State, personal and corporate income tax revenues could decrease by approximately \$2.1 million annually in fiscal 2007 through 2010. This estimate is based on the following facts and assumptions:

- Motorized shopping carts would not be purchased by businesses in which the carts have limited functionality such as gas stations, small liquor stores, and convenience stores.
- Grocery stores and discount and warehouse retail stores accounted for approximately 10% of all retail establishments in 2002. It is assumed that one-half of these businesses purchase a motorized shopping cart.
- Nonstore retail establishments accounted for approximately 10% of all State retail establishments.
- Carts can be purchased for as little as \$700. The bill provides a substantial financial incentive for business owners to purchase the carts.
- Ten percent of all other businesses purchase a motorized shopping cart.

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

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** U.S. Census Bureau; Comptroller's Office; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2006  
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