

Department of Legislative Services
Maryland General Assembly
2007 Special Session

FISCAL AND POLICY NOTE

Senate Bill 16

(Senator Pipkin)

Budget and Taxation

Income Tax Checkoff System - Tax Me More Voluntary Account

This bill establishes a Tax Me More voluntary checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are distributed to an Education Trust Fund (ETF) established by the bill. The ETF is a special, nonlapsing fund that receives the net proceeds from the Tax Me More voluntary account to fund the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288 of 2002).

The bill takes effect July 1, 2008 and applies to tax year 2008 and beyond.

Fiscal Summary

State Effect: Minimal net increase in special fund revenues in FY 2009 and beyond. General fund administrative expenditures could increase by approximately \$34,000 in FY 2009 due to one-time tax form changes and computer programming expenditures at the Comptroller's Office. General fund expenditures for State education aid could decrease minimally in FY 2009 and beyond due to the availability of revenues from the ETF.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Chesapeake Bay and Endangered Species Fund, the Fair Campaign Financing Fund, and the Cancer Research Fund are the three checkoffs on the individual income tax form. The corporate income tax form has no checkoffs.

State Revenues: While the amount of donations cannot be accurately estimated, Legislative Services believes that there will be a minimal net increase in special fund revenues in fiscal 2009 and beyond. Donations to this checkoff could divert funds from the three existing personal income checkoffs.

State Expenditures: The Comptroller's Office reports that it would incur a one-time expenditure increase of \$34,000 in fiscal 2009 to add the checkoff to the individual income tax return forms. This includes data processing changes to the SMART income tax return processing and imaging systems, and systems testing.

Any revenues credited to the ETF, which are expected to be minimal, would be available to fund State education aid; potentially resulting in an equivalent decrease in general fund expenditures.

Additional Information

Prior Introductions: Senate Bill 350 of 2004, a substantially similar bill, received an unfavorable report from the Senate Budget and Taxation Committee.

Cross File: None.

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

Fiscal Note History: First Reader - November 1, 2007
mll/hlb

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