

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 540 (Delegate George)
 Ways and Means

Income Tax - Subtraction Modification - Public School Volunteer Aides

This bill creates a subtraction modification under the State income tax for individuals who volunteer at a public elementary or secondary school. Individuals who are documented to have donated at least 150 hours during the calendar year can claim a \$3,200 subtraction modification (less for specified higher-income individuals).

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

Fiscal Summary

State Effect: General fund revenues could decrease \$370,700 annually beginning in FY 2009. No effect on expenditures.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	(\$370,700)	(\$370,700)	(\$370,700)	(\$370,700)	(\$370,700)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$370,700)	(\$370,700)	(\$370,700)	(\$370,700)	(\$370,700)

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

Local Effect: Local income tax revenues could decrease by \$229,300 annually beginning in FY 2009. No effect on expenditures.

Small Business Effect: None.

Analysis

Bill Summary: The bill creates a subtraction modification for qualifying public school volunteer aides. An individual is a qualifying volunteer aide if the individual volunteers for at least 150 hours during the calendar year in a public elementary or public secondary school in the State. The number of hours volunteered must be certified by a county superintendent of schools. The value of the subtraction modification is \$3,200, if the individual's federal adjusted gross income (FAGI) is \$100,000 or less. The value of the subtraction modification is reduced to \$2,400 for individual's with FAGI of \$100,001 to \$125,000; \$1,800 for individual's with FAGI of \$125,001 to \$150,000; \$1,200 for all individuals with FAGI of \$150,001 to \$200,000; and \$600 for all individuals with FAGI in excess of \$200,000.

Current Law: No similar State subtraction modification exists.

Background: In a review of successful schools in Maryland, the consultants for the Commission on Education Finance, Equity, and Excellence (Thornton Commission) surveyed 59 public schools on a variety of topics, including the amount of service volunteers provided in each school. Of the 55 schools that responded to the survey, all but one reported receiving some help from volunteers. The average volunteer hours reported per student was 13.4 hours (elementary schools), 1.2 hours (middle schools), and 6.1 hours (high schools). **Exhibit 1** lists the types of activities for these volunteers.

Exhibit 1 Public School Volunteer Activities

<u>Volunteer Activity</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>
Student Tutoring	19%	19%	3%
Classroom Assistant	48%	9%	1%
Lunchroom	2%	1%	0%
Office/Administration	8%	23%	12%
Library	12%	22%	3%
Extra-curricular	3%	5%	17%
Other	10%	23%	56%

In addition, about 90% of volunteers' children attended the school in which they volunteered. There are about 1,300 elementary, middle, and high schools in the State.

The National Center for Education Studies estimates that in the 2002-2003 school year 38% percent of parents nationwide with children in a public school acted as a volunteer or served on a school committee. MSDE advises that it does not have data on individuals who volunteer at public schools in State.

State Revenues: Subtraction modifications could be claimed beginning in tax year 2008. As a result, general fund revenues could decrease by approximately \$370,700 annually beginning in fiscal 2009. This estimate is based on the consultant's sample of successful schools and the NCES study on parental involvement, adjusted for the general characteristics of all schools in the State.

Local Revenues: Local income tax revenues would decrease by about 3% of the additional amount of exemptions claimed. Local income tax revenues would decrease by \$229,300 annually beginning in fiscal 2009.

Additional Information

Prior Introductions: None.

Cross File: SB 267 (Senator Simonaire, *et al.*) - Budget and Taxation.

Information Source(s): Bureau of Labor Statistics, Maryland State Department of Education, National Center for Education Statistics, Department of Legislative Services

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