

**Department of Legislative Services**  
 Maryland General Assembly  
 2008 Session

**FISCAL AND POLICY NOTE**

House Bill 1582 (Delegate Ross)  
 Ways and Means

**Income Tax Credit - Maryland Defense Force - Travel, Training, and Uniform Expenses**

This bill creates an income tax credit for unreimbursed travel, training, and uniform expenses incurred by a member of the Maryland Defense Force. The amount of the credit cannot exceed \$250 or the tax liability in the tax year. Any unused amount of the credit may not be carried forward.

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

**Fiscal Summary**

**State Effect:** General fund revenues would decrease by \$75,000 annually beginning in FY 2009 due to credits being claimed against the personal income tax. General fund expenditures could increase by \$34,000 in FY 2009 due to one-time tax form and computer programming expenditures at the Comptroller’s Office.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
GF Expenditure	34,000	0	0	0	0
Net Effect	(\$109,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** No similar State or federal tax credit exists, although unreimbursed out-of-pocket expenses incurred when serving a qualified organization as a volunteer can be deducted for federal income tax purposes, which typically results in lower federal and State income tax liabilities. The IRS lists civil defense organizations as a qualified organization.

**Background:** The Maryland Defense Force (MDDF), formally established by the General Assembly in 1917, is a uniformed military agency of volunteers under the Adjutant General of Maryland and the Maryland Military Department. The force's goal is to provide competent supplemental professional and technical support to the Maryland Military Department and the Maryland National Guard.

Headquartered at the Pikesville Military Reservation in Baltimore, the members of MDDF are individuals who have recently been released or retired from active duty and have current skills and expertise involving military doctrine, hardware, or training. In 2007, members provided 24,000 hours of volunteer assistance including chaplain, engineering, technical, legal, and medical services.

**State Revenues:** Tax credits could be claimed beginning in tax year 2008. According to the Maryland Military Department, the Maryland Defense Force is currently comprised of 300 members and the average eligible expense incurred per member is \$452. As a result, general fund revenues would decrease by \$75,000 in fiscal 2009. Future years reflect a constant number of eligible individuals.

**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 credit to the personal income tax form. This amount includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

---

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 18, 2008

mll/hlb

---

Analysis by: Robert J. Rehrmann

Direct Inquiries to:

(410) 946-5510

(301) 970-5510