

**Department of Legislative Services**  
Maryland General Assembly  
2012 Session

**FISCAL AND POLICY NOTE**

House Bill 882  
Ways and Means

(Delegate Glass, *et al.*)

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**Income Tax Credit - Cat and Dog Adoption**

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This bill creates a one-time tax credit against the State income tax for each animal shelter or rescue facility cat or dog adopted by an individual in the tax year. The credit may not exceed the lesser of \$100 for each animal adopted or the tax liability imposed in the year. The Comptroller's Office is required to adopt regulations to implement the bill.

The bill takes effect July 1, 2012, and applies to tax years 2012 and beyond.

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**Fiscal Summary**

**State Effect:** General fund revenues may decrease significantly beginning in FY 2013 due to tax credits claimed against the personal income tax. General fund expenditures increase by \$42,000 in FY 2013 for one-time tax form changes and computer programming modifications at the Comptroller's Office.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** No State tax credit of this type exists.

**State Revenues:** Tax credits may be claimed beginning in tax year 2012. Accordingly, general fund revenues may decrease significantly beginning in fiscal 2013. However, the amount of the revenue loss cannot be reliably estimated and depends on the number of qualifying cat and dog adoptions. Based on national data, the Comptroller's Office

estimates that general fund revenues may decrease by \$3.0 million annually beginning in fiscal 2013.

**State Expenditures:** The Comptroller's Office reports that it will incur a one-time expenditure increase of \$42,000 in fiscal 2013 to add the tax credit to the personal income tax return. This includes data processing changes to the SMART income tax return processing and imaging systems and system testing.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 1, 2012  
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Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510