

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

**FISCAL AND POLICY NOTE**

Senate Bill 467

(Senator Edwards, *et al.*)

Budget and Taxation

Ways and Means

**Income Tax Credit - Teachers at the Maryland School for the Blind and the  
Maryland School for the Deaf**

This bill expands the existing quality teacher incentive tax credit to include certified teachers at the Maryland School for the Blind and the Maryland School for the Deaf. The amount of the credit is up to \$1,500 of the graduate school tuition paid by the individual that is not otherwise reimbursed by the teacher's employer during the year.

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

**Fiscal Summary**

**State Effect:** General fund revenues decrease by \$30,000 in FY 2013. Future year revenue losses reflect a stable number of eligible teachers and 3% annual increases in the amount of the credit claimed. Expenditures are not affected.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
GF Revenue	(\$30,000)	(\$31,000)	(\$32,000)	(\$33,000)	(\$34,000)
Expenditure	0	0	0	0	0
Net Effect	(\$30,000)	(\$31,000)	(\$32,000)	(\$33,000)	(\$34,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** Public school teachers who pay tuition during the tax year for graduate-level courses to maintain either a standard professional or advanced professional certification may be entitled to an income tax credit. An individual must be employed by a local board of education and be a classroom teacher in a public school, receive a satisfactory performance evaluation for teaching, hold a standard professional certificate or an advanced professional certificate, and have completed the graduate-level courses with a grade of B or better. The courses taken must be required to maintain certification and the cost of the courses must exceed any amount reimbursed by the employer. The credit is 100% of the unreimbursed amount of tuition paid, or \$1,500, whichever is less. A credit of up to \$3,000 is allowed if each spouse qualifies for the credit.

Chapter 490 of 2011 extended eligibility for the credit to certified teachers at a State or local correctional facility or a juvenile facility operated by the Department of Juvenile Services (DJS).

**Background:** The Quality Teacher Incentive Act of 1999 established the quality teacher incentive tax credit. **Exhibit 1** lists the amount of credits that were claimed in tax years 2003 through 2009.

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### Exhibit 1 Quality Teacher Incentive Tax Credits Tax Years 2003-2009

<u>Year</u>	<u>Claimants</u>	<u>Total</u>	<u>Average</u>	<u>% of Total Certified Teachers Claiming Credit</u>
2003	6,890	\$5,968,300	\$866	19.7%
2004	7,249	6,482,600	894	20.2%
2005	7,898	7,094,800	898	22.7%
2006	6,948	6,631,700	954	20.5%
2007	6,757	6,625,100	980	19.9%
2008	6,830	6,582,600	964	18.6%
2009	6,724	6,468,500	962	17.6%

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**State Revenues:** The bill expands the existing tax credit effective in tax year 2012.

The Maryland School for the Blind advises that it currently has 44 teachers, all of whom are certified. The Maryland School for the Deaf advises that 77% of its 114 teachers are

currently certified. It is estimated that (1) 20% of eligible teachers would claim the credit; and (2) the average amount of the credit claimed increases by 3% annually. As a result general fund revenues will decrease by \$30,000 in fiscal 2013.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, Maryland School for the Blind, Maryland School for the Deaf, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2012  
ncs/jrb

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