

Department of Legislative Services
2013 Session

FISCAL AND POLICY NOTE

House Bill 750 (Chair, Ways and Means Committee)(By Request -
Departmental - Veterans Affairs)

Ways and Means

Maryland Veterans Trust Fund - Income Tax Checkoff

This departmental bill establishes a Maryland Veterans Trust Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the fund.

The bill takes effect July 1, 2013, and applies to tax year 2013 and beyond.

Fiscal Summary

State Effect: Minimal net increase in special fund revenues in FY 2014 and beyond. General fund expenditures increase by \$45,600 in FY 2014 due to one-time computer programming expenses at the Comptroller’s Office.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
SF Revenue	-	-	-	-	-
GF Expenditure	\$45,600	\$0	\$0	\$0	\$0
Net Effect	(\$45,600)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: The Maryland Department of Veterans Affairs has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: The Chesapeake Bay and Endangered Species Fund (CBESF), Cancer Research Fund (CRF), and Developmental Disabilities Waiting List Equity Fund Contribution (WLEF) are the three current checkoffs on the personal income tax form. The Budget Reconciliation and Financing Act of 2010 (Chapter 484) (SB 141) eliminated the Fair Campaign Financing Fund (FCFF) checkoff. In fiscal 2012, \$1.2 million was donated to CBESF, \$539,100 to CRF, and \$243,000 to WLEF.

Chapter 742 of 2009 (HB 1561) established the Maryland Veterans Trust Fund as a special, nonlapsing fund to provide grants and loans to veterans and their families as well as to public and private programs. The fund is administered by the Secretary of Veterans Affairs. The fund consists of gifts and grants received by MDVA. Money in the fund may be used to make grants and loans to veterans and their families, support public and private programs that serve veterans in the State, or support the Charlotte Hall Veterans Home. Money in the fund may also be used to invest in general obligations of the State or other securities, pay for the cost of administering the fund, or support any other programs that the Secretary considers appropriate. Money expended from the fund is supplemental to and is not intended to take the place of funding otherwise appropriated to MDVA.

In its 2012 annual report, MDVA reports that a total of \$15,910 in gifts and grants were contributed to the fund. The fund also increased by an additional \$2,200 as a result of a loan repayment. MDVA hired a contractor to administer the fund, who subsequently became a full-time employee. Most of the funds were distributed in order to secure housing for veterans.

State Revenues: While the amount of checkoff donations cannot be accurately estimated, the Department of Legislative Services estimates that there will be a minimal net increase in annual special fund revenues beginning in fiscal 2014. Donations to this checkoff would likely divert funds from the three existing checkoffs for CBESF, CRF, and WLEF. To the extent that the new checkoff does not divert funds from the existing checkoffs, net special fund revenues will increase by a greater amount.

State Expenditures: MDVA administers the Maryland Veterans Trust Fund. MDVA currently uses general funds to cover a grant specialist and advises that if the annual checkoff revenues exceeded \$100,000, it will likely use the checkoff funds for the grant specialist. Accordingly, general fund expenditures may decrease at MDVA to the extent special fund checkoff revenues are used to supplant general funds.

The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$45,600 in fiscal 2014 to add the checkoff to personal income tax forms. This

includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

Additional Information

Prior Introductions: Similar legislation includes SB 365 of 2011, HB 151 of 2011, and SB 65 of 2010. The bills received a hearing in the Senate Budget and Taxation Committee and the House Ways and Means Committee, respectively, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2013
ncs/jrb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Veterans Trust Fund Income Tax Check-Off

BILL NUMBER: HB 750

PREPARED BY: Veterans Affairs

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.