

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1357
Ways and Means

(Delegate Glass, *et al.*)

Income Tax Credit - Veterinary Services for Adopted Police Dogs

This bill creates a credit against the State income tax for 100% of the eligible veterinary service expenses incurred by an active State or local police department employee for an adopted State or local police dog. The amount of the tax credit may not exceed \$1,000 in the taxable year.

The bill takes effect July 1, 2014, and applies to tax year 2014 and beyond.

Fiscal Summary

State Effect: General fund revenues may decrease beginning in FY 2015 due to eligible expenses being claimed against the State income tax. General fund expenditures increase by \$48,000 in FY 2015 due to one-time implementation costs at the Comptroller's Office.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: No similar State income tax credit exists.

Background: The primary mission of the Maryland State Police canine unit is to provide the Maryland State Police and police departments specialized canine support to assist them in their mission of protecting both the life and property of the citizens of the State of Maryland. This is achieved by advancing the primary purpose of the police service canine, which is to "locate and indicate" whether it be for narcotics, explosives or people wanted for either criminal acts or those reported missing. The proposed

fiscal 2015 State budget includes \$40,000 for veterinary services for canine units at the support services bureau of the State Police and \$600 for these expenses in the Fire Marshal's office. In addition, numerous local jurisdictions operate canine units.

State Revenues: Tax credits may be claimed beginning in tax year 2014. As a result, general fund revenues may decrease beginning in fiscal 2015. The amount of revenue loss depends on the number of police dogs adopted by active State or local police department employees and the amount of eligible expenses claimed against the State income tax.

State Expenditures: The Comptroller's Office reports that it would incur a one-time expenditure increase of \$48,000 to add the tax credit to the personal income tax form. This includes data processing changes to the SMART income tax return processing and imaging systems, and system testing.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Budget and Management, Department of State Police, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2014
mm/jrb

Analysis by: Robert J. Rehrmann

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