

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

House Bill 686 (Delegate C. Wilson, *et al.*)
 Ways and Means

Income Tax Checkoff - Maryland Veterans Trust Fund

This bill establishes the Maryland Veterans Trust Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are credited to the fund and distributed by the Maryland Department of Veterans Affairs (MDVA).

The bill takes effect July 1, 2015, and applies to tax years 2015 and beyond.

Fiscal Summary

State Effect: General fund expenditures increase by \$48,000 in FY 2016 due to one-time computer programming expenses at the Comptroller’s Office. While special fund revenues to the Maryland Veterans Trust Fund increase annually, total special fund revenues to the Maryland Veterans Trust Fund and other funds receiving contributions through tax checkoffs may be unaffected or decrease. MDVA can administer the additional funds to the Maryland Veterans Trust Fund with existing budgeted resources.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SF Revenue	-	-	-	-	-
GF Expenditure	\$48,000	\$0	\$0	\$0	\$0
Net Effect	(\$48,000)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Comptroller must include a checkoff designated as the Maryland Veterans Trust Fund Contribution on the individual income tax return form. The checkoff must state that the individual, or each spouse in the case of a joint return, may contribute to the fund an amount designated by the individual. The individual deducts the amount of the contribution from any refund to which the individual is entitled or, if the individual is not entitled to a refund, the individual adds the amount of the contribution to the income tax paid with the return. The Comptroller must include, with the individual income tax return package, a description of the purposes of the Maryland Veterans Trust Fund. From the contributions collected, the Comptroller distributes an amount necessary to administer the checkoff system to an administrative cost account and distributes the remainder to the Maryland Veterans Trust Fund.

Current Law/Background: The Chesapeake Bay and Endangered Species Fund, Cancer Research Fund, and Developmental Disabilities Services and Support Fund Contribution are the three current checkoffs on the personal income tax form. In tax year 2013, taxpayers contributed a total of \$1.8 million to these funds.

Maryland Veterans Trust Fund

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts and grants received by MDVA. Additionally, the Comptroller must deposit 10% of the money that remains in the State Lottery Fund from the proceeds of ticket sales from instant ticket lottery machines by veterans' organizations into the Maryland Veterans Trust Fund. Money in the fund may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. 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 of Veterans Affairs considers appropriate. Money expended from the fund is supplemental to and is not intended to take the place of funding otherwise appropriated to MDVA.

State Revenues: Special fund revenues to the Maryland Veterans Trust Fund increase, but the amount of the donations cannot be accurately estimated. Overall special fund revenues, however, may be unaffected or decrease. Donations to this checkoff would likely divert funds from the three existing checkoffs. 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: The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$48,000 in fiscal 2016 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.

MDVA reports that additional donations to the Maryland Veterans Trust Fund will enable the agency to provide more financial assistance to veterans in need. MDVA can process these additional donations and financial assistance with existing resources.

Additional Information

Prior Introductions: HB 1521 of 2014 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - February 24, 2015
hnr/jrb

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