

**Department of Legislative Services**  
 Maryland General Assembly  
 2015 Session

**FISCAL AND POLICY NOTE**

Senate Bill 47 (Senator Brochin, *et al.*)  
 Budget and Taxation and Education, Health,  
 and Environmental Affairs

**Election Law - Fair Campaign Financing Fund - Income Tax Checkoff**

This bill establishes a Fair Campaign Financing Fund (FCFF) 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, 2015.

**Fiscal Summary**

**State Effect:** Special fund revenues to FCFF may increase by about \$100,000 annually beginning in FY 2016, while overall special fund revenues to other funds receiving contributions through income tax checkoffs may decrease minimally. General fund expenditures increase by \$48,000 in FY 2016 due to one-time computer programming expenses at the Comptroller’s Office.

(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 Fair Campaign Financing 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 if the individual or each spouse is a U.S. citizen or admitted for permanent legal residence in the United States. 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 FCFF. 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 FCFF.

**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.

### *Public Financing Act and FCFF*

The Public Financing Act provides for a system of public financing of elections for candidates for Governor and Lieutenant Governor. The Act established FCFF and the fund is administered by the Comptroller. Until recently, the fund generated revenue from an income tax checkoff on the individual income tax return form that allowed an individual to contribute up to \$500 to the fund on the individual's tax return in a similar manner as the checkoff established by the bill. The checkoff, however, was repealed in the Budget Reconciliation and Financing Act of 2010 (Chapter 484). Taxpayers donated about \$100,000 to the fund in the last year in which the checkoff was available.

With the exception of the 1994 gubernatorial election, the public financing program under the Public Financing Act had not been used until recently. Beginning in 2009, following multiple election cycles without use of the public financing program, the General Assembly authorized certain amounts of money in the fund to be used for other election-related purposes. In the 2014 election, two gubernatorial tickets qualified for public financing under the program. FCFF contained approximately \$1.1 million as of October 2014.

**State Revenues:** Special fund revenues to FCFF may increase by about \$100,000 annually beginning in fiscal 2016. This estimate is based on the amount of contributions previously received through the checkoff. 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.

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### **Additional Information**

**Prior Introductions:** HB 1401 of 2014 received a hearing in the House Ways and Means Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Maryland State Board of Elections, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - January 30, 2015  
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