

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 182

(Senator Astle, *et al.*)

Budget and Taxation

Ways and Means

Income Tax Credit - Venison Donation - Feed the Hungry Organizations

This bill creates a tax credit against the State income tax for up to \$50 of the expenses incurred to butcher and process an antlerless deer for human consumption if the processed deer meat is donated to a venison donation program administered by a nonprofit organization. In order to qualify, a hunter must comply with applicable State hunting laws and regulations. The total amount of tax credits claimed in each year may not exceed \$200, unless the tax credit is claimed pursuant to a deer that is hunted in accordance with a deer management permit. Any unused amount of the tax credit may not be carried forward to any other tax year.

The Comptroller's Office, in consultation with the Department of Natural Resources (DNR), must report specified information about the program before January 1, 2022.

The bill takes effect July 1, 2018, and applies to tax years 2018 through 2022. The bill terminates June 30, 2023.

Fiscal Summary

State Effect: General fund revenues decrease by \$50,000 annually in FY 2019 through FY 2023 as a result of tax credits claimed against the personal income tax. General fund expenditures increase by \$54,000 in FY 2019 for tax form changes and computer programming modifications at the Comptroller's Office.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF Revenue	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
GF Expenditure	\$54,000	\$0	\$0	\$0	\$0
Net Effect	(\$104,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: No similar tax credit exists, although individuals who itemized their deductions can generally deduct the cost of butchering and processing a donated deer as a charitable donation, which typically lowers federal and State income tax liability.

Background: According to DNR, hunters harvested a total of 85,193 deer in the 2016-2017 hunting season. Of the total number, 54,867 were antlerless deer (a little less than two-thirds). In calendar 2016, hunters with a deer management permit harvested an additional 6,890 antlerless deer. DNR further advises that from September 2016 through June 2017, hunters donated approximately 1,750 deer to Farmers and Hunters Feeding the Hungry in Maryland and that the cost of butchering a deer ranges from \$60 to \$90.

State Revenues: Tax credits can be claimed in tax years 2018 through 2022. As a result, general fund revenues will decrease in fiscal 2019 through 2023 due to tax credits claimed against the personal income tax. Based on the total number of deer donated in recent years, the requirements of the bill, and the value of the tax credit; revenue losses are not expected to be significant. Assuming hunters donate and claim tax credits for 1,000 deer in each year, general fund revenues will decrease by \$50,000 annually in fiscal 2019 through 2023.

State Expenditures: The Comptroller's Office reports that it will incur an expenditure increase of \$54,000 in fiscal 2019 to add the tax credit to the personal income tax return. This includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

Additional Information

Prior Introductions: None.

Cross File: HB 7 (Delegate Mautz, *et al.*) - Ways and Means.

Information Source(s): Comptroller's Office; Department of Natural Resources; Department of Legislative Services

Fiscal Note History: First Reader - January 25, 2018
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