

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 684
 Ways and Means

(Delegate Wilson, *et al.*)

Budget and Taxation

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, 2019, and applies to tax year 2019 and beyond.**

Fiscal Summary

State Effect: General fund expenditures increase by \$55,000 in FY 2020 due to one-time computer programming expenses at the Comptroller’s Office. While special fund revenues to the Maryland Veterans Trust Fund increase beginning in FY 2020, total special fund revenues to other funds receiving contributions through tax checkoffs may decrease.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	-	-	-	-	-
GF Expenditure	\$55,000	\$0	\$0	\$0	\$0
Net Effect	(\$55,000)	\$0	\$0	\$0	\$0

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

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, Maryland Cancer Fund, Developmental Disabilities Services and Support Fund, and Fair Campaign Financing Fund are the four current checkoffs on the personal income tax form. In fiscal 2018, taxpayers contributed a total of \$1.7 million via income tax checkoffs.

Maryland Veterans Trust Fund

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts, donations, 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 specified veterans' organizations into the 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 and pay for the cost of administering the fund. Money expended from the fund is supplemental to and 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 four existing checkoffs.

State Expenditures: The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$55,000 in fiscal 2020 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 the additional donations and financial assistance with existing resources.

Additional Information

Prior Introductions: HB 1056 of 2018 received a favorable with amendments report from the House Ways and Means Committee, passed the House, and was referred to the Senate Rules Committee, but no further action was taken. SB 296 of 2017 received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. Its cross file, HB 1422, received a favorable with amendments report from the House Ways and Means Committee, passed the House, and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. HB 780 of 2016 received a favorable with amendments report from the House Ways and Means Committee, passed the House, and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. HB 686 of 2015 received a favorable with amendments report from the House Ways and Means Committee, passed the House, and was referred to the Senate Rules 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:
mm/hlb

First Reader - February 15, 2019
Third Reader - March 13, 2019
Revised - Amendment(s) - March 13, 2019
Revised - Clarification - March 13, 2019

Analysis by: Robert J. Rehrmann

Direct Inquiries to:

(410) 946-5510

(301) 970-5510