

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 443
(Senator Jackson)
Budget and Taxation

Income Tax - Credit for Pet-Friendly Rental Dwelling Units

This bill creates a nonrefundable credit against the State income tax for a landlord who permits a tenant to reside with a “companion animal.” The amount of the credit is equal to \$200 for each qualified rental dwelling unit, not to exceed \$2,000. **The bill takes effect July 1, 2022, and applies to tax years 2022 and 2023. The bill terminates June 30, 2024.**

Fiscal Summary

State Effect: State revenues may decrease significantly in FY 2023 and 2024 due to credits claimed against the income tax. General fund expenditures may increase in FY 2023 and 2024 due to implementation costs at the Comptroller’s Office.

Local Effect: Local highway user revenues decrease to the extent credits are claimed against the corporate income tax. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: In order to qualify, a landlord must meet specified requirements and submit certain information to the Comptroller’s Office. Any unused amount of the tax credit may not be carried forward to any other tax years.

The Comptroller must publish on its website a list of landlords who claim the tax credit and the rental properties that allow tenants to reside with companion animals.

Current Law: No similar State tax credit exists.

State Revenues: Tax credits may be awarded in tax years 2022 and 2023. Based on the requirements of the bill and data on renter-occupied housing, the Comptroller's Office estimates that general fund, Transportation Trust Fund, and Higher Education Investment Fund revenues may decrease by \$7.5 million annually in fiscal 2023 and 2024.

State Expenditures: The Comptroller's Office reports that it will incur additional general fund expenditures in fiscal 2023 and 2024 to (1) add the tax credit to the income tax forms; (2) process and verify tax credit claims; and (3) publish the required information on its website.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 681 (Delegate D. Jones, *et al.*) - Ways and Means.

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

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