This bill increases the value of the State income tax subtraction modification for qualifying police auxiliaries or reserve volunteers to (1) $7,000 in tax year 2022 and (2) $10,000 beginning in tax year 2023. The bill takes effect July 1, 2022.

Fiscal Summary

State Effect: General fund revenues decrease by $23,100 in FY 2023 and by $58,100 annually beginning in FY 2024 due to additional subtraction modifications claimed against the personal income tax. Expenditures are not affected.

<table>
<thead>
<tr>
<th>(in dollars)</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>GF Revenue</td>
<td>($23,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
</tr>
<tr>
<td>Expenditure</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Effect</td>
<td>($23,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
<td>($58,100)</td>
</tr>
</tbody>
</table>

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

Local Effect: Local revenues decrease by $14,600 in FY 2023 and by $36,700 annually beginning in FY 2024. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: The Honorable Louis L. Goldstein Volunteer Police Personnel Subtraction Modification Program allows qualifying police auxiliaries or reserve volunteers to claim a subtraction modification of $5,000.
A police auxiliary or reserve volunteer must (1) be an active member of a *bona fide* Maryland police agency; (2) serve the organization in a volunteer capacity without compensation, except nominal expenses or meals; and (3) have been an active member of a *bona fide* Maryland police agency for at least 36 months during the last 10 calendar years by December 31 of the taxable year. The individual must also (1) qualify for active status during the taxable year under a police auxiliary or reserve volunteer program approved by the Police Training Commission in conjunction with the Maryland Association of Counties and the Maryland Municipal League that includes uniform systems for qualification, and record keeping, if the program is incorporated into the police agency’s rules and regulations or (2) have maintained active status for at least 25 years under the police auxiliary or reserve volunteer program. An individual can qualify for active status if during the taxable year the individual is a member of the National Guard or other reserve component of the U.S. Armed Forces and is ordered into active military service or is a civilian member of the Merchant Marine on assignment in an area designated as a combat zone.

**State/Local Revenues:** The bill increases the maximum value of the subtraction modification beginning in tax year 2022. According to the Comptroller’s Office, about 264 taxpayers claimed the subtraction modification in tax year 2020. As a result, general fund revenues will decrease by $23,100 in fiscal 2023 and by $58,100 annually beginning in fiscal 2024.

Local income tax revenues will decrease as a result of additional subtraction modifications claimed against the personal income tax. Local revenues will decrease by $14,600 in fiscal 2023 and by $36,700 annually beginning in fiscal 2024.

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:**
- First Reader - January 17, 2022
- Third Reader - March 31, 2022
  - Revised - Amendment(s) - March 31, 2022

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