

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 845
 Ways and Means

(The Speaker)(By Request - Office of the Comptroller)

Budget and Taxation

Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign

This departmental bill requires the Comptroller to implement and administer an individual income tax credit eligibility awareness campaign to identify underserved individuals who may be eligible to claim an individual income tax credit and encourage them to apply for credits. To assist in identifying underserved individuals who may be eligible to claim an individual income tax credit, the Comptroller may partner with other State agencies by entering into data sharing agreements that comply with proper data use standards, as specified. In each of fiscal 2026 through 2030, the Governor must include \$300,000 in the annual budget bill for the awareness campaign. **The bill takes effect July 1, 2024, and terminates December 31, 2030.**

Fiscal Summary

State Effect: No impact in FY 2025. General fund expenditures increase by \$300,000 annually in FY 2026 through 2030. Other State agencies may incur minimal administrative costs to implement any data sharing agreements with the Comptroller’s Office (not shown below). To the extent the awareness campaign generates increased utilization of individual income tax credits, general fund revenues may decrease beginning in FY 2026 (not shown below). **This bill establishes a mandated appropriation in FY 2026 through 2030.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	\$0	(-)	(-)	(-)	(-)
GF Expenditure	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Net Effect	\$0	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)

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

Local Effect: No impact in FY 2025. To the extent the bill results in increased utilization of the local earned income and poverty level credits, local revenues may decrease beginning in FY 2026, and Montgomery County expenditures for its earned income credit supplement program may increase beginning in FY 2026, as discussed below.

Small Business Effect: The Comptroller’s Office has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The Comptroller may decide which individual income tax credits and underserved populations to include in the awareness campaign. For each tax year, the Comptroller must utilize any information provided by other State agencies under the bill or obtained through other means and contact and inform each identified individual of their potential eligibility to claim an individual income tax credit and how to apply for the credit.

For a data sharing agreement entered into under the bill, information may not be disclosed if prohibited by federal law, and the Comptroller may not use any disclosed information for a purpose other than identifying individuals who may be eligible to claim an individual income tax credit.

By December 1, 2026, and every two years thereafter, the Comptroller must report to the General Assembly on the awareness campaign.

Current Law/Background: The State offers a number of personal income tax credits. The Comptroller’s Office advises that many of these credits are underutilized, particularly credits aimed at supporting children, families, and seniors, such as the State earned income credit, child tax credit, child and dependent care credit, and senior tax credit. The bill aims to increase utilization of these credits through public outreach and education.

State Expenditures: General fund expenditures for the Comptroller’s Office increase by \$300,000 annually in fiscal 2026 through 2030 due to the bill’s funding mandate.

Other State agencies may incur minimal administrative costs in order to implement any data sharing agreements entered into with the Comptroller’s Office. However, any such costs depend on implementation choices and cannot be reliably estimated at this time.

State Revenues/Local Fiscal Effect: To the extent the bill results in increased utilization of individual income tax credits, general fund revenues decrease, presumably beginning in fiscal 2026. Any such impact cannot be reliably estimated.

To the extent the bill results in increased utilization of the State’s local earned income credit and local poverty level credit, local income tax revenues decrease beginning in fiscal 2026. In addition, Montgomery County expenditures for the Working Families Income Supplement Program, which provides a match to county residents based on the amount of the State earned income credit, may increase beginning in fiscal 2026.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1105 (The President)(By Request - Office of the Comptroller) - Budget and Taxation.

Information Source(s): Department of Human Services; Department of Commerce; Comptroller's Office; Maryland Higher Education Commission; Department of Budget and Management; Maryland Department of Health; Department of Housing and Community Development; Board of Public Works; Maryland Department of Transportation; Maryland Energy Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2024
km/jrb Third Reader - March 18, 2024
Revised - Amendment(s) - March 18, 2024

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign

BILL NUMBER: HB0845

PREPARED BY: Justin Hayes, Director of State Affairs

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill creates a recurring appropriation of \$300,000 to support targeted outreach and education on personal income tax credits. Some example credits that would be eligible for outreach and education under this bill include the Earned Income Tax Credit, the Child or Dependent Tax Credit, and the Senior Tax Credit. There is no anticipated impact on small businesses from this legislation.