

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 198

(Senator Benson)

Budget and Taxation

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**Income Tax - Credit for Parent and Guardian Volunteers in Elementary and  
Secondary Schools**

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This bill establishes a refundable credit against the State income tax for a parent or legal guardian of an elementary or secondary school student who volunteers at the school in which the student is enrolled. To receive the tax credit, an eligible taxpayer must apply to the county board of education member who represents the school or, if the student is enrolled in a nonpublic school, the administrator of the school. On application by an eligible taxpayer, a county board member or school administrator must issue a tax credit certificate in an amount equal to \$20 per volunteer hour. An eligible taxpayer may claim up to \$500 in credit in any tax year. In consultation with the Comptroller, the Maryland State Department of Education (MSDE) must develop and make available an application and tax credit certificate to be used in accordance with the bill. **The bill takes effect July 1, 2024, and applies to tax year 2024 and beyond.**

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**Fiscal Summary**

**State Effect:** General fund revenues decrease significantly, potentially by more than \$12 million annually, beginning in FY 2025, as discussed below. The Comptroller's Office and MSDE can implement the bill's provisions with existing budgeted resources.

**Local Effect:** Expenditures for at least some local school systems increase beginning in FY 2025, as discussed below. Local revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** “School,” as it applies to the bill, means a public or nonpublic elementary or secondary school in the State, including a charter school. For any tax year, an eligible taxpayer may apply for and receive more than one tax credit certificate, regardless of whether another eligible taxpayer has received a tax credit certificate for the same student.

A county board member or school administrator who issues a tax credit certificate under the bill must keep a record of the number of volunteer hours accrued by each eligible taxpayer that receives a credit.

**Current Law:** State law does not provide for a credit against the State income tax for hours volunteered at elementary or secondary schools in the State, as contemplated under the bill.

**State Revenues:** General fund revenues decrease significantly beginning in fiscal 2025 due to credits claimed against the State income tax. Assuming at least 50% of eligible taxpayers with creditable volunteer hours claim the credit, the Department of Legislative Services (DLS) estimates that annual general fund revenue losses may exceed \$12 million annually based on an analysis of national volunteering statistics published by the U.S. Bureau of Labor Statistics as well as Maryland volunteer statistics published by AmeriCorps.

However, DLS advises that there is considerable uncertainty regarding the number of taxpayers who will be eligible for and ultimately claim the credit and their average creditable volunteer hours. Thus, the bill’s precise impact on general fund revenues cannot be reliably estimated.

**Local Expenditures:** Local school systems likely incur administrative costs beginning in fiscal 2025 in order to track volunteer hours and process tax credit applications. For purposes of this analysis, it is assumed that the bill’s administrative requirements result in increased expenditures for at least some local school systems; for example, Anne Arundel County Public Schools and Montgomery County Public Schools advise that they must hire volunteer coordinators and procure additional information technology resources in order to collect and maintain volunteer data and administer the issuance of tax credit certificates. However, a precise estimate of the bill’s effect on local school system expenditures is not feasible at this time.

## **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland State Department of Education; Baltimore City Public Schools; Anne Arundel County Public Schools; Montgomery County Public Schools; Frederick County Public Schools; U.S. Bureau of Labor Statistics; AmeriCorps; Department of Legislative Services

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