

**Department of Legislative Services**  
Maryland General Assembly  
2025 Session

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

House Bill 404  
Ways and Means

(Prince George's County Delegation)

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**Prince George's County - Income Tax Credit for Parent and Guardian  
Volunteers in Elementary and Secondary Schools**  
**PG 410-25**

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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 in Prince George’s County 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, 2025, and applies to tax year 2025 and beyond.**

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**Fiscal Summary**

**State Effect:** General fund revenues decrease by potentially more than \$2.5 million annually beginning in FY 2026, as discussed below. General fund expenditures for the Comptroller’s Office increase by \$37,400 in FY 2026; future years reflect annualization and ongoing costs. MSDE can likely implement the bill’s provisions with existing budgeted resources.

**Local Effect:** Prince George’s County Public Schools can likely absorb any related administrative costs within existing budgeted resources. Local revenues are not affected.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** “School,” as it applies in the bill, means a public or nonpublic elementary or secondary school in Prince George’s County, 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 or in Prince George’s County, specifically, as contemplated under the bill.

**State Revenues:** General fund revenues decrease significantly beginning in fiscal 2026 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 \$2.5 million annually based on an analysis of national volunteering statistics published by the U.S. Bureau of Labor Statistics, Maryland volunteer statistics published by AmeriCorps, and American Community Survey data on Maryland’s school-age population by county.

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.

**State Expenditures:** The Comptroller’s Office advises that one additional full-time revenue examiner is needed in order to review and verify tax credit claims under the bill. However, given the relatively limited scope of taxpayers eligible to claim the credit, DLS assumes that the Comptroller’s Office likely only needs one additional part-time revenue examiner. Thus, general fund expenditures increase by \$37,447 in fiscal 2026, which reflects a 90-day start-up delay from the bill’s July 1, 2025 effective date. This estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$30,492
Operating Expenses	<u>6,955</u>
<b>Total FY 2026 State Expenditures</b>	<b>\$37,447</b>

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that claims are higher than anticipated, the Comptroller's Office may need additional revenue examiners.

MSDE can create, in consultation with the Comptroller's Office, and distribute an application with existing budgeted resources.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 1246 of 2024.

**Designated Cross File:** None.

**Information Source(s):** Prince George's County; Comptroller's Office; Maryland State Department of Education; U.S. Bureau of Labor Statistics; U.S. Census Bureau; AmeriCorps; Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2025  
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Analysis by: Heather N. MacDonagh

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510