

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 149
Ways and Means

(Delegate Young)

Income Tax - Subtraction Modification - Child Support Payments

This bill establishes a personal income tax subtraction modification for the amount of any child support payments made by an individual during the tax year that are (1) paid to another person on behalf of the individual's child and (2) required by a court order issued by any state. **The bill takes effect July 1, 2025, and applies to tax year 2025 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease significantly, potentially by more than \$20.0 million annually, beginning in FY 2026. Expenditures are not affected.

Local Effect: Local income tax revenues decrease significantly, potentially by more than \$13.0 million annually, beginning in FY 2026. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Under federal and Maryland income tax, child support payments are not deductible or excludable to the payor and are not taxable as income to the recipient.

State/Local Revenues: State general fund revenues and local income tax revenues decrease by a significant, indeterminate amount beginning in fiscal 2026 due to subtraction modifications claimed against the personal income tax. Due to data limitations, the bill's precise effect on State and local revenues cannot be reliably estimated at this time. However, a preliminary analysis based on statistics from the U.S. Census Bureau's

2022 Current Population Survey Child Support Supplement suggests that annual State and local revenue losses may exceed \$20.0 million and \$13.0 million, respectively.

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; Judiciary (Administrative Office of the Courts); Department of Human Services; U.S. Census Bureau; Internal Revenue Service; Moody's Analytics; Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2025
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