

DATE: February 25, 2021

BILL NUMBER: Senate Bill 622 **COMMITTEE:** Budget and Tax

BILL TITLE: Income Tax – Subtraction Modification – Donations to Diaper Banks and Other Charitable Entities

DHS POSITION: Letter of Information

The Department of Human Services (the Department) respectfully submits this letter of information, with amendments, regarding Senate Bill 622 (SB 622). SB 622 allows a subtraction under the Maryland income tax code for up to \$1,000 of donations of certain disposable diapers, certain hygiene products, and certain monetary gifts made by a taxpayer to certain qualified charitable entities.

As written, SB 622 would also require the Department to develop a registry to certify charitable organizations that are distributors of disposable diapers, hygiene products for infants and children, or feminine personal hygiene products. The creation of a registry carries an estimated fiscal impact of \$400,000 for design and development, and roughly \$150,000 every year thereafter to maintain.

The Department applauds the spirit of the bill, and supports incentives that may increase the availability of these costly, yet critical items. This is especially true in the COVID-19 landscape, when so many Marylander’s are struggling economically.

After discussion and collaboration with the bill sponsor, the Department understands that SB 622 can be implemented without agency oversight. In fact, the bill’s reference to DHS is a vestige of a previous version of the bill, which sought to provide taxpayers with a credit, instead of a subtraction. Since the bill has been adapted, it can fulfill its stated purpose without DHS involvement. The suggested amendment would remove the Department from the bill.

The Department appreciates the opportunity to share the aforementioned information regarding SB 622. The Department respectfully requests that this information be considered during the Committee’s deliberations.