



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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Secretary

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Deputy Secretary

HOUSE BILL 1273 Income Tax – Credit for Travel, Hospitality, and Entertainment (Hornberger)

STATEMENT OF INFORMATION

DATE: March 9, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 1273 creates an individual income tax credit for travel, hospitality, and entertainment expenses that are incurred within 50 miles of an individual's principal residence; and provides an aggregate of \$3.2 million in tax years 2022 and 2023. The tax credit amount is up to \$500 per individual tax filer and \$1,000 per joint filer.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$3.2 million loss in General Fund revenues in tax years 2022 and 2023.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Further, economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability.

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