

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 941 (Delegate Shoemaker, *et al.*)
 Ways and Means

Income Tax Checkoff – Lions Vision Research Foundation

This bill establishes the Lions Vision Research Foundation (LVRF) checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, the contributions are distributed to the foundation by the Comptroller’s Office. **The bill takes effect July 1, 2022, and applies to tax year 2022 and beyond.**

Fiscal Summary

State Effect: General fund expenditures increase by \$58,000 in FY 2023 due to one-time tax form changes and computer programming modifications at the Comptroller’s Office. While special fund revenues to LVRF increase beginning in FY 2023, total special fund revenues to other funds receiving contributions through tax checkoffs may decrease.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	-	-	-	-	-
GF Expenditure	\$58,000	\$0	\$0	\$0	\$0
Net Effect	(\$58,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Comptroller must include a checkoff designated as the LVRF on the individual income tax return form. The checkoff must state that the individual, or each

spouse in the case of a joint return, may contribute to the fund an amount designated by the individual. The individual deducts the amount of the contribution from any refund to which the individual is entitled or, if the individual is not entitled to a refund, the individual adds the amount of the contribution to the income tax paid with the return. The Comptroller must include, with the individual income tax return package, a description of the purposes of LVERF. From the contributions collected, the Comptroller distributes an amount necessary to administer the checkoff system to an administrative cost account and distributes the remainder to LVERF.

Current Law: The Chesapeake Bay and Endangered Species Fund, Maryland Cancer Fund, Developmental Disabilities Services and Support Fund, and Fair Campaign Financing Fund are the four current checkoffs on the personal income tax form. In fiscal 2020, taxpayers contributed a total of \$1.7 million via income tax checkoffs.

State Revenues: Special fund revenues to LVERF increase, but the amount of the donations cannot be accurately estimated. Overall special fund revenues, however, may be unaffected or decrease. Contributions to existing checkoffs have typically decreased in the fiscal year in which a new checkoff is established. Accordingly, donations to this checkoff will likely divert funds from the four existing checkoffs.

State Expenditures: The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$58,000 in fiscal 2023 to add the checkoff to personal income tax forms. This includes data processing changes to the income tax return processing and imaging systems and systems testing.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2022
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