

Department of Legislative Services  
2022 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 623  
Ways and Means

(Delegate Brooks)

**Income Tax - Subtraction Modification - Essential Health Care Workers**

This emergency bill creates a subtraction modification against the State income tax equal to \$2,000 for an individual who is an essential health care worker. **The bill applies to tax year 2021 and 2022. The bill terminates June 30, 2023.**

**Fiscal Summary**

**State Effect:** General fund revenues may decrease by \$18.3 million in FY 2023 due to subtraction modifications claimed against the State income tax. General fund expenditures increase by \$65,000 in FY 2023 for one-time tax form changes and computer programming modifications at the Comptroller’s Office.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
GF Revenue	(\$18.3)	\$0	\$0	\$0	\$0
GF Expenditure	\$0.1	\$0	\$0	\$0	\$0
Net Effect	(\$18.4)	\$0.0	\$0.0	\$0.0	\$0.0

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

**Local Effect:** Local revenues decrease by \$11.6 million in FY 2023. Local expenditures are not affected.

**Small Business Effect:** None.

**Analysis**

**Bill Summary:** An essential health care worker is an individual who (1) is a licensed physician, licensed practical nurse, registered nurse, or emergency medical services provider; (2) performed a duty or work responsibility during a state of emergency declared by the Governor due to the COVID-19 pandemic; and (3) could not perform these duties remotely or these duties were required to be completed at the work site.

**Current Law:** No similar State income tax subtraction modification exists.

On March 5, 2020, Governor Lawrence J. Hogan, Jr., declared a state of emergency and catastrophic health emergency in an effort to control and prevent the spread of COVID-19. The state of emergency was renewed for most of calendar 2021. Most recently, Governor Hogan declared a state of emergency on January 4, 2022, to control and prevent the spread of COVID-19.

**State Revenues:** Subtraction modifications may be claimed by eligible individuals in tax years 2021 and 2022. As a result, general fund revenues will decrease in fiscal 2023.

Based on the requirements of the bill and assumption that individuals file amended tax returns for tax year 2021, the Comptroller's Office estimates that general fund revenues will decrease in total by \$18.3 million.

**State Expenditures:** The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$65,000 in fiscal 2023 to add the subtraction modification to the income tax forms. This includes data processing changes to the income tax return processing and imaging systems and systems testing.

**Local Revenues:** Local income tax revenues will decrease as a result of subtraction modifications claimed against the personal income tax. Local revenues will decrease by \$11.6 million in fiscal 2023.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 14, 2022  
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