

Department of Legislative Services
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 845
Ways and Means

(Delegate Buckel)

Income Tax - Subtraction Modification - Income of Health Care Workers

This emergency bill creates a subtraction modification against the State income tax equal to \$25,000 for an individual who is a health care worker. **The bill applies to tax years 2021 and 2022.**

Fiscal Summary

State Effect: General fund revenues may decrease by \$213.0 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	(\$213.0)	\$0	\$0	\$0	\$0
GF Expenditure	\$0.1	\$0	\$0	\$0	\$0
Net Effect	(\$213.1)	\$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 \$134.6 million in FY 2023. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: A health care worker is an individual who is licensed or certified under the Health Occupations Article or the laws of another state and provides (1) primary care, including obstetrics, gynecological services, pediatric services, or geriatric services; (2) behavioral health services, including mental health or alcohol and substance abuse

services; or (3) dental services. An individual who claims the subtraction modification must include a copy of the health care license or certification with his or her income tax return.

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

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 \$213.0 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. The Comptroller's Office may also incur additional expenditures to verify and process the subtraction modification claims.

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 \$134.6 million in fiscal 2023.

Additional Information

Prior Introductions: None.

Cross File: SB 623 (Senator Corderman, *et al.*) - Budget and Taxation.

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

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