

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 897

(Senator Carozza, *et al.*)

Budget and Taxation

Ways and Means

**Income Tax Subtraction Modification – Death Benefits – Law Enforcement
Officers and Fire Fighters**

This emergency bill allows a subtraction modification against the personal income tax for a payment of a death benefit (to the extent included in federal adjusted gross income) under a collective bargaining agreement from a county or municipality in the State to the surviving spouse or other beneficiary of a law enforcement officer or fire fighter whose death arises out of or in the course of employment as a law enforcement officer or fire fighter. **The bill applies to tax year 2022 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease, likely minimally, beginning in FY 2024 to the extent subtraction modifications are claimed under the bill. The Comptroller's Office can implement the bill's changes with existing budgeted resources.

Local Effect: Local revenues decrease, likely minimally, beginning in FY 2024 to the extent subtraction modifications are claimed under the bill. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: An individual may claim a subtraction modification against the personal income tax for a payment from a pension system to the surviving spouse or other beneficiary of a law enforcement officer or fire fighter whose death arises out of or in the course of employment as a law enforcement officer or fire fighter.

State/Local Revenues: State general fund revenues and local income tax revenues decrease beginning in fiscal 2024 to the extent subtraction modifications are claimed under the bill. It is unknown how many taxpayers will be eligible for and claim the subtraction modification and the amount of their excludable death benefit payments; thus, a reliable estimate of the bill's impact on State general fund revenues and local income tax revenues is not feasible at this time. However, the Department of Legislative Services anticipates that any effect on State and local revenues is likely to be minimal.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1064 (Delegate Hartman, *et al.*) - Ways and Means.

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

Fiscal Note History: First Reader - February 19, 2024
js/hlb Third Reader - March 20, 2024
Revised - Amendment(s) - March 20, 2024

Analysis by: Elizabeth J. Allison

Direct Inquiries to:
(410) 946-5510
(301) 970-5510