

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1059 (Delegate Fair, *et al.*)

Health and Government Operations and
Ways and Means

Health - Maryland Helping Everyone Afford Life-Saving Treatments and Health
Care (HEALTH) Fund and Income Tax Checkoff

This bill establishes a Maryland Helping Everyone Afford Life-Saving Treatments and Health Care (HEALTH) Fund. The purpose of the fund is to assist Medicaid enrollees and individuals with health insurance with health care costs associated with health care services and benefits provided under State law that are subject to federal restrictions, including funding restrictions. The Executive Director of the Maryland Health Benefit Exchange (MHBE) must report annually on the administration of the fund. MHBE must adopt regulations to carry out the fund. The Comptroller must include a checkoff for the HEALTH Fund on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the fund. **The bill takes effect July 1, 2025; tax checkoff provisions apply to tax years 2025 and beyond.**

Fiscal Summary

State Effect: MHBE special fund revenues and expenditures increase by an indeterminate amount beginning in FY 2026, as discussed below. Special fund revenues for other funds receiving contributions through income tax checkoffs may decrease beginning in FY 2026. The Comptroller's Office advises it can implement the income tax checkoff with existing budgeted resources, and MHBE can administer the fund with existing resources. Minimal general fund revenue increase beginning in FY 2026 from interest income.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

HEALTH Fund

The Executive Director must administer the fund, which comprises (1) the net proceeds from income tax checkoff contributions; (2) money appropriated in the State budget to the fund; and (3) any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund must be credited to the general fund.

The fund may only be used for providing assistance to eligible individuals who provide evidence of a need for health care assistance for health care services authorized under State law that have been impacted by federal restrictions. The fund may not be used for administrative expenses. Expenditures from the fund may only be made in accordance with the State budget. Money expended from the fund is supplemental to funding that would otherwise be appropriated to MHBE for individuals for their health care costs.

By August 31, 2025, and annually thereafter, the Executive Director must report to the General Assembly on (1) the gross amount of donations to the fund; (2) the costs of administration by the Comptroller of the income tax checkoff; and (3) a detailed accounting of the use of the fund.

Income Tax Checkoff

Beginning in tax year 2025, the Comptroller must include a checkoff designated as the HEALTH Fund 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 the HEALTH Fund. 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 the HEALTH Fund.

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. Chapters 617 and 618 of 2023 establish the Maryland Veterans Trust Fund checkoff beginning in tax year 2025.

MHBE was created during the 2011 session to provide a marketplace for individuals and small businesses to purchase affordable health coverage. Through the Maryland Health Connection, Maryland residents can shop for health insurance plans, compare rates, and determine their eligibility for federal advanced premium tax credits, cost-sharing reduction plans, and public assistance programs such as Medicaid.

State Fiscal Effect: Special fund revenues for the newly created HEALTH Fund increase beginning in fiscal 2026 due to proceeds from the income tax checkoff. Special fund expenditures increase accordingly as the funds are expended for authorized purposes. Revenues to other special funds that benefit from income tax checkoffs may decrease to the extent donations are shifted to the fund; however, any such effect cannot be reliably predicted.

Additional Information

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

Designated Cross File: None.

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

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km/ljm

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