

**Department of Legislative Services**  
 Maryland General Assembly  
 2011 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 461  
 Ways and Means

(Allegany County Delegation)

Budget and Taxation

**Income Tax Credit - Teachers at State and Local Correctional Facilities for  
 Adults and Juveniles**

This bill expands the existing Quality Teacher Incentive Tax Credit to certified teachers at a State or local correctional facility or a juvenile facility operated by the Department of Juvenile Services (DJS). The amount of the proposed credit is up to \$1,500 of the graduate school tuition paid by the individual that is not otherwise reimbursed by the teacher’s employer during the year.

The bill takes effect July 1, 2011, and applies to tax year 2011 and beyond.

**Fiscal Summary**

**State Effect:** General fund revenues decrease by \$42,000 in FY 2012. Future year losses reflect the estimated number of teachers affected and 3% annual increases in the amount of the credit claimed. Expenditures are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
GF Revenue	(\$42,000)	(\$44,000)	(\$46,000)	(\$48,000)	(\$50,000)
Expenditure	0	0	0	0	0
Net Effect	(\$42,000)	(\$44,000)	(\$46,000)	(\$48,000)	(\$50,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** Public school teachers who pay tuition during the tax year for graduate-level courses to maintain either a standard professional or advanced professional certification may be entitled to an income tax credit. An individual must be employed by a local board of education and be a classroom teacher in a public school, receive a satisfactory performance evaluation for the teaching, hold a standard professional certificate or an advanced professional certificate, and have completed the graduate-level courses with a grade of B or better. The courses taken must be required to maintain certification and the cost of the courses must exceed any amount reimbursed by the county. The credit is 100% of the unreimbursed amount of tuition paid, or \$1,500, whichever is less. Up to \$3,000 is allowed if each spouse qualifies for the credit.

**Background:** The Quality Teacher Incentive Act of 1999 established the quality teacher incentive tax credit. **Exhibit 1** lists the amount of credits that were claimed in tax years 2003 through 2009.

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### Exhibit 1 Quality Teacher Incentive Tax Credits Tax Years 2003-2009

<u>Year</u>	<u>Claimants</u>	<u>Total</u>	<u>Average</u>	<u>% of Total Certified Teachers Claiming Credit</u>
2003	6,890	\$5,968,300	\$866	19.7%
2004	7,249	6,482,600	894	20.2%
2005	7,898	7,094,800	898	22.7%
2006	6,948	6,631,700	954	20.5%
2007	6,757	6,625,100	980	19.9%
2008	6,830	6,582,600	964	18.6%
2009	6,724	6,468,500	962	17.6%

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### *Juvenile Services Education Program*

Chapter 53 of 2003 was enacted to reform the juvenile services system in Maryland and required the Maryland State Department of Education (MSDE) to assume control of educational programming at the Charles H. Hickey, Jr. School. Responsibility for educational programming at residential facilities operated by the Department of Juvenile Services (DJS) was expanded under Chapter 535 of 2004, which required MSDE to

provide educational services in all of the residential facilities by July 1, 2012. The Budget Reconciliation and Financing Act of 2009 deferred this transfer of responsibility until July 1, 2014. MSDE currently provides educational services in 6 of the 14 DJS residential facilities.

### *Adult Correctional Education Program*

Beginning in fiscal 2010, the Adult Education, Adult Correctional Education, and GED testing programs of MSDE were transferred to the Department of Labor, Licensing and Regulation (DLLR). The Division of Correctional Education within DLLR provides academic, occupational, and transitional training and library services to inmates in State correctional institutions. The program is also responsible for the operation of the education programs in five DJS facilities.

**State Revenues:** The bill expands the existing tax credit effective in tax year 2011. As a result, general fund revenues will decrease by \$42,000 in fiscal 2012.

It is estimated that (1) 250 teachers could qualify for the proposed expansion of the credit; (2) 85% of these teachers are currently certified; (3) 20% of eligible teachers would claim the credit; and (4) the average amount of the credit claimed increases by 3% annually. To the extent fewer teachers are certified, revenue losses may be less than estimated.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 494 (Senator Edwards) - Budget and Taxation.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Maryland State Department of Education; Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2011  
mc/jrb Revised - House Third Reader - March 29, 2011

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