

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1521 (Delegate Ruff, *et al.*)  
 Ways and Means

**Income Tax - Credit for Contributions, Volunteerism, and Employment Initiatives for At-Risk Youth**

This bill authorizes nonrefundable credits against the State income tax for (1) 50% of qualified contributions to an eligible organization that supports at-risk youth, not to exceed \$5,000 (\$100,000 for a business entity); (2) certain volunteer activities at a public school or recreation center (\$25 per volunteer day for up to two volunteer days per month, not to exceed \$500); and (3) employing at-risk youth (\$1,000 for each at-risk youth employed during the tax year, not to exceed \$5,000). The Department of Commerce must administer the tax credit program, may certify up to \$10.0 million in tax credits annually, and must submit a specified annual report to the General Assembly. Commerce and the Governor’s Office of Crime Prevention and Policy (GOCPP) must jointly certify eligible organizations that support at-risk youth. The Department of Legislative Services (DLS) must evaluate the tax credit program by December 1, 2031. **The bill takes effect July 1, 2026, applies to tax years 2027 through 2032, and terminates June 30, 2033.**

**Fiscal Summary**

**State Effect:** General fund expenditures for Commerce increase by \$0.1 million in FY 2027; future years reflect annualization and new and ongoing costs. General fund revenues decrease by \$10.0 million annually in FY 2028 through 2033. To the extent credits are claimed against the corporate income tax, Higher Education Investment Fund (HEIF) revenues and Transportation Trust Fund (TTF) revenues and expenditures also decrease, as may Strategic Energy Investment Fund (SEIF) revenues (not shown below).

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	\$0	(\$10.0)	(\$10.0)	(\$10.0)	(\$10.0)
GF Expenditure	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2
Net Effect	(\$0.1)	(\$10.2)	(\$10.2)	(\$10.2)	(\$10.2)

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

**Local Effect:** Local highway user revenues decrease in any of FY 2028 through 2033 to the extent credits are claimed against the corporate income tax. Local expenditures are not affected.

**Small Business Effect:** Minimal overall, but potential meaningful for a small business that is eligible for and receives a tax credit under the bill.

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## Analysis

**Bill Summary:** The purpose of the program is to establish a targeted State income tax credit to incentivize private contributions, volunteer efforts, and employer hiring initiatives aimed at reducing juvenile crime and supporting youth development in an applicable zip code (defined as a zip code designated as a high-crime or high-poverty area or a zip code in Baltimore City or Baltimore County). “At-risk youth” is defined as an individual who is at least age 12 and younger than age 25 and is (1) designated as chronically absent or has dropped out of school; (2) involved in the juvenile justice system; (3) involved in an at-risk youth prevention or diversion program; (4) aging out or who has aged out of foster care; (5) experiencing homelessness; or (6) resides in an applicable zip code.

Commerce must approve all qualifying applications on a first-come, first-served basis and in a timely manner. The volunteer credit is available to individuals who volunteer to speak to students about their profession or youth empowerment at a public school or recreation center. To be eligible, an individual must (1) volunteer at least one hour on the day the individual volunteers; (2) be accompanied by a school official and school safety personnel while on school grounds; and (3) receive a signed affidavit from the school principal or principal’s designee certifying that the individual volunteered. The employer credit is available to employers who employ an at-risk youth for at least 20 hours per week for at least 90 days during the tax year (60 days if the employment is part of an internship or summer program).

In consultation with GOCPP, Commerce must adopt regulations to, among other things, provide for the certification of eligible organizations (which may include 501(c)(3) organizations, local education agencies, county and municipal government agencies, faith-based organizations delivering secular youth services, and public schools or recreation centers); designate applicable zip codes; establish application procedures; and provide for auditing of taxpayers and quarterly tracking of tax credit usage.

Commerce must submit an annual report to the General Assembly that includes the number and amount of tax credits awarded; the number of at-risk youth served or employed as a result of the tax credit; juvenile crime statistics in applicable zip codes; the impact on

targeted communities; and additional benefits to at-risk youth that have occurred as a result of qualifying contributions.

**Current Law:** The State does not offer an income tax credit for contributions to or participation in at-risk youth programs or employment initiatives, specifically. However, the State conforms to the federal charitable contribution deduction for itemizers and offers various tax incentives relating to the creation of employment opportunities.

**State Revenues:** Assuming Commerce issues the maximum authorized \$10.0 million in tax credit certificates annually and that tax credit awards are fully claimed, general fund revenues decrease by \$10.0 million annually in fiscal 2028 through 2033. To the extent credits are claimed against the corporate income tax, HEIF and TTF revenues also decrease, as may SEIF revenues to the extent credits are claimed against the corporate income tax by a corporation that operates a qualified data center.

**State Expenditures:** Commerce advises that the program’s scope necessitates a regular, full-time tax specialist and administrative support specialist to administer the tax credit application, approval, and certification process, monitor compliance, and prepare the required annual report.

Thus, general fund expenditures for Commerce increase by \$94,709 in fiscal 2027 and by \$180,536 in fiscal 2028. This estimate reflects the cost of hiring (1) a full-time tax specialist beginning in fiscal 2027 to develop regulations and otherwise set up the program and (2) a full-time administrative support specialist beginning in fiscal 2028, when the program presumably begins accepting applications. The estimate assumes a 90-day start-up delay for each position and includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2027</u>	<u>FY 2028</u>
Positions	1.0	1.0
Salaries and Fringe Benefits	\$85,568	\$168,569
Other Operating Expenses	<u>9,141</u>	<u>11,967</u>
<b>Total General Fund Expenditures</b>	<b>\$94,709</b>	<b>\$180,536</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

TTF expenditures for local highway user revenue grants may decrease in any of fiscal 2028 through 2033 to the extent credits are claimed against the corporate income tax.

GOCPP can assist Commerce in developing regulations and certifying eligible organizations with existing budgeted resources. DLS can evaluate the tax credit program with existing budgeted resources.

**Local Revenues:** Local highway user revenues may decrease in any of fiscal 2028 through 2033 to the extent credits are claimed against the corporate income tax.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Department of Commerce; Comptroller's Office; Governor's Office of Crime Prevention and Policy; Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2026  
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