

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1573
Ways and Means

(Delegate Young)

Income Tax - Credit for Small Political Contributions

This bill authorizes a refundable individual income tax credit for up to \$50 (\$100 if married filing jointly) of political contributions paid to a campaign finance entity, within the meaning of the Election Law Article, during the tax year. The credit may be claimed only once. By December 1 annually, the Comptroller must report to the Governor and the General Assembly on the number of taxpayers who have claimed the credit and the credit's fiscal impact. **The bill takes effect July 1, 2026, applies to tax years 2026 through 2030, and terminates June 30, 2032.**

Fiscal Summary

State Effect: General fund revenues decrease by an indeterminate amount annually in FY 2027 through 2031. General fund revenue losses may exceed \$6.0 million in FY 2027, as discussed below. It is assumed that the Comptroller's Office can implement the bill with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: "Political contribution" means the gift of money to (1) promote or assist in the promotion of the success or defeat of a candidate, political party, question, or prospective question; or (2) assist in the payment of expenses associated with contesting an election under Title 12 of the Election Law Article.

Current Law: The State does not offer an income tax benefit for political contributions but does offer an income tax checkoff for the Fair Campaign Financing Fund on the individual income tax return. In general, all campaign finance activity for a State or county election must be conducted through a campaign finance entity.

State Revenues: General fund revenues decrease by an indeterminate amount annually in fiscal 2027 through 2031 due to credits claimed against the personal income tax. While a precise estimate is not feasible at this time, general fund revenue losses may be significant in a given year, particularly in fiscal 2027. Based on a preliminary analysis of 2022 contribution data (the most recent gubernatorial election year) published by the State Board of Elections, the Department of Legislative Services estimates that fiscal 2027 general fund revenue losses may exceed \$6.0 million.

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 State Board of Elections; Department of Legislative Services

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