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Revenue Loss from Deductions for ABL Account Contributions

Ross, Steve <Steve.Ross@mlis.state.md.us> Wed, Sep 16, 2015 at 3:24 PM
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Senator Feldman,

On the conference call today, you asked about the potential range of fiscal impacts due to tax deductions for ABL account contributions.

Scaling national numbers down to Maryland (2% of national numbers), MDOD estimates there will be 31,500 to 53,600 ABL account holders once the program is mature.

The table below shows a range of annual general fund revenue losses attributable to the deductions, both by the number of accounts and the total amount deducted per account.

The table assumes an effective State tax rate of 4.75% (this is what is usually used in our fiscal notes).

I stress that these are preliminary in nature and if a better estimate for the number of ABL accounts becomes available, then any future revenue estimate will reflect that.

		General Fund Revenue					
		Number of Accounts					
(2,968,750)		5,000	10,000	15,000	20,000	25,000	50,000
	\$1,000	-\$237,500	-\$475,000	-\$712,500	-\$950,000	-\$1,187,500	-\$2,375,000
	\$2,500	-\$593,750	-\$1,187,500	-\$1,781,250	-\$2,375,000	-\$2,968,750	-\$5,937,500
	\$5,000	-\$1,187,500	-\$2,375,000	-\$3,562,500	-\$4,750,000	-\$5,937,500	-\$11,875,000
	\$7,500	-\$1,781,250	-\$3,562,500	-\$5,343,750	-\$7,125,000	-\$8,906,250	-\$17,812,500
	\$10,000	-\$2,375,000	-\$4,750,000	-\$7,125,000	-\$9,500,000	-\$11,875,000	-\$23,750,000
	Total Deductions Per Acct.	\$12,500	-\$2,968,750	-\$5,937,500	-\$8,906,250	-\$11,875,000	-\$14,843,750

	\$14,000	-\$3,325,000	-\$6,650,000	-\$9,975,000	-\$13,300,000	-\$16,625,000	-\$33,250,000
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I hope this is responsive to your request – I can run additional values as well.

Steve Ross

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