



Peter Franchot
Comptroller

David Roose
Director
Bureau of Revenue Estimates

July 19, 2010

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21401

Honorable Thomas V. "Mike" Miller, Jr.
President, Senate of Maryland
State House
Annapolis, Maryland 21401

Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House
Annapolis, Maryland 21401

Dear Governor, President and Speaker:

Section 10-108 of the Tax-General Article of the Annotated Code of Maryland requires that the Comptroller's Office report the impact of changes in federal income tax law on State revenues. On July 2, 2010, President Obama signed into law H.R. 5623, the *Homebuyer Assistance and Improvement Act of 2010* ("the Act"). The Act amends the Internal Revenue Code (IRC) to extend the federal homebuyer credit to include the purchase of a principal residence before October 1, 2010, provided that the purchaser entered into a written, binding contract before May 1, 2010. The Act also amends the IRC to extend the penalty for tendering a bad check to the Internal Revenue Service to include all forms of payment. Neither of these amendments affect the calculation of federal adjusted gross income (FAGI) or federal taxable income (FTI) and therefore will not flow through to Maryland.

Finally, the Act authorizes the Secretary of the Treasury to disclose prisoner tax return information to state agencies that are responsible for the administration of prisons. To the extent that this practice leads to the identification of fraudulent returns at the federal level, any adjustments to FAGI or FTI may affect State revenues. However, any revenue impact is expected to be minimal.

Please do not hesitate to contact me at (410) 260-7450 if you have any questions about this matter.

Sincerely,

David F. Roose
Director

cc: Honorable Peter Franchot