

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 1441 (Delegate Stocksdale)
 Ways and Means

Sales and Use Tax - Exemptions - Organizations

This bill exempts from the sales and use tax a sale to a Maryland chapter of the Lions Club, Rotary Club, Optimists, or Kiwanis.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: General fund revenues could decline by approximately \$150,000 in FY 2002 and increasing 5% per year thereafter based on projected sales tax growth. Administrative expenses by the Comptroller’s Office to provide the necessary exemption certificates could be handled with existing resources.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	(\$150,000)	(\$157,500)	(\$165,400)	(\$173,600)	(\$182,300)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$150,000)	(\$157,500)	(\$165,400)	(\$173,600)	(\$182,300)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Purchases by these organizations are currently subject to the State’s 5% sales and use tax.

State Revenues: Based on information provided by Rotary International, which has the largest presence in Maryland of the four proposed exempted organizations, and the Comptroller's Office, it is estimated that Rotary chapters in Maryland generate approximately \$1.5 million in taxable sales annually, primarily on their weekly lunch meetings and community service projects. This spending results in sales tax collections of approximately \$75,000 per year. Assuming that Rotary accounts for half of the taxable sales of the four exempted organizations, sales tax revenues could decline by approximately \$150,000 in fiscal 2002. Future year revenue losses are assumed to grow by 5% annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader – March 19, 2001
ncs/jr

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