



**Maryland**

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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*Lieutenant Governor*

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*Secretary*

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## **HOUSE BILL 606 Sales and Use Tax - Baby Products - Exemption**

### **STATEMENT OF INFORMATION**

**DATE:** February 15, 2024

**COMMITTEE:** Budget and Taxation

**SUMMARY OF BILL:** House Bill 606 expands the list of items that are exempt from the State sales and use tax to include certain toilet training and child safety items, furniture, strollers, textiles, foods, and baby monitors.

**EXPLANATION:** According to the Comptroller's Office, general fund revenues are projected to decrease by \$38 million annually starting in fiscal 2025, growing to \$44 million by fiscal 2029. The estimate is based on an analysis of national and global sales figures for such products, combined with Maryland's share of the national gross domestic product (GDP).

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

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