

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 404 (Senator Amoss, et al.)
Budget and Taxation

Sales and Use Tax - Property for Consumption in a Production Activity

This bill exempts from the sales and use tax consumable property that is used in a production activity and not consumed in one year.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Revenues would decrease by \$40.4 million in FY 1997. Future year revenue losses reflect 5% growth. Expenditures would not be affected.

(\$ in thousands)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$40,385)	(\$42,405)	(\$44,525)	(\$46,751)	(\$49,089)
GF Expenditures	0	0	0	0	0
Net Effect	(\$40,385)	(\$42,405)	(\$44,525)	(\$46,751)	(\$49,089)

Note: () - decrease; GF - general funds

Local Effect: None.

Fiscal Analysis

State Revenues: Manufacturing industries paid approximately \$45.8 million in sales and use taxes on machinery and equipment in fiscal 1995. Of the taxed machinery and equipment, approximately 80% was consumable and would become exempt under this bill. If sales in these areas grow by 5% annually, the revenue loss would be approximately \$40.4 million in fiscal 1997.

Information Source(s): Office of the Comptroller (Compliance Division)

Fiscal Note History: First Reader - February 1, 1996

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Analysis by: Lisa Kleinschmidt

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710