

Department of Fiscal Services
 Maryland General Assembly

FISCAL NOTE

House Bill 416 (Delegate Campbell, et al.)
 Ways and Means

Sales and Use Tax - Exemptions

This bill repeals 24 current exemptions from the sales and use tax.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: General fund revenues could increase by \$105.5 million in FY 1997. Future year estimates reflect historical growth trends. Expenditures would not be affected.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$105.5	\$110.8	\$116.4	\$121.8	\$127.4
GF Expenditures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Effect	\$105.5	\$110.8	\$116.4	\$121.8	\$127.4

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

Local Effect: None.

Fiscal Analysis

State Revenues: Exhibit 1 lists each exemption to be repealed and reflects the estimated increase in revenues resulting from its repeal for fiscal years 1997 - 2001. Out-year estimates reflect historical growth trends for each exemption.

Exhibit 1
Revenue Effect of HB 416
(in thousands)

<u>Exemption</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Core value of certain motor vehicle replacement parts	\$91	\$96	\$101	\$107	\$113
New Mobile home sales - 40% exclusion	702	717	731	745	760
Cylinder demurrage charges	420	445	472	500	530
Sales to cemetery companies	1	1	1	1	1
Sales to credit unions	365	383	402	422	443
Sales by gift shops @ State mental hospitals	0	0	0	0	0
Film or video tape used by tv stations broadcasting outside MD	2	2	3	3	3
Vehicles used in interstate commerce	9,050	9,503	9,978	10,477	11,000
Liquidations, distributions & transfers	No estimate	No estimate	No estimate	No estimate	No estimate
Machinery & equipment for bituminous concrete	888	977	1,074	1,182	1,300
Manufacturing machinery & equip.	52,600	55,700	58,900	62,000	65,100
Wood products for mine usage	10	10	10	10	10
Diesel fuel for land reclamation	6	6	6	6	6
Used mobile homes	585	597	609	621	634
Gold bullion	154	162	170	178	187
Photographic materials	10,141	10,648	11,180	11,739	12,326
Free newspapers	2,130	2,236	2,348	2,465	2,589
Direct mail & advertising literature	2,914	3,060	3,213	3,373	3,542
Tangible personal property used outside Maryland	400	400	400	400	400
Research & Development Equipment	25,000	25,900	26,800	27,600	28,500
Testing Equipment for U.S. Government	No estimate	No estimate	No estimate	No estimate	No estimate
Total	\$105,459	\$110,843	\$116,398	\$121,829	\$127,444

Source: Maryland Tax Expenditure Report Fiscal Year 1995 and the Office of the Comptroller (Compliance Division)

Information Source(s): Office of the Comptroller (Compliance Division), Department of Fiscal Services

Fiscal Note History: First Reader - March 5, 1996

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