

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 46 (Senator Currie, et al.)
Budget and Taxation

Sales and Use Tax - Gross Receipts from Vending Machine Sales

This bill alters the computation of the sales and use tax on items sold from vending machines or other self-service machines. The computation under this bill is 5% of 95.25% of gross receipts from the vending machine sales.

This bill is effective July 1, 1996.

Fiscal Summary

State Effect: General fund revenues decrease by \$820,000 in FY 1997. Expenditures are not affected. Future year estimates reflect 2% growth.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$820,000)	(\$836,400)	(\$853,100)	(\$870,200)	(\$887,600)
GF Expenditures	0	0	0	0	0
Net Effect	(\$820,000)	(\$836,400)	(\$853,100)	(\$870,200)	(\$887,600)

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

Local Effect: None.

Fiscal Analysis

State Revenues: Vending machine sales in Maryland totaled approximately \$317 million in fiscal 1992 (including newspapers). Based on an historic growth trend of 2%, taxable vending machine sales for fiscal 1997 are estimated at \$349.4 million. Sales tax revenue from this amount, net of the vendor discount, is \$17.26 million. Under this bill, the sales tax would be applied to 95.25% of vending machine receipts, for a net revenue of \$16.44 million. The difference is \$820,000.

The historic growth rate of 2% determines the out-year estimates.

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

Fiscal Note History: First Reader - January 17, 1996

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