

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 428 (Delegate V. Mitchell, et al.)
Ways and Means

**Sales and Use Tax - Transfer of Unused Credits for Motor Vehicle Excise Tax Paid
on Short-Term Rental Vehicles**

This bill authorizes a short-term renter of vehicles who is surrendering a vendor's license to transfer unused sales tax credits to another licensed vendor, in accordance with regulations issued by the Comptroller.

This bill is effective July 1, 1996, and applies to any vendor surrendering a sales and use tax license on or after January 1, 1995.

Fiscal Summary

State Effect: General fund revenues would decline by approximately \$20,000 in FY 1997, with a potential minimal revenue decrease in the out-years.

Local Effect: None.

Fiscal Analysis

State Revenues: Two vendors have surrendered their vendor's licenses since January 1, 1995. These vendors had unused sales tax credits totaling \$20,000. Under this bill this amount would represent a general fund loss in fiscal 1997, when these credits would be transferred to other vendors and presumably be claimed.

There is a potential revenue loss beyond this amount which cannot reliably be determined. If any other vendors surrender their licenses in the future and have unused credits, these credits would be transferred and presumably used. This amount is expected to be minimal based on past experience and the fact that a large percentage of unused credits are from a few very large high volume accounts which generally claim the credits quickly.

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

Fiscal Note History: First Reader - February 6, 1996

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