

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 651 (Senator Lawlah, *et al.*)

Budget and Taxation

Referred to Ways and Means

**Sales and Use Tax - Exemption for Sales of Magazine Subscriptions by Schools**

This amended bill exempts from the sales and use tax any sale of magazine subscriptions in a fund raising campaign by an elementary or secondary school, nonprofit parent-teacher organization, or other nonprofit organization within an elementary or secondary school in the State if the net proceeds are used solely for the educational benefit of the school or its students. Magazine subscription sales resulting from an agreement or contract with an organization to participate in a fund raising campaign in which students act as agents or salespersons for the organization would also be exempt from the sales tax.

The bill is effective July 1, 1997.

**Fiscal Summary**

**State Effect:** General fund revenues could decrease by \$157,500 in FY 1998; out-year estimates reflect 5% growth. Expenditures would not be affected.

| (in dollars)    | FY 1998     | FY 1999     | FY 2000     | FY 2001     | FY 2002     |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenues     | (\$157,500) | (\$165,400) | (\$173,600) | (\$182,300) | (\$191,400) |
| GF Expenditures | 0           | 0           | 0           | 0           | 0           |
| Net Effect      | (\$157,000) | (\$165,400) | (\$173,600) | (\$182,300) | (\$191,400) |

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

**Local Effect:** None.

**Small Business Effect:** None. The bill would not materially affect small businesses that provide magazine subscriptions for fund raising campaigns in schools.

## **Fiscal Analysis**

**State Revenues:** It is estimated that in fiscal 1997 sales of magazine subscriptions for fund raising campaigns by elementary and secondary schools and certain nonprofit organizations associated with these schools will generate between \$2.6 and \$3 million. Assuming \$3 million in sales in fiscal 1997 and a 5% annual growth rate, general fund revenues could decline by \$157,500 in fiscal 1998. Growth is assumed to be 5% annually in the out-years.

---

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

**Fiscal Note History:** First Reader - February 14, 1997

mld Revised - Senate Third Reader - April 3, 1997

---

Analysis by: Christina H. Kim

Reviewed by: David F. Roose

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710