

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 802 (Senator Boozer)  
Budget and Taxation

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Sales and Use Tax - Magazine Subscriptions

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This bill exempts magazine subscriptions from the sales and use tax.

The bill is effective July 1, 1997.

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Fiscal Summary

**State Effect:** General fund revenues could decrease by \$2.55 million in FY 1998. Out-year estimates reflect a 5% growth rate. Expenditures would not be affected.

(in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$2.55)	(\$2.68)	(\$2.81)	(\$2.95)	(\$3.10)
GF Expenditures	0	0	0	0	0
Net Effect	(\$2.55)	(\$2.68)	(\$2.81)	(\$2.95)	(\$3.10)

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

**Local Effect:** None.

**Small Business Effect:** Minimal effect on small businesses as discussed below.

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Fiscal Analysis

**State Revenues:** General fund revenues could decrease by approximately \$2.55 million in fiscal 1998 based on the following facts and assumptions. Approximately \$1 million is collected in sales and use tax from magazine publishers annually. The Office of the Comptroller conducts audits of businesses which results in additional sales and use taxes collected due to non-taxed purchases of magazine subscriptions. Approximately \$439,800 in sales taxes is expected to be collected from audits performed in fiscal 1997. In addition, approximately \$989,100 is expected to be collected in fiscal 1997 from businesses that

continue to voluntarily comply after audits. General fund revenues could decrease by approximately \$2.43 million in fiscal 1997. Growth is assumed to be 5% annually, resulting in a loss of \$2.55 million in general fund revenue in fiscal 1998.

**Small Business Effect:** Exempting magazines from the sales tax would reduce the cost by approximately 5% and could cause greater sales. To the extent that small businesses publish and/or market magazines, these businesses could realize increased sales. However, any such increase in sales is assumed to be minimal.

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

**Fiscal Note History:** First Reader - February 28, 1997  
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