

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 810 (Delegate Hixson)

Ways and Means

Sales and Use Tax - Exemptions

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

The bill is effective July 1, 1998.

Fiscal Summary

State Effect: General fund revenues could increase by an estimated \$117 million in FY 1999. Future year estimates reflect 4.5% growth. Expenditures would not be affected.

| (in millions) | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|---------|---------|---------|---------|---------|
| GF Revenues | \$117.0 | \$122.3 | \$127.8 | \$133.5 | \$139.5 |
| GF Expenditures | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Net Effect | \$117.0 | \$122.3 | \$127.8 | \$133.5 | \$139.5 |

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

Local Effect: None.

Small Business Effect: Minimal.

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State Revenues: Exhibit 1 lists each exemption to be repealed and reflects the estimated increase in revenues resulting from its repeal for fiscal 1999. Out-year estimates reflect estimated growth of 4.5% annually.

Exhibit 1
Revenue Effect of HB 810, FY 1999
(in millions)

| | | | |
|--|------|--|--------------|
| Core value of certain motor vehicle replacement parts | 0.1 | Baking equipment | Neg. |
| New Mobile home sales - 40% exclusion | 0.9 | Wood products for mine usage | Neg. |
| Cylinder demurrage charges | 0.4 | Diesel fuel for land reclamation | Neg. |
| Sales to cemetery companies | Neg. | Used mobile homes | 0.8 |
| Sales to credit unions | 0.4 | Precious metal bullion and coins | 0.5 |
| Sales by gift shops at State mental hospitals | 0.0 | Photographic materials | 10.6 |
| Film or video tape used by tv stations broadcasting outside MD | Neg. | Free newspapers | 2.3 |
| Vehicles used in interstate commerce | 13.0 | Direct mail and advertising literature | 3.4 |
| Liquidations, distributions, and transfers | 10.0 | Tangible personal property used outside Maryland | 0.4 |
| Machinery and equipment for bituminous concrete | 1.1 | Research and development equipment | 13.4 |
| Manufacturing machinery and equipment | 59.7 | Testing equipment for U.S. Government | No est. |
| Total | | | 117.0 |

Neg. = less than \$50,000

Source: Maryland Tax Expenditure Report, Fiscal Year 1998, and the Office of the Comptroller (Bureau of Revenue Estimates)

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates), Department of Legislative Services

Fiscal Note History: First Reader - March 18, 1998

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