

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

House Bill 133 (Delegates Hixson and Healey)

Ways and Means

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Sales and Use Tax - Bulk Vending Machines

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This bill exempts merchandise sold through a “bulk vending machine” from the sales tax if the merchandise costs 25 cents or less. A bulk vending machine is a vending machine that: (1) contains unsorted merchandise; and (2) dispenses the merchandise in approximately equal amounts at random without selection by the customer.

The bill takes effect July 1, 1999.

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Fiscal Summary

**State Effect:** General fund revenues are estimated to decrease by \$215,200 in FY 2000. Future year revenue losses increase by 7% annually. No effect on expenditures.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$215,200)	(\$230,300)	(\$246,400)	(\$263,700)	(\$282,100)
GF Expenditures	0	0	0	0	0
Net Effect	(\$215,200)	(\$230,300)	(\$246,400)	(\$263,700)	(\$282,100)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## Fiscal Analysis

**State Revenues:** According to the *Vending Times*, national sales through bulk vending machines are estimated to reach \$410.1 million in fiscal 2000. Of this amount, approximately 58% of total sales are attributable to the sale of merchandise costing 25 cents. Under current law, the sales tax of 5% is applied to 95.25% of the value of vending sales. Assuming that Maryland's share of total national sales is 1.9%, the revenue loss from the sales tax exemption is estimated to be \$215,232 in fiscal 2000. Out-year estimates assume a 7% growth in bulk vending sales.

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**Information Source(s):** Comptroller of the Treasury (Bureau of Revenue Estimates), National Automatic Merchandising Association, Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 1999  
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