

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 975 (Delegate Murphv. *et al.*)

Ways and Means

**Sales and Use Tax - Exemptions - Tangible Personal Property Purchased Outside
the State**

This bill exempts from the sales and use tax tangible personal property of a price less than \$1,000 that is purchased outside of the State and personally brought into the State by the purchaser for the purchaser's personal enjoyment.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: Use tax revenues (general funds) would decrease minimally as a result of the exemption. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Unless otherwise specifically exempted, tangible personal property of any price that is purchased outside the State and personally brought into the State by the purchaser for the purchaser's personal enjoyment is subject to the State's 5% use tax.

Background: Purchases of goods by Maryland residents taking place outside the State are subject to the 5% use tax. The vast majority of use taxes, however, are paid by corporations

or other entities that expect to be audited by the Comptroller's Office. Compliance with the use tax requirement among individual taxpayers is very low. The Comptroller's Office advises that less than \$100,000 per year is collected from use taxes paid by individual citizens.

State Revenues: Of the use taxes currently collected from individual citizens, it is assumed that a substantial portion of the dollars are attributable to sales that would remain subject to the use tax under the bill (i.e., items: over \$1,000, for resale, professionally delivered, or a combination of these). The exact amount of current use tax payments that would become exempt under the bill cannot be reliably estimated at this time, but is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 10, 2000
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