

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 131
Ways and Means

(Delegate Hixson, *et al.*)

Budget and Taxation

Commission on Tax Reform in Maryland

This bill establishes a 15-member Commission on Tax Reform in Maryland to analyze the State's current tax structure and make revenue-neutral recommendations on: (1) any changes that will make the State's tax structure more fair and equitable; (2) whether to repeal or expand existing tax incentives; and (3) how the General Assembly may better evaluate the effectiveness and efficiency of existing tax incentives. The commission is required to report its findings and recommendations to the Governor and the General Assembly by December 31, 2007. The Department of Legislative Services (DLS) must provide staff support for the commission.

The bill takes effect January 1, 2007 and terminates December 31, 2007.

Fiscal Summary

State Effect: None. Any expense reimbursements for commission members and staffing costs for DLS are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: No applicable statutory provisions.

Background: Several study groups and commissions have been convened in recent years to examine Maryland's revenue and tax structure. In 1990, the Maryland Commission on State Taxes and Tax Structure, chaired by Mr. Robert Linowes, released a final report that recommended significant changes to State and local taxes. The net revenue effects of all the commission's recommendations were \$345 million in new State revenues, \$462 million in new local revenues, and \$180 million in local property tax relief.

In 1996, at the request of the House Committee on Ways and Means, DLS undertook a comprehensive review of Maryland's State and local tax structure. The review encompassed a description of each tax followed by information on revenue trends, comparative state data, and recent law changes.

In 2002, the Commission on Maryland's Fiscal Structure, chaired by Mr. Fred Puddester, a former Secretary of Budget and Management, was established to examine and make recommendations for changes to the State's budget and tax structure. An interim report was released in December 2002; however, the commission was abolished prior to releasing a final report.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source: Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2006
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