



COMPTROLLER
of MARYLAND
Serving the People

Consolidated Revenue Report

Fiscal Year 2013

PETER FRANCHOT
Comptroller of Maryland

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TO THE PEOPLE OF MARYLAND

It has truly been an honor to serve as the state's 33rd Comptroller. Our office has a long tradition of providing quality service to taxpayers. In doing this job, I bring my own set of progressive values which have guided me during my time in public service – values which I hope will help bring an even higher level of performance to this great agency.

After all, the Comptroller's Office does more than just collect taxes – we attend to issues that affect the long-term fiscal health of our state.

As the chief fiscal superintendent of Maryland, I believe it is important to:

- Reward law-abiding taxpayers who pay their fair share by making the process easier and more user-friendly;
- Vigorously enforce tax laws to create a level playing field for individuals and businesses;

- Ensure that consumers get a fair shake when they fill up at the pump and keep untaxed contraband cigarettes and alcohol off our streets and out of our communities;
- Expand opportunity for working families through tools such as the Earned Income Tax Credit;
- Ensure that taxpayer money is being spent carefully by scrutinizing every contract that comes before the Board of Public Works; and
- Strengthen our quality of life by promoting tax-saving and environmental-friendly green technologies as well as developing sustainable economic growth through the life sciences and biotechnology industries.

Though our state and national economies face many uncertainties in the near future, our office is committed to providing timely data and thoughtful analysis needed as we work together in Annapolis to get our fiscal house back in order and preserve the quality of life that we as Marylanders have come to enjoy.

You can see more about the wide array of services and information the Comptroller's Office provides online at www.marylandtaxes.com.

Thank you for your contribution to our great state.

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style.

Peter Franchot
Comptroller of Maryland



MISSION

The Comptroller of Maryland, through the wise development and use of all resources, including technology and the workforce, meets its financial and revenue management and regulatory responsibilities while providing excellent, cost-effective services in both traditional areas and in new and expanded initiatives.

VISION

Citizens, the professional community, and peers in government recognize the Comptroller of Maryland for its integrity, professional excellence, innovation, and commitment to helping people.

ORGANIZATION

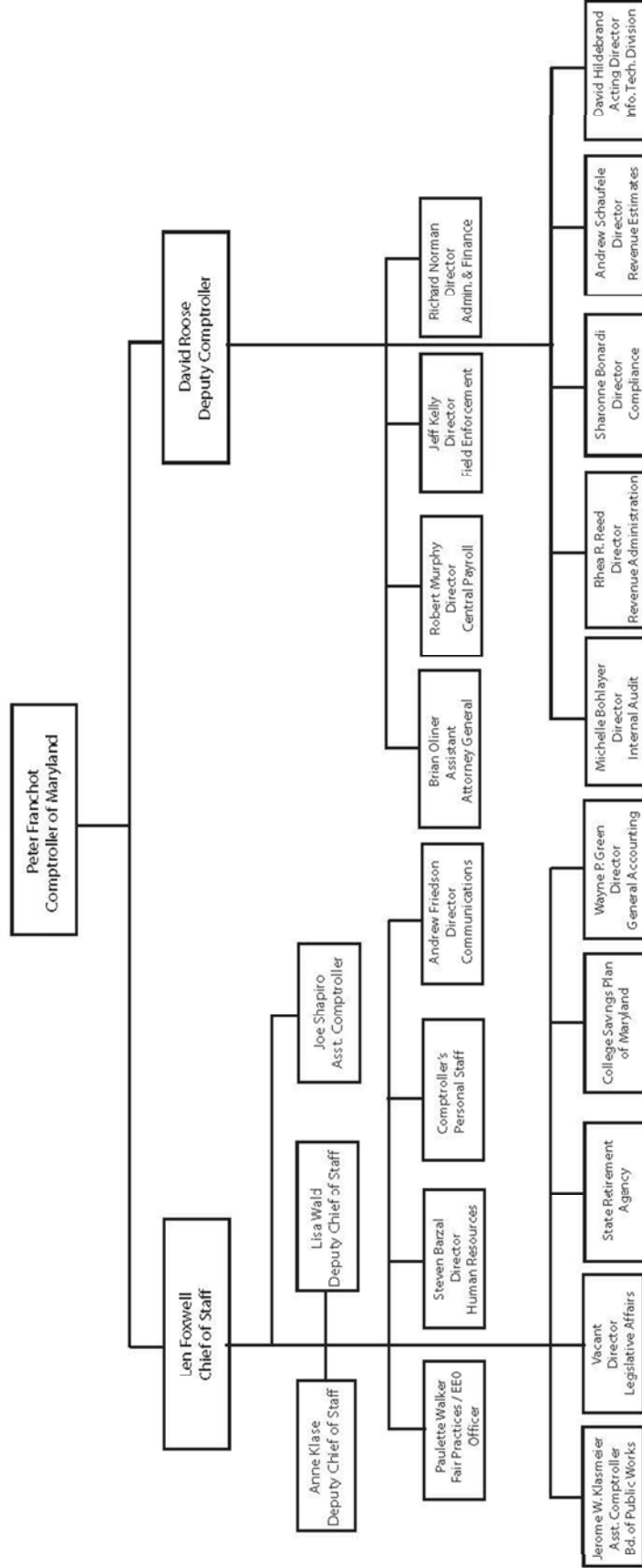
A BRIEF HISTORY OF THE COMPTROLLER OF MARYLAND

The Maryland state constitution of 1867 (Article VI, Section 2) describes the duties and responsibilities of the Office of the Comptroller stating that: *“The Comptroller shall have the general superintendence of the fiscal affairs of the state...prepare plans for the improvement and management of the revenue, and for the support of the public credit; prepare and report estimates of the revenue and expenditures of the State; superintend and enforce the prompt collection of all taxes and revenues,...preserve all public accounts.*

This brief description encompasses one of the most important functions in state government. In collecting the bulk of Maryland’s general fund revenues; paying the state’s bills; regulating motor fuel, alcoholic beverages, and cigarettes; and providing technology services to other state agencies, the Comptroller’s Office touches the lives of many Marylanders.



Office of the Comptroller



EXECUTIVE DIRECTION AND ADMINISTRATION

OFFICE OF THE COMPTROLLER

The Office of the Comptroller provides executive direction for the Comptroller of Maryland, including public affairs and staff support for the Comptroller and Deputy Comptroller as well as support for the Comptroller's responsibilities as a member of the Board of Public Works.

Administrative support and direction for the 24 Register of Wills is also provided by the Office of Comptroller.

OFFICE OF ADMINISTRATION AND FINANCE

The Office of Administration and Finance provides centralized budgeting, accounting and procurement activities for the Comptroller of Maryland. The office provides mailroom and other administrative support services.

This office also performs capital grant and loan administration as well as accounting for debt service on the state's general obligation bonds.

OFFICE OF PERSONNEL SERVICES

The Office of Personnel Services promotes the recruitment, development, and retention of a diverse, competent, and motivated workforce that provides services to individuals, businesses, and government.

The division coordinates, for all Comptroller divisions, the non-temporary and temporary employment processes, agency classification and compensation issues and employee training; administers benefits such as health, retirement, special leave provisions, etc.; and provides related employee services.

REVENUE ADMINISTRATION

REVENUE ADMINISTRATION DIVISION

The Revenue Administration Division processes personal, corporate, fiduciary, employer withholding, estate, admissions and amusement, sales and use, and motor fuel tax returns, as well as tire recycling and bay restoration fees. All remittances received with these returns are deposited through a centralized remittance processing center.

In addition, the division is responsible for providing assistance to taxpayers, adjusting taxpayer accounts, controlling all tax processing systems, accounting for and reporting all tax revenues received, and distributing the local income tax collected on Maryland state and local income tax returns to the subdivisions of Maryland.

BUREAU OF REVENUE ESTIMATES

The Bureau serves as executive secretariat and provides staff work to the Board of Revenue Estimates, which is composed of the State Comptroller, State Treasurer, and Secretary of the Department of Budget and Management. The Bureau provides revenue forecasts for the Board's approval via the Revenue Monitoring committee, chaired by the Director of the Bureau, and composed of several executive agencies and legislative staff.

The Bureau of Revenue Estimates carries on continuing studies and reviews of the economic and revenue conditions of the state and how they affect the state's revenue.

The Bureau is also responsible for researching tax policy and tax law issues; estimating the fiscal impact of proposed tax law changes for the taxes and fees administered by the Comptroller of Maryland, and conducts studies required by the General Assembly.

COMPLIANCE DIVISION

The Compliance Division is responsible for business tax audits, compliance programs, delinquent tax collections, tax hearings and appeals.

Additionally, the Compliance Division is responsible for administering the Uniform Disposition of Unclaimed Property Act pursuant to Title 17 of the Commercial Law Article of the Annotated Code of Maryland.

FIELD ENFORCEMENT DIVISION

The Field Enforcement Division is responsible for enforcing the state's revenue laws relating to alcoholic beverages, tobacco, motor fuel, motor carriers, business licenses and sales and use taxes, and the admissions and amusement tax associated with gaming devices and other forms of entertainment. Under the enforcement powers the division also investigates, and enforces illegal transportation and possession of untaxed cigarettes and illegal manufacture, importation, and sales of alcoholic beverages and motor fuel. The division is also responsible for regulating the motor fuel, motor carrier, alcohol, and tobacco industries that conduct business in the state as well as the operation of slot machines by certain authorized organizations in nine counties.

The division's State License Bureau is responsible for administering the business licenses required for many Maryland business activities, including licenses for traders; amusements; auctions; chain stores; construction; dry cleaners; garages; plumbers and gas fitters; restaurants; storage warehouses; vending machines, and retail/vending machines which sell cigarettes and other tobacco products.

The division's Motor Fuel Testing Laboratory analyzes all incoming petroleum products for quality and verifies the fuel is in compliance with state regulations and specifications, as well as federal EPA guidelines. The laboratory is also equipped to run analysis of alcoholic beverages for proof verification using gas chromatography procedures.

FINANCIAL CONTROL

GENERAL ACCOUNTING DIVISION

The General Accounting Division sets statewide accounting policy, maintains the state's general ledger and other official accounting records, which account for all state funds; exercises overall appropriation control; audits all disbursements; approves warrants for all money paid into or out of the treasury; and countersigns and distributes all vendor checks.

Furthermore, the Division promulgates general guidance on matters concerning internal control; prepares the state's comprehensive annual financial reports and certain other financial reports; and manages the contract for the audit of the state's annual financial report and the audit of all federal grants to the state.

CENTRAL PAYROLL BUREAU

The Central Payroll Bureau pays salaries to all state employees of the legislative, judicial and executive branches as well as the University System of Maryland. Special payments for services of employees hired on a contractual basis are also paid through this system.

The Central Payroll Bureau provides timely payroll services to state employees, agency payroll offices and other partners through payment of wages, direct deposit services, and electronic data exchanges by the authorizing of payroll charges to agency budgets.

The Bureau oversees payments of payroll taxes, subsidies, garnishments, dependent support payments, retirement and pension deductions and more than 120 other payroll deductions.

The Bureau maintains a web site that provides current payroll instructions and schedules, as well as interactive payroll documents and a net pay calculator.

TECHNICAL SERVICES

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division is comprised of two programs: Comptroller Information Technology (IT) Services and Annapolis Data Center (ADC) Operations.

The Comptroller IT Services program is responsible for the overall management and direction of the information technology efforts of the Comptroller of Maryland. This program supports the automated mainframe computer applications and web development initiatives of the Comptroller's Office. This program also provides IT services to the Registers of Wills offices throughout the State.

The Comptroller IT Services program provides the technical expertise to analyze, design, develop, implement and maintain the information technology infrastructure that supports the business needs of the Comptroller of Maryland and provides enhanced services to Maryland taxpayers. The IT infrastructure is a complex environment composed of mainframe, centralized servers, network, telecommunications, desktop, peripheral devices, and telephony equipment that support a variety of software systems and developed applications. The skills used to provide these services cover a broad range including systems analysis, programming, project planning, project management, and ongoing production support.

The Annapolis Data Center Operations program provides mainframe computer and telecommunications services, including disaster recovery services, for the Comptroller of Maryland, as well as many other state agencies. The ADC's operational costs are fully reimbursed from its customers via charges for computer usage and services rendered.

The ADC is the largest of five mainframe data centers in the Maryland State government. Some of the applications supported by the ADC include the Maryland integrated tax system (SMART), the State Payroll System, the State of Maryland Financial Management and Information System (FMIS), and Medicaid.

REVENUES COLLECTED BY THE COMPTROLLER'S OFFICE

STATE AND LOCAL REVENUES COLLECTED BY THE COMPTROLLER'S OFFICE BY SOURCE AND FUND

(Dollars in thousands)

The Comptroller's Office collects revenue on behalf of both the state and local governments. The \$14.5 billion in state receipts collected by the Comptroller's Office in fiscal year 2013 represents 42.0% of the \$34.5 billion in total state revenues received.

| | FY 2013 | | | | FY 2012 Total |
|--|---------------------|--------------------|--------------------|----------------|---------------------|
| | General* | State Special | Local | Other | |
| Personal Income Tax | \$7,691,381 | \$0 | \$4,712,106 | \$0 | \$11,463,984 |
| Corporation Income Tax | 818,221 | 133,871 | 0 | 0 | 877,933 |
| Sales and Use Tax | 4,067,791 | 46,505 | 0 | 0 | 4,076,580 |
| Motor Fuel Tax | 13,000 | 732,556 | 0 | 0 | 733,564 |
| Alcohol Taxes | 31,162 | 0 | 0 | 0 | 31,010 |
| Tobacco Taxes | 415,947 | 0 | 0 | 0 | 411,427 |
| Estate Tax | 181,754 | 0 | 0 | 0 | 145,240 |
| Admissions and Amusement Tax | 7,576 | 13,659 | 55,126 | 3,154 | 78,237 |
| Environmental Surcharge on Electricity | 0 | 8,997 | 0 | 0 | 8,901 |
| Emergency Telephone System Surcharge (911 Fee) | 0 | 51,705 | 0 | 0 | 52,006 |
| Electric Universal Service Program Surcharge | 0 | 41,157 | 0 | 0 | 39,885 |
| Unclaimed Property | 90,141 | 6,103 | 0 | 0 | 79,699 |
| Telecommunications Access Surcharge | 0 | 7,805 | 0 | 0 | 4,726 |
| Tire Recycling Fee | 0 | 3,722 | 0 | 0 | 3,830 |
| Bay Restoration Fee | 0 | 128,902 | 0 | 0 | 69,851 |
| Miscellaneous | 1,673 | 6 | 0 | 0 | 1,747 |
| Total | \$13,318,645 | \$1,174,989 | \$4,767,232 | \$3,154 | \$18,078,620 |

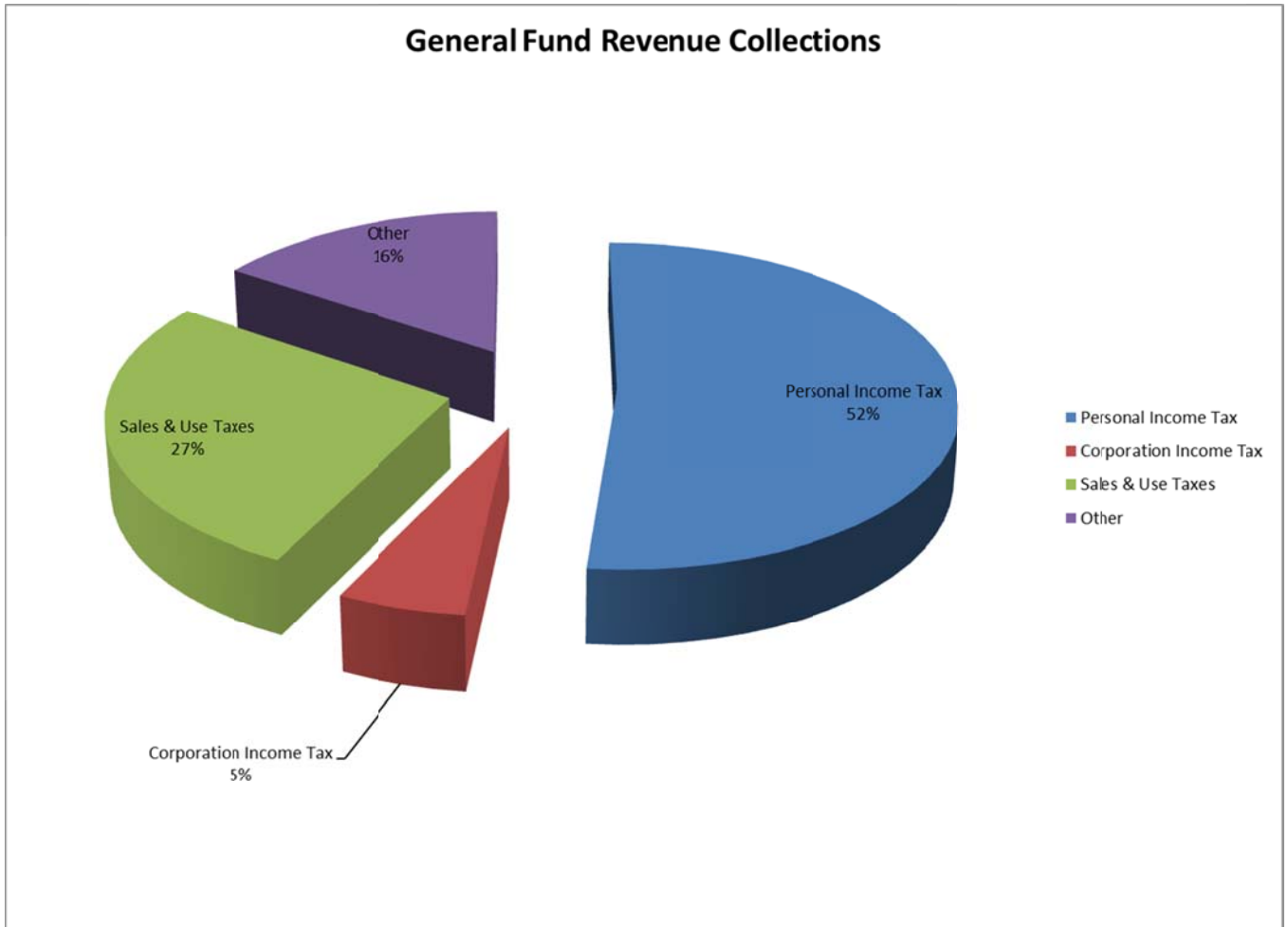
Detail may not sum to totals due to rounding.

*Includes amounts allocated to the Budget Restoration Fund

GENERAL FUND REVENUE COLLECTIONS

During fiscal year 2013, the Comptroller's Office collected 89.5 cents of every revenue dollar (exclusive of inter-fund transfers) deposited into the state's general fund.

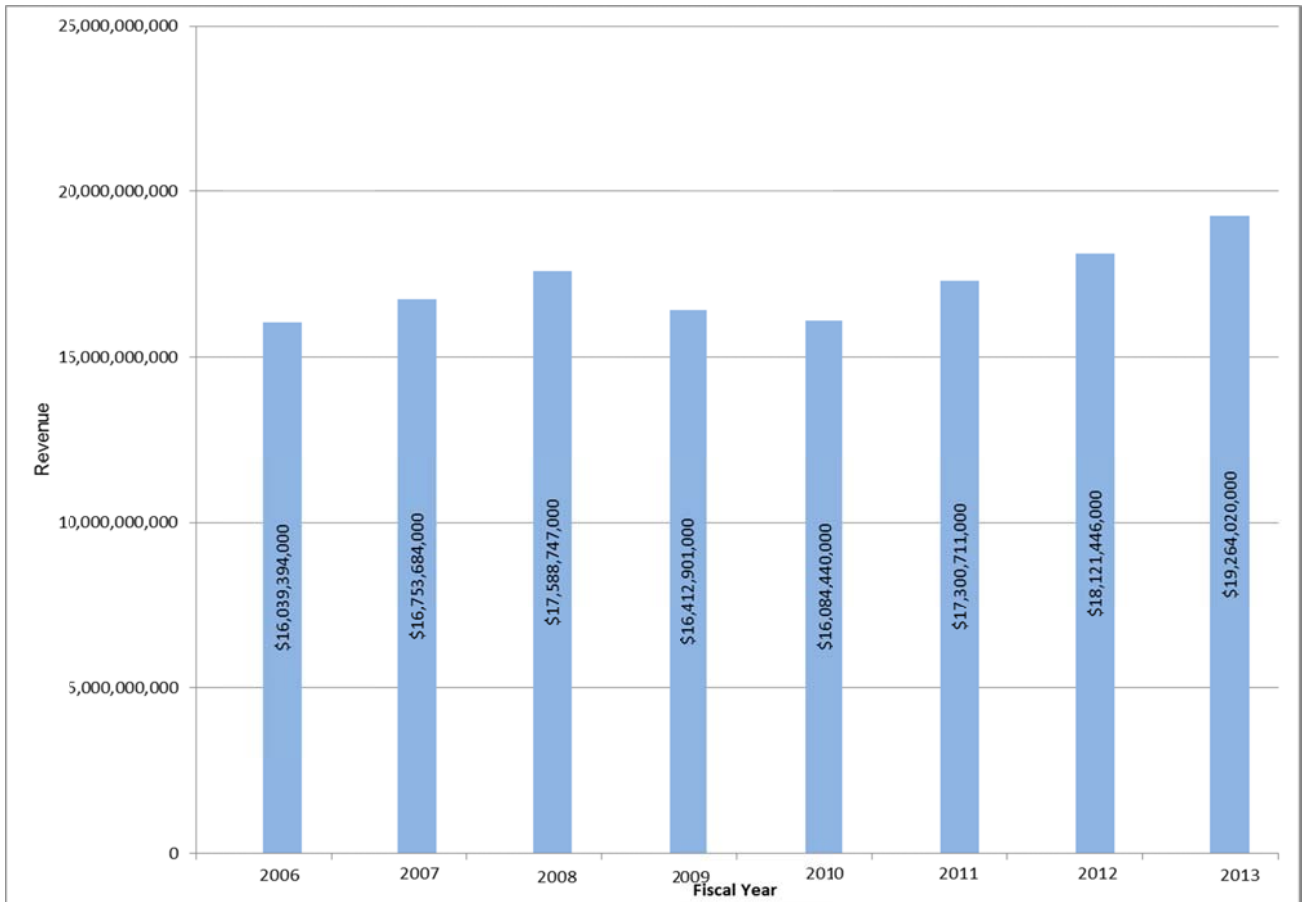
The following chart shows the principal sources of general fund revenues, which totaled \$14.9 billion in fiscal year 2013.



STATE AND LOCAL REVENUES COLLECTED

In fiscal year 2006, the Comptroller's Office collected \$16.0 billion in state, local and other revenues. In fiscal year 2013, these collections amounted to \$19.3 billion – an average annual increase of 2.7 percent.

The following chart shows the annual amounts collected.



REVENUES ADMINISTERED

| Revenue Source | Rate July 1, 2013 | Description |
|--|---|--|
| Individual Income Tax | Taxpayer filing Joint, Surviving Spouse or Head of Household returns. | |
| | <u>MD Taxable Income:</u> <u>Rate</u> | |
| | \$1 - \$1,000 | 2% |
| | \$1,001 - \$2,000 | 3% |
| | \$2,001 - \$3,000 | 4% |
| | \$3,001 - \$150,000 | 4.75% |
| | \$150,001 - \$175,000 | 5.00% |
| | \$175,001 - \$225,000 | 5.25% |
| | \$225,001 - \$300,000 | 5.50% |
| | Over \$300,000 | 5.75% |
| | Taxpayer filing Single, Dependent, or Married Filing Separate. | |
| | <u>MD Taxable Income:</u> <u>Rate</u> | |
| | \$1 - \$1,000 | 2% |
| | \$1,001 - \$2,000 | 3% |
| \$2,001 - \$3,000 | 4% | |
| \$3,001 - \$100,000 | 4.75% | |
| \$100,001 - \$125,000 | 5.00% | |
| \$125,001 - \$150,000 | 5.25% | |
| \$150,001 - \$250,000 | 5.50% | |
| Over \$250,000 | 5.75% | |
| Corporation Income Tax | 8.25% | Annual tax on the net taxable income of the corporation apportioned and allocated to Maryland. |
| County (Local) Income Tax | A minimum of 1.25% and a maximum of 3.20% | A tax imposed on the net taxable income of resident individuals and certain nonresident individuals and fiduciaries by the 23 counties and Baltimore City. Each county sets its rate as a percentage of net taxable income. |
| Special Nonresident Tax | 1.25% | A tax imposed on the net taxable income of certain nonresident individuals. |
| Sales and Use Tax | 6% | A tax imposed on the sale or use of tangible personal property and certain services. |
| Admissions and Amusement Tax | Maximum 11% (Combined Local and State taxes) | A tax imposed by counties, incorporated cities and towns on certain admissions and amusement activities. |
| Agricultural Land Transfer Tax | Less than 20 acres: 3% or 4%, depending on improvements 20 acres or more: 5% | Tax on the value of the transfer of certain land used for agricultural purposes. |
| Agricultural Land Transfer Tax Surcharge | 25% of the Agricultural Land Transfer Tax. | A surcharge imposed on certain land transfers by individuals and businesses. |
| Unclaimed Property | Actual value of property. | Bank accounts, stock certificates and dividends, security deposits, payroll checks, insurance proceeds, etc., are presumed abandoned if without activity for three years. The property is turned over to the state by the holders. |
| Bay Restoration Fee | <u>Per dwelling unit per month:</u> | |
| | Up to 3,000 units - | \$2.50 |
| | 3,000 to 5,000 units - | \$1.25 |
| | 5,000 units and over - | No fee |
| Environmental Surcharge on Electricity | <u>Not to exceed the lesser of:</u> .15 mill per kilowatt hour or \$1,000 per month. | Environmental surcharge for each kilowatt hour of electric energy distributed to retail electric customers in Maryland; monies paid into the Environmental Trust Fund. |

REVENUES ADMINISTERED

| Revenue Source | Rate 7/1/2013 | Description |
|--|---|---|
| Emergency Telephone System Fee | \$.25 per month paid by each subscriber; counties can charge up to an additional \$.75 per subscriber per month. | Charge paid by customers to public utilities to provide telephone service to low-income Maryland customers. The Comptroller collects these revenues from the utility companies. |
| Estate Tax | Unused federal credit. | Imposed upon the transfer of a Maryland estate. Calculated as the amount by which the federal state death tax credit (as of 12/31/01) exceeds the total of Maryland inheritance taxes and taxes imposed by other states on property included in the Maryland estate. Regardless of the federal unified credit amount, the Maryland return must be calculated using a federal unified credit equal to an exclusion of \$1 million; for this reason the filing of a Maryland return may be required even when a federal return is not required. The tax is limited to 16% of the amount by which the decedent's taxable estate exceeds \$1 million. |
| Telecommunications Access Surcharge | \$.20 per month paid by each subscriber. | A fee imposed on telephone subscribers in Maryland to provide telephone service to hearing and speech impaired citizens. |
| Tire Recycling Fee | \$.80 per new tire. | A fee imposed on each new tire. The fee applies to the first sale of a tire in Maryland which is not a sale to a wholesaler. |
| Alcoholic Beverages Sales Tax | 9% | Special sales tax rate on alcoholic beverages effective 7/1/2011. |
| Alcoholic Beverages Tax | <u>Per gallon:</u> Distilled spirits \$1.50 Wine \$0.40 Beer and Hard Cider \$0.09 | Wholesale tax on beer, wine and distilled spirits reported monthly based on sales to retailers. Nonresident supplier, or wholesaler who self-imports beer, remits beer tax prior to entry into state. |
| Alcoholic Beverages Manufacturer's License | Distillery \$2,000 Rectifying plant \$600 Winery \$750 Limited Winery \$200 Brewery \$1,500 Pub-Brewery \$500 Micro-Brewery \$500 Farm Brewery \$200 | Annual license fee imposed to operate a distillery, rectifying plant, brewery or winery. Pub-brewery, and micro-brewery licenses are issued to holders of Class "B" or "D" retail licenses under certain conditions. |
| Alcoholic Beverages Wholesaler's License | Beer, Wine, Liquor \$2,000 Wine & Liquor \$1,750 Beer & Wine \$1,500 Beer \$1,250 Wine \$1,250 | Annual license fee authorizes holder to receive product from licensees and holders of nonresident dealer permits and to make sale and delivery of product to permit holders in Maryland and to persons outside this state. |
| Alcoholic Beverages License | Airplane Beer, Wine, Liquor \$200 Railroad Beer, Wine, Liquor \$200 Water Vessel Beer, Wine, Liquor \$150 Statewide Caterer's Beer, Wine, Liquor \$750 - \$2,000 | Annual license fee imposed to dispense alcoholic beverages aboard airplanes, in rail cars, and on water vessels hired for the transportation of passengers. The Statewide Caterer's license permits the storage of product by entities that operate in more than one subdivision. The Statewide Caterer's license may be general or limited. |
| Alcoholic Beverages Permit | Ranges from \$500 - \$2,000 | A variety of permits are issued authorizing the sale, shipment, transport, storage and solicitation of alcoholic beverages. |
| Cigarette Tax | \$2.00 per pack of 20 cigarettes; \$0.10 per each cigarette in packages of fewer than 20. | Wholesalers pay tax by purchasing tax stamps which are then affixed to all packages of cigarettes before sale at retail. |

REVENUES ADMINISTERED

| Revenue Source | Rate 7/1/2013 | Description | |
|---------------------------------|--|-------------|--|
| Tobacco License | Manufacturer | \$25 | Annual license fee imposed upon various dealers and handlers of cigarettes. |
| | Wholesaler | \$750 | |
| | Sub-Wholesaler | \$500 | |
| | Vending Machine Operator | \$500 | |
| | Storage Warehouse | \$25 | |
| Other Tobacco Products Tax | Premium Cigars | 15% | Tax is paid by wholesaler who sells other tobacco products (excludes cigarettes) to a licensed retailer. Under certain conditions, Retailers may purchase products directly from manufacturer, in which case, retailers become liable for tax reporting. |
| | Other Cigars | 70% | |
| | Other OTP | 30% | |
| Other Tobacco Products Licenses | Manufacturer | \$25 | Annual license fee imposed upon various dealers and handlers of other tobacco products. |
| | Wholesaler | \$250 | |
| | Storage Warehouse | \$25 | |
| Motor Fuel Tax | \$.27 per gallon | | Tax on all gasoline used as a motor fuel. |
| | \$.2775 per gallon | | Tax on special fuels (diesel/kerosene) other than clean burning fuels used as a motor fuel. |
| | \$.27 per gallon | | Tax on clean-burning fuels used as a motor fuel. |
| Aviation Fuel Tax | \$.07 per gallon | | Tax on motor fuel used to power aircraft not operated for common carriage or by government entities. |
| Motor Carrier Tax | \$.2775per gallon for special fuels (diesel/kerosene) other than clean-burning fuels; \$.27 per gallon for gasoline and clean-burning fuels | | Tax on interstate motor carriers who operate commercial motor vehicles on Maryland highways. |
| Motor Carrier | Decal fee eliminated | | Required for all commercial motor vehicles operated by Maryland based interstate motor carriers in Maryland and at least one other International Fuel Tax Agreement jurisdiction. |
| IFTA Trip Permit | \$42 per permit | | Temporary 15-day permit fee in lieu of IFTA license. |

For additional information on the calculation of taxes and the aforementioned fees including exemptions and credits, visit www.marylandtaxes.com

PERSONAL INCOME TAX

During fiscal year 2013, the Comptroller's Office collected \$14.8 billion in state and local income tax payments and refunded \$2.4 billion to individual income taxpayers. The Comptroller's Office also collects and distributes the local income tax to Maryland subdivisions.

Table 1 reflects the gross collections and the net revenues to the general fund.

TABLE 1

| | Gross Revenues | Refunds | Less | | | | | Net amount to the General Fund and Budget Restoration Fund |
|--|--------------------------|-------------------------|--------------------------|--|--------------------|----------------------|---------------------------------|--|
| | | | Reserve for Subdivisions | Chesapeake Bay and Endangered Species Fund | Fair Campaign Fund | Maryland Cancer Fund | Developmental Disabilities Fund | |
| Personal income tax | \$ 14,029,659,161 | \$ 2,343,870,794 | \$ 4,683,826,000 | \$ 912,391 | \$ (154) | \$ 383,986 | \$ 191,342 | \$ 7,000,474,802 |
| Personal estimated tax payments not claimed on returns | 45,856,127 | | | | | | | 45,856,127 |
| Employer withholding tax payments not claimed on returns | 605,694,423 | 6,601,437 | | | | | | 599,092,986 |
| Fiduciary income tax | 122,198,307 | 19,740,838 | 28,280,000 | 300 | 51 | 94 | | 74,177,024 |
| Fiduciary estimated tax payments not claimed on returns | (28,220,402) | | | | | | | (28,220,402) |
| Total | \$ 14,775,187,616 | \$ 2,370,213,069 | \$ 4,712,106,000 | \$ 912,691 | (\$154) | \$ 384,037 | \$ 191,436 | \$ 7,691,380,537 |

Detail may not sum to totals due to rounding.

DISTRIBUTION OF LOCAL INCOME TAX

Table 2 reflects the distribution of local income tax revenue to Baltimore City, Maryland's 23 counties, and the incorporated towns and special taxing districts within those counties.

TABLE 2
DISTRIBUTION OF LOCAL INCOME TAX RECEIPTS
Fiscal Year 2013
(Dollars in thousands)

| County | Distributions to Cities & Towns | Distributions to Counties | Total Distributions |
|------------------------|------------------------------------|------------------------------|------------------------|
| Allegany | \$ 2,736,028 | \$ 24,113,120 | \$ 26,849,148 |
| Anne Arundel | 5,485,622 | 405,641,840 | 411,127,462 |
| Baltimore | - | 617,505,622 | 617,505,622 |
| Calvert | 956,524 | 66,131,272 | 67,087,796 |
| Caroline | 589,625 | 10,984,872 | 11,574,497 |
| Carroll | 5,073,352 | 129,168,181 | 134,241,533 |
| Cecil | 2,214,379 | 50,177,692 | 52,392,071 |
| Charles | 1,403,364 | 99,113,090 | 100,516,454 |
| Dorchester | 637,921 | 10,720,565 | 11,358,486 |
| Frederick | 10,815,151 | 175,798,648 | 186,613,799 |
| Garrett | 394,714 | 11,321,998 | 11,716,712 |
| Harford | 4,289,434 | 184,838,756 | 189,128,190 |
| Howard | - | 373,117,310 | 373,117,310 |
| Kent | 737,349 | 10,934,978 | 11,672,327 |
| Montgomery | 38,269,217 | 1,314,928,157 | 1,353,197,374 |
| Prince George's | 23,455,709 | 505,254,823 | 528,710,532 |
| Queen Anne's | 513,102 | 39,274,674 | 39,787,776 |
| St. Mary's | 409,418 | 76,965,547 | 77,374,965 |
| Somerset | 183,165 | 6,109,058 | 6,292,223 |
| Talbot | 1,892,228 | 24,288,292 | 26,180,520 |
| Washington | 3,276,834 | 65,218,741 | 68,495,575 |
| Wicomico | 2,085,984 | 40,623,790 | 42,709,774 |
| Worcester | 1,372,323 | 11,539,595 | 12,911,918 |
| Baltimore City | - | 285,539,245 | 285,539,245 |
| Total | \$ 106,791,443 | \$ 4,539,309,866 | \$ 4,646,101,309 |

Detail may not sum to totals due to rounding.

CORPORATE INCOME TAX

During fiscal year 2013, the Revenue Administration Division collected \$952.1 million in corporate income tax revenues. The revenues from Maryland's corporate income tax are allocated between the general fund and various transportation programs as well as the Higher Education investment fund on the basis of a complex formula.

The following table represents the revenues that were distributed to each of the various funds during fiscal year 2013.

Allocation of Corporate Income Tax Receipts

(Dollars in thousands)

| | |
|--|-----------------|
| General Fund | \$818,221 |
| Special Fund: | |
| Distribution to Gasoline and Motor Vehicle Revenue Account | 57,126 |
| Higher Education Investment Fund | 76,746 |
| Total | <hr/> \$952,092 |

Revenues from the gasoline and motor vehicle revenue account are distributed among the Department of Transportation and local governments as specified in Maryland Transportation Article §8-402 and §8-403.

Revenues distributed to the Higher Education Investment Fund as specified in Maryland Tax-General Article §2-613.1.

Detail may not sum to totals due to rounding.

SALES AND USE TAX

During fiscal year 2013, the Comptroller's Office collected \$4.1 billion in net sales and use tax receipts.

Table 3 represents a two-year comparison of sales and use tax revenue by county.

TABLE 3
SALES AND USE TAX RECEIPTS BY COUNTY
(Dollars in thousands)

| | FY 2013 | FY 2012 | Change | Share of FY 2013 Total Gross Receipts |
|--------------------------------|--------------|--------------|---------|---|
| Allegany | \$ 36,619 | 37,683 | -2.82% | 0.89% |
| Anne Arundel | 396,346 | 394,152 | 0.56% | 9.60% |
| Baltimore City | 337,262 | 331,361 | 1.78% | 8.17% |
| Baltimore | 558,945 | 553,569 | 0.97% | 13.54% |
| Calvert | 35,271 | 35,197 | 0.21% | 0.85% |
| Caroline | 9,678 | 7,250 | 33.49% | 0.23% |
| Carroll | 94,705 | 94,602 | 0.11% | 2.29% |
| Cecil | 34,847 | 36,949 | -5.69% | 0.84% |
| Charles | 108,719 | 104,559 | 3.98% | 2.63% |
| Dorchester | 14,003 | 14,175 | -1.21% | 0.34% |
| Frederick | 142,672 | 137,105 | 4.06% | 3.46% |
| Garrett | 18,079 | 17,441 | 3.66% | 0.44% |
| Harford | 126,448 | 124,625 | 1.46% | 3.06% |
| Howard | 172,465 | 174,362 | -1.09% | 4.18% |
| Kent | 13,095 | 13,365 | -2.03% | 0.32% |
| Montgomery | 517,693 | 523,568 | -1.12% | 12.54% |
| Prince George's | 480,744 | 481,737 | -0.21% | 11.65% |
| Queen Anne's | 23,679 | 23,046 | 2.75% | 0.57% |
| St. Mary's | 49,615 | 49,934 | -0.64% | 1.20% |
| Somerset | 3,492 | 3,172 | 10.11% | 0.08% |
| Talbot | 37,535 | 36,985 | 1.49% | 0.91% |
| Washington | 97,124 | 97,575 | -0.46% | 2.35% |
| Wicomico | 67,869 | 68,123 | -0.37% | 1.64% |
| Worcester | 79,412 | 78,749 | 0.84% | 1.92% |
| District of Columbia | 33,610 | 37,433 | -10.21% | 0.81% |
| Other/Out-of-State Vendors | 636,927 | 618,987 | 2.90% | 15.43% |
| Total Gross Receipts | \$ 4,126,854 | \$ 4,095,706 | 0.76% | 100.00% |
| Less: Refunds | (14,086) | (14,301) | -1.50% | |
| Total Net Receipts | 4,112,768 | 4,081,405 | 0.77% | |
| Less: Distribution to TTF | (25,462) | (23,581) | 7.98% | |
| Other Distributions | (21,043) | (13,651) | - | |
| Net After Distribution to TTF* | \$ 4,066,263 | \$ 4,044,173 | 0.55% | |

*Unlike earlier reports, this amount will be slightly different from reported general fund collections due to a change in return processing methodology which began in fiscal year 2006.

SALES AND USE TAX

Table 4 represents sales and use tax collections by county and principal type of business for fiscal year 2013.

TABLE 4
SALES AND USE TAX GROSS RECEIPTS BY COUNTY AND PRINCIPAL
TYPE OF BUSINESS
(Dollars in thousands)

| County | Food & Beverage | Apparel | General Merchandise | Automotive | Furniture & Appliances |
|----------------------------|---------------------|-------------------|------------------------|-------------------|---------------------------|
| Allegany | \$ 11,571 | \$ 1,690 | \$ 8,186 | \$ 2,879 | \$ 1,409 |
| Anne Arundel | 121,370 | 27,464 | 68,428 | 42,866 | 24,599 |
| Baltimore City | 107,323 | 16,108 | 36,309 | 15,840 | 15,422 |
| Baltimore | 144,501 | 31,760 | 129,416 | 38,606 | 45,203 |
| Calvert | 11,697 | 571 | 7,370 | 2,019 | 742 |
| Caroline | 2,867 | 133 | 3,169 | 1,052 | 37 |
| Carroll | 24,905 | 3,009 | 23,597 | 5,786 | 4,909 |
| Cecil | 14,305 | 913 | 9,609 | 2,209 | 1,467 |
| Charles | 24,188 | 6,351 | 27,768 | 7,262 | 6,971 |
| Dorchester | 4,072 | 86 | 3,578 | 751 | 295 |
| Frederick | 37,517 | 6,137 | 27,546 | 8,457 | 7,182 |
| Garrett | 4,554 | 71 | 4,723 | 2,736 | 271 |
| Harford | 40,306 | 4,460 | 27,822 | 9,748 | 6,081 |
| Howard | 47,386 | 11,102 | 32,917 | 12,072 | 14,006 |
| Kent | 3,503 | 228 | 3,996 | 618 | 151 |
| Montgomery | 162,431 | 32,619 | 84,790 | 45,984 | 43,348 |
| Prince George's | 123,394 | 23,917 | 92,905 | 35,426 | 27,952 |
| Queen Anne's | 9,047 | 4,207 | 2,802 | 1,919 | 583 |
| St. Mary's | 14,245 | 1,406 | 12,143 | 5,607 | 1,683 |
| Somerset | 1,728 | 0 | 651 | 240 | 164 |
| Talbot | 9,516 | 921 | 7,229 | 2,066 | 1,451 |
| Washington | 25,256 | 6,450 | 26,496 | 7,012 | 6,985 |
| Wicomico | 16,422 | 3,763 | 19,484 | 4,790 | 2,177 |
| Worcester | 34,912 | 4,415 | 10,985 | 2,534 | 2,446 |
| District of Columbia | 637 | 645 | 3,225 | 623 | 3,615 |
| Other/Out-Of-State Vendors | 14,289 | 8,659 | 79,676 | 7,573 | 96,754 |
| Total | \$ 1,011,944 | \$ 197,086 | \$ 754,822 | \$ 266,675 | \$ 315,902 |

SALES AND USE TAX

Table 4 is continued from previous page incorporating additional principal types of businesses as well as assessment collections and total collections.

TABLE 4
SALES AND USE TAX GROSS RECEIPTS BY COUNTY AND PRINCIPAL
TYPE OF BUSINESS
(Dollars in thousands)

| County | Building & Contractors | Utilities & Transportation | Hardware, Machinery & Equipment | Miscellaneous | Assessment Collections | Total Collections |
|----------------------------|------------------------|----------------------------|---------------------------------|-------------------|------------------------|---------------------|
| Allegany | \$ 4,255 | \$ 2,273 | \$ 1,610 | \$ 2,623 | \$ 124 | \$ 36,619 |
| Anne Arundel | 39,845 | 22,197 | 8,677 | 40,261 | 640 | 396,346 |
| Baltimore City | 32,192 | 59,522 | 9,605 | 44,190 | 750 | 337,262 |
| Baltimore | 76,335 | 37,092 | 7,575 | 47,500 | 957 | 558,945 |
| Calvert | 3,553 | 4,134 | 1,815 | 3,292 | 80 | 35,271 |
| Caroline | 294 | 1,129 | 199 | 783 | 15 | 9,678 |
| Carroll | 16,532 | 5,018 | 3,230 | 7,543 | 175 | 94,705 |
| Cecil | 2,570 | 195 | 819 | 2,649 | 108 | 34,846 |
| Charles | 19,258 | 9,313 | 1,032 | 6,492 | 82 | 108,719 |
| Dorchester | 867 | 1,084 | 497 | 2,738 | 35 | 14,003 |
| Frederick | 23,109 | 7,062 | 4,255 | 21,334 | 72 | 142,672 |
| Garrett | 1,782 | 6 | 510 | 3,426 | 1 | 18,079 |
| Harford | 21,225 | 3,992 | 3,270 | 9,352 | 191 | 126,448 |
| Howard | 17,662 | 4,505 | 5,200 | 27,333 | 282 | 172,465 |
| Kent | 1,889 | 1,077 | 325 | 1,306 | 0 | 13,095 |
| Montgomery | 44,574 | 42,007 | 7,719 | 53,337 | 885 | 517,693 |
| Prince George's | 74,302 | 32,735 | 10,132 | 59,024 | 957 | 480,744 |
| Queen Anne's | 1,451 | 1,323 | 788 | 1,548 | 12 | 23,679 |
| St. Mary's | 4,295 | 4,166 | 1,333 | 4,483 | 254 | 49,615 |
| Somerset | 155 | 30 | 37 | 452 | 34 | 3,492 |
| Talbot | 7,933 | 3,746 | 1,188 | 3,474 | 11 | 37,535 |
| Washington | 10,793 | 3,822 | 2,097 | 8,146 | 67 | 97,124 |
| Wicomico | 7,314 | 4,552 | 2,013 | 7,266 | 88 | 67,869 |
| Worcester | 7,472 | 753 | 552 | 15,048 | 295 | 79,412 |
| District of Columbia | 3,081 | 15,374 | 580 | 5,828 | 2 | 33,610 |
| Other/Out-Of-State Vendors | 78,552 | 87,402 | 23,852 | 238,505 | 1,665 | 636,927 |
| Total | \$ 501,287 | \$ 354,509 | \$ 98,914 | \$ 617,933 | \$ 7,783 | \$ 4,126,854 |

ADMISSIONS AND AMUSEMENT TAX

The Comptroller's Office is responsible for administering, collecting and distributing admissions and amusement tax revenues.

The table below lists the net receipts and amounts distributed to Maryland's counties including municipalities within the counties, and to certain nonprofit organizations for fiscal year 2013.

TABLE 5
ADMISSIONS AND AMUSEMENT TAX RECEIPTS AND DISTRIBUTIONS
(Dollars in thousands)

| County | Gross Receipts | Administrative Expense | Total Distributed |
|--|------------------|---------------------------|----------------------|
| Allegany | \$ 285 | \$ 11 | \$ 274 |
| Anne Arundel | 9,668 | 375 | 9,292 |
| Baltimore City | 9,493 | 369 | 9,124 |
| Baltimore | 5,499 | 214 | 5,286 |
| Calvert | 648 | 25 | 623 |
| Caroline | 5 | 0 | 5 |
| Carroll | 586 | 23 | 563 |
| Cecil | 177 | 7 | 170 |
| Charles | 833 | 32 | 800 |
| Dorchester | 64 | 2 | 62 |
| Frederick | 1,244 | 48 | 1,196 |
| Garrett | 754 | 29 | 725 |
| Harford | 777 | 30 | 747 |
| Howard | 2,215 | 86 | 2,129 |
| Kent | 53 | 2 | 51 |
| Montgomery | 5,725 | 222 | 5,503 |
| Prince George's | 15,861 | 616 | 15,245 |
| Queen Anne's | 172 | 7 | 165 |
| St. Mary's | 95 | 4 | 92 |
| Somerset | 17 | 1 | 16 |
| Talbot | 117 | 5 | 112 |
| Washington | 546 | 21 | 525 |
| Wicomico | 654 | 25 | 628 |
| Worcester | 1,867 | 72 | 1,794 |
| MD Stadium Authority | 11,431 | 444 | 10,987 |
| Total | \$ 68,784 | \$ 2,671 | \$ 66,113 |
| State tax on electronic bingo and tip jars | | | |
| Total Net Receipts | | | \$ 10,730 |
| Distributions: | | | |
| President of Cultural Arts Fund | | | 1,873 |
| Boys & Girls Club of North Beach | | | 100 |
| CCYR Opportunities Fund | | | 1,180 |
| Net to General Fund | | | \$ 7,576 |

*Denotes less than \$500.

Detail may not sum to totals due to rounding.

UNCLAIMED PROPERTY

The Comptroller's Office is responsible for administering unclaimed property, pursuant to §17-101 Uniform Disposition of Unclaimed Property Act.

The Comptroller's Office serves as the legal custodian of stocks, bonds, savings accounts and other property, except real property, that are reported to us as unclaimed after three years by banks and other financial institutions.

The value of the property may be claimed by its rightful owner at any time subsequent to this distribution.

The table below represents an analysis of collections and distributions of unclaimed property receipts during fiscal year 2013.

TABLE 6
UNCLAIMED PROPERTY RECEIPTS AND DISTRIBUTIONS
(Dollars in thousands)

Sources of Net Revenues from Miscellaneous Unclaimed Property:

| | |
|---------------------------------|------------|
| Life Insurance | \$ 15,112 |
| Other Insurance | 7,683 |
| Public Utilities | 1,125 |
| Corporations | 65,614 |
| Fiduciaries & Trustee Assets | 749 |
| Government Agencies | 2,425 |
| Nursing Homes | 9,327 |
| Banks & Financial Organizations | 1,102 |
| | <hr/> |
| Total Net Revenues | \$ 103,137 |

Allocation of Net Revenues – Special Fund Attainment:

| | |
|---|------------|
| Administrative Expenses | \$ 5,603 |
| Distribution to Maryland Legal Services Corporation | 500 |
| Transfer to Surplus | 97,034 |
| | <hr/> |
| Total Net Revenues | \$ 103,137 |

Detail may not sum to totals due to rounding.

ALCOHOL AND TOBACCO TAXES

During fiscal year 2013, the Comptroller's Office collected \$448.3 million in alcohol and tobacco tax revenues for the state general fund.

Table 7 represents a two-year comparison of alcohol and tobacco tax revenue.

TABLE 7
COMPARISON OF ALCOHOL AND TOBACCO REVENUES
(Dollars in thousands)

| | FY 2013 | FY 2012 | Change |
|-----------------------------|--------------------|--------------------|---------------|
| Distilled Spirits Tax | \$ 15,836 | \$ 15,970 | -0.84% |
| Wine Tax | 6,136 | 6,009 | 2.11% |
| Beer Tax | 8,895 | 9,030 | -1.50% |
| Tobacco Tax | 415,947 | 411,427 | 1.10% |
| Other Receipts | 295 | 257 | 14.83% |
| Alcoholic Beverage Licenses | 1,228 | 1,220 | 0.67% |
| | <hr/> | <hr/> | <hr/> |
| Total Net Receipts | \$ 448,337 | \$ 443,913 | 1.00% |

Detail may not sum to totals due to rounding.

MOTOR FUEL TAXES

During fiscal year 2013, the Comptroller's Office collected \$745.6 million in motor vehicle fuel tax revenues.

Table 8 represents a two-year comparison of motor vehicle fuel tax receipts.

TABLE 8
MOTOR VEHICLE FUEL TAX RECEIPTS
(Dollars in thousands)

| | FY 2013 | FY 2012 | % Change |
|---------------------------------|-------------------|-------------------|-----------------|
| Dealer Receipts | \$ 655,344 | \$ 630,349 | 3.97 |
| Special Fuels Receipts | 112,090 | 113,226 | (1.00) |
| Sellers of Jet Fuel & Aviation | 975 | 670 | 45.52 |
| Motor Carrier Temporary Permits | 134 | 147 | (8.84) |
| Miscellaneous Revenues | 2,183 | 276 | 690.94 |
| Refunds | (27,745) | (14,257) | 94.61 |
| | <hr/> | <hr/> | <hr/> |
| Net Revenues Subtotal | \$ 742,981 | \$ 730,411 | 1.72 |
| IFTA Collections | 4,526 | 4,729 | (4.29) |
| IFTA Refunds | (1,952) | (1,576) | 23.86 |
| | <hr/> | <hr/> | <hr/> |
| Net Revenues | <u>\$ 745,555</u> | <u>\$ 733,564</u> | <u>1.63</u> |

() denotes decrease

Detail may not sum due to rounding.

DISTRIBUTION OF MOTOR FUEL TAX REVENUE

Net motor fuel tax revenues are distributed among the general fund and selected special funds on the basis of a statutory formula.

Table 9 represents the revenues distributed to each of the various funds during fiscal year 2013.

TABLE 9
DISTRIBUTION OF MOTOR FUEL TAX REVENUE
(Dollars in thousands)

| | | |
|---|---------|-------------------|
| Motor Carriers Taxes & Fees to the Gasoline & Motor Vehicle Account | | \$ 4,660 |
| Administrative Expenses | | 8,023 |
| Transportation Trust Fund (Jet Fuel & Aviation) | | 975 |
| Gasoline & Motor Vehicle Account of the Transportation Trust Fund | | 157,613 |
| General Fund | | 5,000 |
| Budget Restoration Fund | | 8,000 |
| Chesapeake Bay 2010 Trust Fund | | 173 |
| Floor Tax Revenue | | 1,509 |
| Transportation Trust Fund allocation: | | 559,602 |
| Counties, Baltimore City, and Municipalities (30%) | 61,488 | |
| Department of Transportation (70%) | 495,518 | |
| General Fund | 166,378 | |
| Total | | <u>\$ 745,555</u> |

Detail may not sum to totals due to rounding.

GROSS MOTOR FUEL GALLONAGE REVENUE STATEMENT

Table 10 represents the gross motor fuel gallonage and revenue statement for fiscal year 2013.

TABLE 10
GROSS MOTOR FUEL GALLONAGE & REVENUE STATEMENT
(Dollars in thousands)

| | Actual Gallons | |
|--------------------------------------|-----------------------|-----------------|
| Gross Gallons Reported | 3,276,949,165 | |
| Less Adjustments: | | |
| Temperature & stock adjustments | 7,253,287 | |
| Federal exempt purchases | 1,703,916 | |
| Cost of collection allowance | 17,068,060 | |
| Total adjustments | 26,025,263 | |
| Total taxable motor fuel gallons: | 3,250,923,902 | |
| | Actual Gallons | Revenue |
| Motor vehicle fuel dealers | 2,788,698,778 | \$655,344,212 |
| Special fuel | 462,225,124 | 112,089,592 |
| Total taxable gallons sold: | 3,250,923,902 | \$ 767,433,804 |
| Sellers of jet fuel and aviation | 13,937,174 | \$ 975,602 |
| Motor carrier collections: | | |
| Motor carrier permits | | 134,400 |
| IFTA Taxes- MD based carriers | | 3,102,721 |
| IFTA Taxes- from other jurisdictions | | 1,118,662 |
| IFTA Tax assessments | | 304,388 |
| Penalties and interest | | 675,572 |
| | | 1,508,791 |
| Dishonored check fee | | - |
| Total gross revenue | | \$ 775,253,941 |
| Refunds | | (27,745,194) |
| IFTA Refunds | | (1,952,276) |
| Total Refunds | | \$ (29,697,470) |
| Total Net Revenue | | \$ 745,556,471 |

Detail may not sum to totals due to rounding.

OTHER REVENUES COLLECTED

ENVIRONMENTAL SURCHARGE ON ELECTRICITY

The Comptroller's Office also collects and distributes to the Environmental Trust Fund revenue collected from the environmental surcharge on electricity delivered in Maryland.

This revenue is used to fund the Department of Natural Resources Power Plant and Environmental Review Division and the Chesapeake Bay Research and Monitoring Division.

During fiscal year 2013, \$9.0 million was collected from this revenue source.

911 EMERGENCY TRUST FUND FEE

The Comptroller's Office collects the 911 emergency telephone system fee. This revenue is used to fund local emergency 911 telephone systems.

During fiscal year 2013, \$51.7 million was collected from this revenue source.

TELECOMMUNICATIONS ACCESS SURCHARGE

The Comptroller's Office collects the telecommunications access surcharge revenues and deposits them into the Universal Service Trust Fund. The Fund is used to provide telephone service to disabled and hearing and speech impaired citizens of Maryland.

During fiscal year 2013, \$7.8 million was collected from this revenue source.

TIRE RECYCLING FEE

The Comptroller's Office is responsible for collecting the Tire Recycling Fee.

Proceeds of the fee go to a special fund administered by the Department of the Environment to support the Scrap Tire Program which is dedicated to managing the collection, transportation, recycling, and processing of scrap tires in Maryland.

During fiscal year 2013, \$3.7 million was collected from this revenue source.

ESTATE TAX

The Comptroller's Office is responsible for collecting the estate tax from Maryland-situs estates.

During fiscal year 2013, \$181.8 million was collected from this revenue source and deposited into the general fund.

ELECTRIC UNIVERSAL SERVICE SURCHARGE

The Comptroller's Office collects revenue from electric companies and deposits them into the Electric Universal Service Program Fund.

The program assists low-income Maryland electric customers with payment of their electric bills as well as to retire arrearages for these individuals.

OTHER REVENUES COLLECTED

During fiscal year 2013, \$41.2 million was collected from this revenue source.

BAY RESTORATION FEE

The Comptroller's Office collects revenue from the billing authorities of local governments and facilities that provide wastewater disposal services to Maryland residents and businesses.

The revenue is deposited into the Bay Restoration Fund which will be used to upgrade Maryland's wastewater treatment plants and to fund cover crop activities under a water quality cost share program administered by the Maryland Department of Agriculture.

During fiscal year 2013, \$128.9 million was collected from the fee.

INCOME TAX

**Senate Bill 124 (Chapter 443) –
Income Tax Credit for Qualifying
Employees – Sunset Repeal**

Removes the sunset provision for the credit permitted against the State income tax for businesses that hire qualifying individuals with disabilities. Effective June 1, 2013.

**Senate Bill 183 (Chapter 28) –
Income Tax – Business and
Economic Development – Film
Production Activity Tax Credit**

Extends the termination dated for the State income tax credit for specified film production activities by two years (from July 1, 2014 to June 30, 2016). The bill also limits the annual amounts of film production activity tax credit certificates that may be issued by the Secretary of Business and Economic Development to \$25 million for FY 2014 and \$7.5 million per year for fiscal years 2015 and 2016. As an emergency measure, these provisions were effective when approved by the Governor on April 9, 2013.

**Senate Bill 404 (Chapter 257) /
House Bill 408 (Chapter 258) –
Income Tax – Subtraction
Modification – Enhanced
Agricultural Management
Equipment**

These bills replace and expand the former subtraction modification for purposes of the personal and corporation income tax for “conservation tillage equipment.” Added for purposes of the new subtraction is 100% of the cost to purchase and install enhanced agricultural management equipment if the equipment is a global

positioning system device used for management of agricultural nutrient applications or an integrated optical sensing and nutrient application system purchased after December 31, 2012. The subtraction is just 50% if the enhanced agricultural management equipment is vertical tillage equipment used to incorporate livestock manure or poultry litter into the soil which has a useful life of at least 4 years and the taxpayer purchased the equipment after December 31, 2012, owns the equipment for at least three years after the subtraction is claimed and uses the equipment in agricultural production. Effective July 1, 2013, for tax years beginning after December 31, 2012.

**Senate Bill 484 (Chapter 278) /
House Bill 184 (Chapter 279) –
Income Tax Credit – Oyster Shell
Recycling**

Provides a new credit against the personal and corporation income taxes of \$1 for each bushel of oyster shells recycled during the tax year, not to exceed the lesser of \$750 or the State tax liability. Excess credits may not be refunded or carried forward to later tax years. Effective July 1, 2013, for tax years beginning after December 31, 2012. The credit will sunset at the end of June 30, 2018.

**Senate Bill 639 (Chapter 513) –
Civil Rights Tax Relief Act**

Provides a personal income tax subtraction modification for payments received by individuals for noneconomic damages resulting from specified claims of unlawful discrimination, as defined under §62(E) of the Internal Revenue Code. The subtraction may not be claimed for compensation for lost pay or for punitive damages. Effective July 1, 2013, for tax years beginning after December 31, 2012.

**Senate Bill 658 (Chapter 517) /
House Bill 1031 (Chapter 518) –
Estate Tax and Income Tax –
Marital Deduction and Subtraction
Modification for Health Insurance**

These bills provide a personal income tax subtraction modification for certain amounts paid by a taxpayer or the employer of the taxpayer to provide health insurance for the taxpayer's spouse to the extent those amounts are subject to the federal income tax. Effective for tax years beginning after December 31, 2012. The bills also specify that a surviving spouse, for purposes of the Maryland estate tax, includes any individual to whom the decedent lawfully married (under Maryland law) at the time of the decedent's death. Applicable to decedents dying after December 31, 2012.

**Senate Bill 774 (Chapter 546) –
Income Tax – Subtraction
Modification – Maryland Civil Air
Patrol**

Expands the Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue and Emergency Medical Services Personnel Subtraction Modification program to include taxpayers who volunteer with the Maryland Civil Air Patrol. Taxpayers must meet certain qualifications in

order to claim the \$3,500 per year subtraction. Effective July 1, 2014, for tax years beginning after December 31, 2014.

**House Bill 102 (Chapter 425) –
Budget Reconciliation and
Financing Act of 2014**

Permits a credit of \$400 against the personal and corporation income tax for the expense of registering a tractor-trailer (Class F vehicle) that is titled and registered in Maryland. Excess credits may not be refunded or carried over to any other tax year. Effective September 1, 2013, for tax years 2014 through 2016, only.

**House Bill 108 (Chapter 82) –
Housing and Community
Development – Neighborhood and
Community Assistance Program –
Project Proposals**

Increases, from \$2 million to \$3.5 million, the maximum amount of contributions by individuals and corporations for specified projects under the Neighborhood and Community Assistance Program each year. Taxpayers may qualify for an income tax credit of 50% of the amount contributed, up to \$250,000. The credit may not exceed the State tax and is not refundable, but excess credits may be carried forward for up to five years. Effective October 1, 2013.

**House Bill 380 (Chapter 617) –
Income Tax – Joint Returns –
Married Couples**

This bill replaces the term “husband and wife” with “married couple” in several sections of the Tax-General Article which relate to the filing of joint or separate Maryland income tax returns. The bill was effective on July 1, 2013, for the years beginning after December 31, 2012, but was contingent on the federal recognition of same-sex marriage for purposes of the federal income tax

Note: In August, 2013, the U.S. Department of the Treasury and the Internal Revenue Service ruled that same-sex couples, legally married in jurisdictions that recognize their marriages, will be treated as married for federal tax purposes.

**House Bill 386 (Chapter 109) –
Income Tax Credit – Qualified
Research and Development
Expenses – Credit Amounts and
Small Business Refund**

Alters the existing personal and corporation income tax credit for research and development expenses by making the credit refundable when claimed by a “small business”, defined as a for-profit corporation, limited liability company, partnership, or sole proprietorship with net book value assets totaling, at the beginning or end of the tax year in which Maryland qualified research and development are included, as reported on the balance sheet, less than \$5 million. The bill also increases, from \$6 million to \$8 million, the maximum amount of research and development income tax credits that may be approved by the Department of Business and Economic Development for any calendar year. Effective June 1,

2013, for credits certified after December 15, 2012.

**House Bill 1017 (Chapter 659) –
Income Tax Credit – Wineries and
Vineyards**

Provides a new credit against the personal and corporation income taxes for 25% of the cost to purchase and install specified equipment or agricultural materials for use in the production of agricultural products at a vineyard or in a winery. The credit may not exceed tax liability, but excess credits may be carried forward for up to 15 years, or until fully used. Up to \$500,000 in credits may be approved by the Maryland Department of Business and Economic Development for any tax year. Effective July 1, 2013, for tax years beginning after December 31, 2012. The credit will sunset at the end of June 30, 2018.

**House Bill 1513 (Chapter) –
Income Tax Credit –**

Provides that certain out-of-state businesses or out-of-state employees will not be considered to have established a presence in Maryland that would subject the business or employees to certain licensing, registration, or tax requirements while conducting disaster- or emergency-related work in the State during a declared (by the Governor or President) state of emergency. Effective June 1, 2013.

SALES AND USE TAX

Senate Bill 486 (Chapter 483) / House Bill 523 (Chapter 484) – Short-Term Rental of Motorcycles - Sales and Use Tax and Motor Vehicle Law

These bills add motorcycles to the definition of “short-term vehicle rental” for purposes of Maryland’s sales and use tax. Short-term vehicle rentals are subject to an 11.5% sales tax rate. The legislation also exempts motorcycle rentals from the motor vehicle excise tax and subjects rental motorcycles to a \$35 annual vehicle registration fee. Effective July 1, 2013.

Senate Bill 745 (Chapter 313) – Public Safety – 9-1-1 Emergency Telephone Systems – Collection of Surcharge

Creates a new Prepaid Wireless E 9-1-1 Fee for prepaid wireless telecommunications services, defined as a commercial mobile radio service that allows a consumer to dial 9-1-1 or access 9-1-1 service; the service must be paid for in advance and is sold in predetermined units that decline with use in a known amount. The 60 cent fee (which is not subject to the Maryland sales and use tax) is collected by the seller from the consumer for each retail transaction in Maryland. Sellers are required to report and remit to the Comptroller all Prepaid Wireless E 9-1-1 fees collected by the seller.

Before December 28, 2013, a seller could deduct and retain 50% of the fees collected from consumers for direct start-up costs. On or after December 28, 2013, a seller may deduct and retain 3% of the fees collected from consumers. Effective July 1, 2013.

House Bill 232 (Chapter 609) – Sales and Use Tax – Exemption – Parent-Teacher Organization Fundraisers

Exempts from the sales and use tax a sale by a specified parent-teacher organizations or other organizations within an elementary school, secondary school or school system in the State. Effective July 1, 2013.

TOBACCO TAXES AND LICENSES

House Bill 182 (Chapter 86) – Business Regulation – Other Tobacco Products Wholesalers – License Fee Exception for Cigarette Subwholesalers

Exempts licensed cigarette subwholesalers from the \$250 fee due when applying for a license to act as a wholesaler of other tobacco products. Effective October 1, 2013.

MOTOR FUEL TAX

House Bill 1515 (Chapter 429) – Transportation Infrastructure Investment Act of 2013

Provides for increases in the State's motor fuel tax rates based on the percentage growth in the Consumer Price Index (CPI). The motor fuel tax rates are also to be increased through a new "sales and use tax equivalent rate," which is added to the motor fuel tax rates and collected in the same manner as the motor fuel tax.

By June 1 of each year, the Comptroller will determine and announce the new rates (which have been adjusted for any CPI change) that will go into effect on July first of that same year. No increase over the prior year can exceed 8% from this provision. If there is a decline or no growth in the CPI, the rates will be unchanged.

By June 1, 2013, December 1, 2014, June 1, 2015 and June 1 of each subsequent year, the Comptroller will determine and announce the average retail price of motor fuel and the sales and use tax equivalent rate effective on the first day of the following month. The sales and use tax equivalent rate is calculated by multiplying the average annual retail price by a specified percentage on each determination date: 1% for June 1, 2013; 2% for December 1, 2014; and 3% for June 1, 2015 and June 1 of each subsequent year.

Persons possessing tax-paid motor fuel for sale at the start of business on the date of any increase in the motor fuel tax rate must file, with the Comptroller, an inventory of the motor fuel held at the close of business on the previous day and

remit any additional tax due within 30 days.

Effective July 1, 2013, for tax years beginning after December 31, 2012.

TAXPAYER ASSISTANCE INFORMATION

Admissions and Amusement Tax

Contact: Revenue Administration Division
Taxpayer Service Section
110 Carroll Street
Annapolis, Maryland 21411

Or call: Central Maryland 410-260-7980
Toll free 800-638-2937
Fax 410-260-7313

E-mail taxhelp@comp.state.md.us

Alcohol and Tobacco Tax

Contact: Revenue Administration Division
Motor Fuel, Alcohol and Tobacco Tax Unit
P.O. Box 2999
Annapolis, Maryland 21404-2999

Or call: Central Maryland 410-260-7980
Toll free 800-638-2937
Fax 410-260-7313

E-mail: att@comp.state.md.us

Bay Restoration Fee

Contact: Maryland Department of the Environment
1800 Washington Boulevard
Baltimore, Maryland 21230

Or call: 410-537-3000

E-mail: lcross@mde.state.md.us

Estate Tax

Contact: Revenue Administration Division
Estate Tax Unit
P.O. Box 828
Annapolis, Maryland 21404-0828

Or call: Central Maryland 410-260-7850
Toll free 800-638-2937
Fax 410-260-6066

E-mail taxhelp@comp.state.md.us

TAXPAYER ASSISTANCE INFORMATION

Income Tax

Contact: Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21411

| | | |
|----------|------------------|--------------|
| Or call: | Central Maryland | 410-260-7980 |
| | Toll free | 800-638-2937 |
| | Tax forms | 410-260-7951 |
| | Fax | 410-974-5808 |

E-mail taxhelp@comp.state.md.us

Motor Fuel Tax

Contact: Revenue Administration Division
Motor Fuel, Alcohol and Tobacco Tax Unit
P.O. Box 1751
Annapolis, Maryland 21404-1751

| | | |
|----------|----------------------|--------------|
| Or call: | Central Maryland | 410-260-7980 |
| | Toll free(licensing) | 800-638-2937 |
| | Fax | 410-260-7313 |
| | IFTA inquiries | 800-638-2937 |

E-mail mft@comp.state.md.us

New Business Information

Contact: Taxpayer Registration Assistance Center
110 Carroll Street
Annapolis, Maryland 21411

| | | |
|----------|------------------|--------------|
| Or call: | Central Maryland | 410-260-7980 |
| | Toll free | 800-638-2937 |
| | Fax | 410-260-7313 |

E-mail taxhelp@comp.state.md.us

TAXPAYER ASSISTANCE INFORMATION

Sales and Use Tax

Contact: Revenue Administration Division
Taxpayer Service Section
110 Carroll Street
Annapolis, Maryland 21411

Or call: Central Maryland 410-260-7980
Toll free 800-638-2937
Fax 410-260-7313

E-mail taxhelp@comp.state.md.us

Tire Recycling Fee

Contact: Revenue Administration Division
Taxpayer Service Section
110 Carroll Street
Annapolis, Maryland 21411

Or call: Central Maryland 410-260-7980
Toll free 800-638-2937
Fax 410-260-7313

E-mail taxhelp@comp.state.md.us

Unclaimed Property

Contact: Compliance Division
Unclaimed Property Section
301 West Preston Street
Baltimore, Maryland 21201-2383

Or call: In Baltimore area 410-767-1700
Toll free 800-782-7383
Fax 410-333-7150

E-mail: unclaim@comp.state.md.us

TAXPAYER ASSISTANCE INFORMATION

Utility Surcharges and Fees

(Environmental Surcharge on Electricity, 911 Telephone Systems, Electric Universal Service Fee, Telecommunications Access)

Contact: Revenue Administration Division
Taxpayer Service Section
110 Carroll Street
Annapolis, Maryland 21411

Or call: Central Maryland 410-260-7782
Toll free 800-638-2937
Fax 410-974-2803

E-mail taxhelp@comp.state.md.us

For further information contact:

Comptroller of Maryland
Louis L. Goldstein Treasury Building
80 Calvert Street
P.O. Box 466
Annapolis, Maryland 21404-0466
410-260-7801
www.marylandtaxes.com