



COMPTROLLER
of MARYLAND
Serving the People

Consolidated Revenue Report

FISCAL YEAR 2007

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.

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TO THE PEOPLE OF MARYLAND:

It has truly been an honor to serve as the state's 33rd Comptroller, following in the footsteps of two legendary Marylanders, Louis L. Goldstein and William Donald Schaefer. 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...

- 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

- 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 bio-technology industries

Though our state and national economies face many uncertainties in the near future, our office is committed to providing the necessary 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.

While some may criticize me for taking a more activist approach than my predecessors, I make no apologies for the successes of this agency. You can see more about the wide array of services and information the Comptroller's Office provides online at www.marylandtaxes.com.

A handwritten signature in black ink that reads "Peter Franchot". The signature is fluid and cursive, with a large, stylized initial "P".

Peter Franchot

Comptroller of Maryland

ORGANIZATION

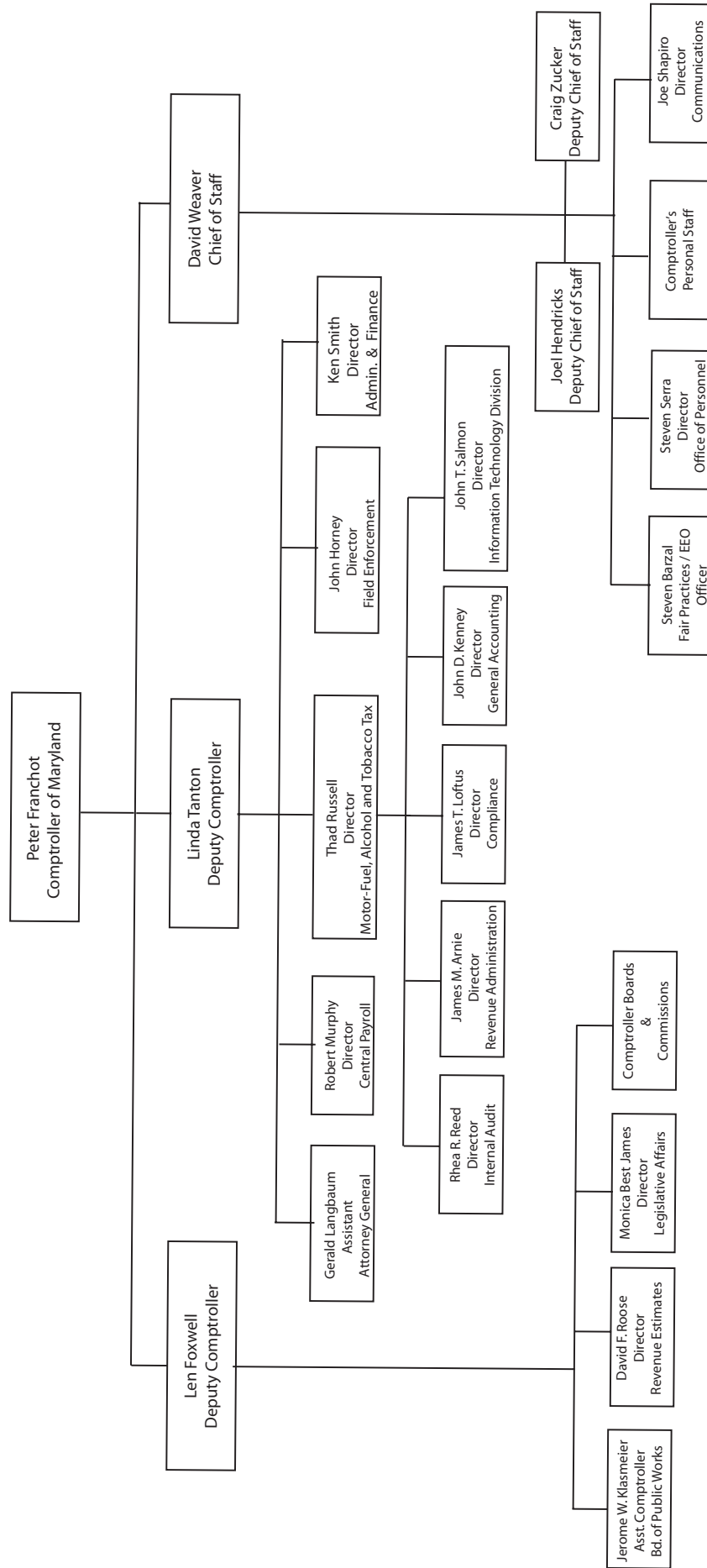
A BRIEF HISTORY OF THE COMPTROLLER OF MARYLAND

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 Registers of Wills is also provided by the Office of the 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 process, 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, corporation, fiduciary, employer withholding, estate, admissions and amusement, sales and use, and motor fuel tax returns, tire recycling and bay restoration fee returns. 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 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 serves as executive secretariat to the Board of Revenue Estimates, which is composed of the state Comptroller, State Treasurer and Secretary of Budget and Management. The bureau is also responsible for legislative duties related to tax issues.

COMPLIANCE DIVISION

This division is responsible for business tax audits, compliance programs, delinquent tax collection, 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.

REGULATORY AND ENFORCEMENT DIVISION

The Regulatory and Enforcement Division administers regulation, enforcement and business licensing functions for the Maryland Comptroller's Office.

The division's Field Enforcement Bureau is responsible for enforcing the state's revenue laws relating to alcoholic beverages, tobacco, motor fuels, business licenses and the sales and use tax. The Alcohol and Tobacco Tax Bureau is responsible for monitoring the manufacture, storage, transportation, sale and distribution of alcoholic beverages and tobacco in Maryland, while collecting state taxes on beer, wine, distilled spirits, cigarettes and other tobacco products. The State License Bureau is responsible for monitoring 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.

The division's Motor Fuel Tax Bureau licenses and regulates motor fuel dealers (i.e., anyone bringing petroleum products into Maryland for a first sale), all motor fuel resellers and all motor fuel users with bulk storage. It registers and licenses interstate motor carriers based in Maryland under the International Fuel Tax Agreement (IFTA), and it registers petroleum transporters operating in and through Maryland. The bureau manages the collection of motor fuel taxes from licensed dealers and resellers and collects road use taxes from interstate motor carriers.

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 biweekly salaries to all state employees of the legislative, judicial and executive branches as well as the University of Maryland System. 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

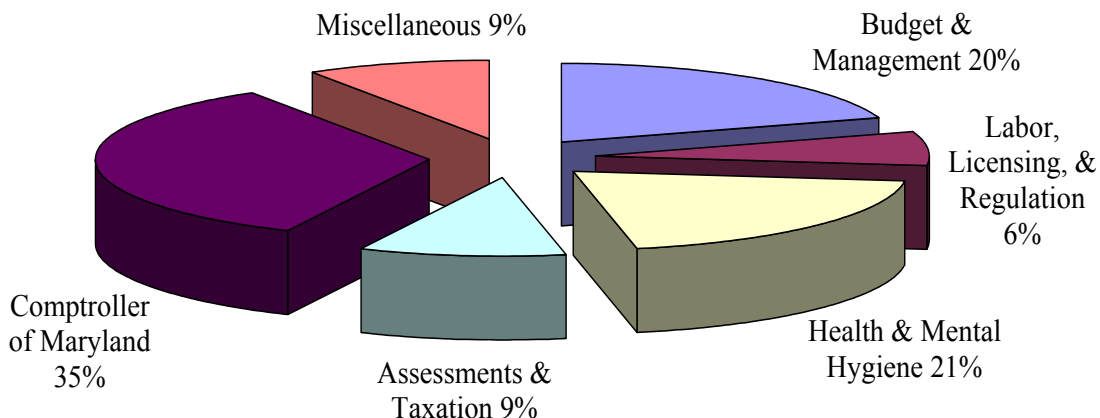
The Information Technology Division (ITD) is comprised of two programs: Comptroller IT Services and Annapolis Data Center (ADC) Operations

The Information Technology Division - Comptroller IT Services 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 Information Technology Services to the Registers of Wills offices throughout the State.

This program provides the technical expertise to analyze, design, develop, implement and maintain the information technology solutions that support the business needs of the Comptroller of Maryland and provides enhanced services to Maryland taxpayers. The skills used to provide these services cover a broad range including systems analysis, project planning, programming, project management and ongoing production support.

The Information Technology Division - Annapolis Data Center Operations provides mainframe computer services for its parent agency, 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 the five mainframe data centers in the Maryland State government. Some of the applications supported by the ADC include the Maryland State Integrated Tax (SMART) System, the State Payroll System, the Maryland State Financial Management and Information System (FMIS), and Medicaid.



REVENUES COLLECTED BY
THE
COMPTROLLER'S OFFICE

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 \$12.4 billion in state receipts collected by the Comptroller's Office in fiscal year 2007 represents 44.9 percent of the \$27.6 billion in total state revenues received.

Revenues Collected by the Comptroller's Office By Source and Fund (Dollars in Thousands)

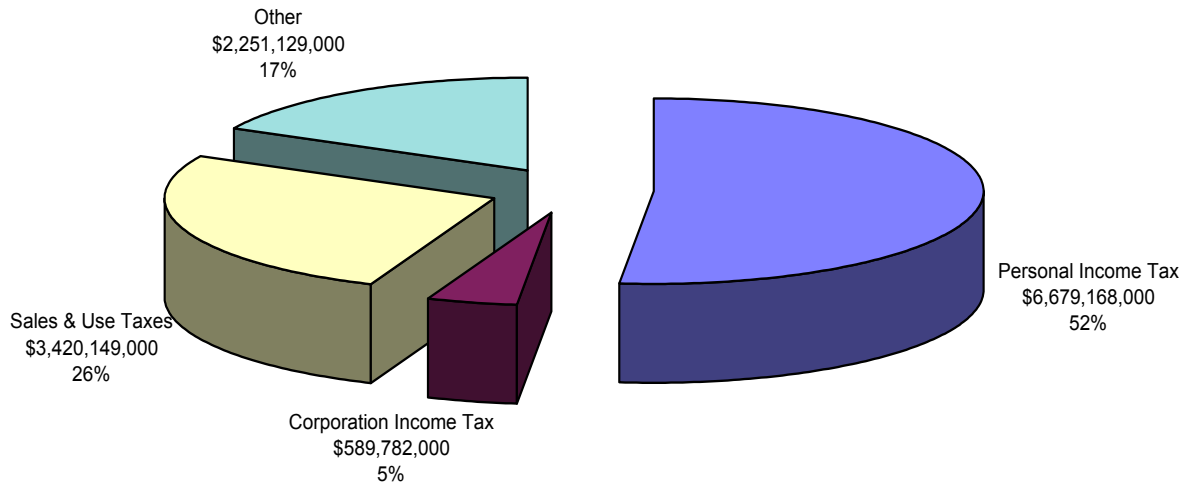
	FY 2007				FY 2006
	General	State Special	Local	Total	Total
Personal Income Tax	\$ 6,679,168	\$ -	\$ 4,282,932	\$ 10,962,100	\$ 10,241,344
Corporation Income Tax	589,782	192,247	-	782,030	846,863
Sales and Use Tax	3,420,149	27,689	-	3,447,838	3,381,695
Motor Fuel Tax	13,197	742,535	-	755,733	757,959
Alcohol Taxes	28,682	-	-	28,682	27,954
Tobacco Taxes	278,189	-	-	278,189	280,509
Estate Tax	176,565	-	-	176,565	171,503
Admissions and Amusement Tax	-	1,315	60,963	62,278	63,023
Environmental Surcharge on Electricity	-	8,611	-	8,611	8,095
Emergency Telephone System Surcharge (911 Fee)	-	58,703	-	58,703	58,412
Electric Universal Service Program Surcharge	-	35,901	-	35,901	33,554
Unclaimed Property	69,792	3,845	-	73,637	89,594
Telecommunications Access Surcharge	-	6,534	-	6,534	7,177
Tire Recycling Fee	-	4,550	-	4,550	3,803
Bay Restoration Fee	-	70,665	-	70,665	66,394
Miscellaneous	1,670	-	-	1,670	1,516
Total	\$ 11,257,195	\$ 1,152,594	\$ 4,343,895	\$ 16,753,684	\$ 16,039,394

() denotes decrease

Detail may not sum to total due to rounding

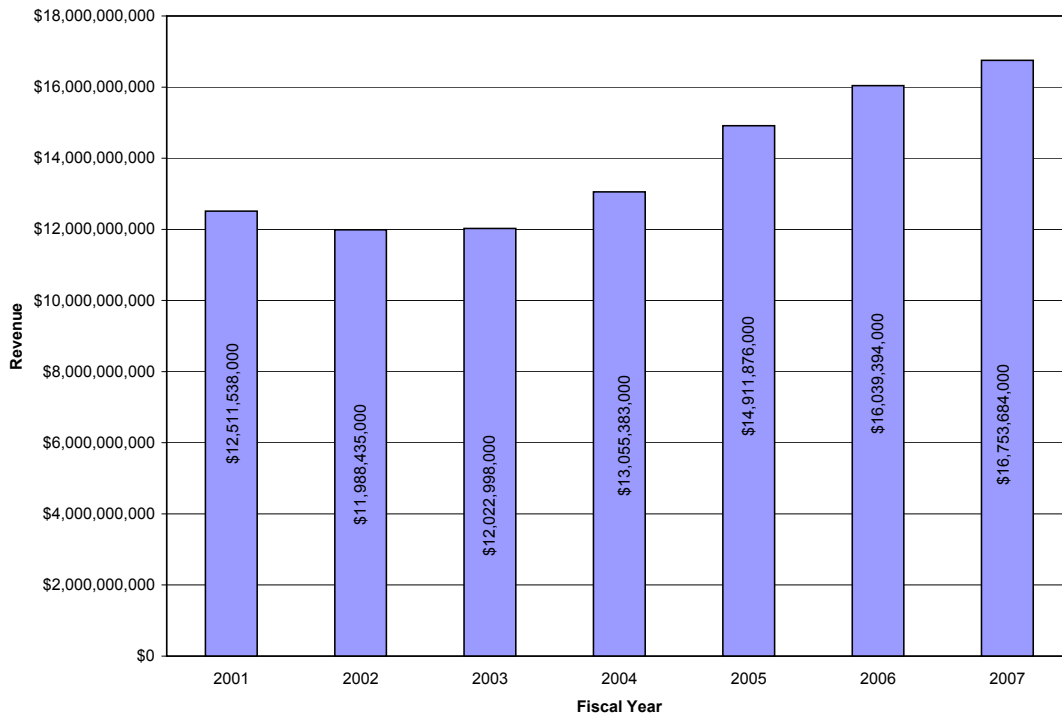
GENERAL FUND REVENUE COLLECTIONS

During fiscal year 2007, the Comptroller's Office collected 87 cents of every revenue dollar (exclusive of interfund transfers) deposited into the state's general fund. The following chart shows the principal sources of general fund revenues.



STATE AND LOCAL REVENUES COLLECTED BY THE COMPTROLLER'S OFFICE

In fiscal year 2001, the Comptroller's Office collected \$12.5 billion in state and local revenues. In fiscal year 2007, these collections amounted to \$16.8 billion - an average annual increase of 5.33 percent. The following chart shows the annual amounts collected.



REVENUES ADMINISTERED

Revenue Source	Rate (As of July 1, 2007)	Description
State Personal Income Tax	2% 1 st \$1,000; 3% 2 nd \$1,000; 4% 3 rd \$1,000; and 4.75% \$3,001 and over	Annual tax imposed upon individuals and fiduciaries as a percentage of Maryland taxable income (federal adjustable gross income with Maryland modifications).
Corporation Income Tax	7%	Annual tax on the net income of the corporation apportioned and allocated to Maryland.
County (Local) Income Tax	A minimum of 1% and a maximum of 3.20% of net taxable income	A tax imposed on resident individuals, 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 Maryland taxable income of certain nonresident individuals.
Sales and Use Tax	5% tax levied on bracketed rate structure	A tax imposed on the sale or use of tangible personal property and certain enumerated services.
Admissions and Amusement Tax	Maximum 10% rate	A tax imposed by counties, incorporated cities and towns on certain enumerated admissions and amusement charges.
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 a specified period. The property is turned over to the state by the holders.
Bay Restoration Fee	Per dwelling unit per month: Up to 3,000 units \$2.50 3,000 to 5,000 units \$1.25 5,000 units and over No fee	A monthly fee collected by local governments and wastewater disposal facilities for each dwelling unit; monies paid into the Bay Restoration Fund.
Environmental Surcharge on Electricity	Not to exceed the lesser of: .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.
Emergency Telephone System Fee	\$.25 per month paid by each subscriber; counties can charge up to an additional \$.75 per subscriber per month	Created to provide grants to the counties to finance installation of a 911 system on a statewide basis and to provide grants to finance enhancements to existing systems.
Electric Universal Service Surcharge	\$.37 per month for residential; \$.37 to \$4,081.50 per month for non-residential based on annual electric bill	Charge paid by customers to public utilities to provide electric service to low-income Maryland customers. The Comptroller collects these revenues from the utility companies.

Revenue Source	Rate (As of July 1, 2007)	Description
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 tax 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 Taxes	<i>Per Gallon:</i> Distilled Spirits \$ 1.50 Wine \$.40 Beer \$.09	Wholesale tax on 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 Licenses	Distillery \$2,000 Rectifying Plant \$ 600 Winery \$ 750 Limited Winery \$ 200 Brewery \$1,500 Pub-Brewery \$ 500 Micro-Brewery \$ 500	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" retail licenses under certain conditions.
Alcoholic Beverages Wholesaler's Licenses	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 businesses and permit holders in Maryland and to persons outside this state.
Alcoholic Beverages Licenses	Airplane Beer, Wine, Liquor \$ 200 Railroad Beer, Wine, Liquor \$ 200 Water Vessel Beer, Wine, Liquor \$ 150 Statewide Caterer's Beer, Wine, Liquor \$ 250-\$ 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 Caterers' License (SCAT) permits the storage of product by entities that operate in more one subdivision. The SCAT license may be general or limited.
Alcoholic Beverages Permits	Ranges from \$2 - \$500	A variety of permits are issued authorizing the sale, shipment, transport, storage and solicitation of alcoholic beverages.

Revenue Source	Rate (As of July 1, 2007)	Description
Cigarette Tax	\$1.00 per pack of 20 cigarettes; \$.05 per each cigarette in packages of more than 20	Wholesalers pay tax by purchasing tax stamps which are affixed to all packages of cigarettes before sale at retail.
Tobacco Licenses	Manufacturer \$ 25 Wholesaler \$750 Sub-Wholesaler \$500 Vendor \$500 Storage Warehouse \$ 25	Annual license fee imposed upon various dealers and handlers of cigarettes.
Other Tobacco Products	15% of the wholesale price	Tax is paid by wholesaler who sells other tobacco products (excludes cigarettes) to a retailer or consumer in the state. If tax is not paid by wholesaler, tax liability reverts to retailer or consumer.
Motor Fuel Tax	\$.235 per gallon \$.2425 per gallon \$.235 per gallon	Tax on all gasoline used as a motor fuel. Tax on special fuels (diesel/kerosene) other than clean-burning fuels used as a motor fuel. 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	\$.2425 per gallon for special fuels (diesel/kerosene) other than clean-burning fuels; \$.235 per gallon for gasoline and clean-burning fuels	Tax on motor carriers who operate commercial motor vehicles on Maryland highways.
IFTA Motor Carrier	Decal fee eliminated	Annual IFTA license and identification markers are required effective January 1, 2001 for all commercial motor vehicles operated by Maryland-based interstate motor carriers in Maryland and at least one other IFTA jurisdiction.
IFTA Fuel 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 2007, the Comptroller's Office collected \$13.0 billion in state and local income tax payments and refunded \$2.1 billion to individual income taxpayers. The Comptroller's Office also collects and distributes the local income tax for Maryland subdivisions.

Table 1 reflects the gross collections and net revenues for the general fund. Table 2 displays the distribution of income tax revenue to Baltimore City, Maryland's 23 counties and the incorporated towns, and special taxing districts within those counties.

TABLE 1
PERSONAL INCOME TAX
FISCAL YEAR 2007

	Gross Revenues	Less					Net amount to the General Fund
		Refunds	Reserve for Subdivisions	Chesapeake Bay and Endangered Species Fund	Fair Campaign Fund	Maryland Cancer Fund	
Personal income tax	\$12,021,430,591	\$2,048,312,281	\$4,248,272,471	\$1,188,786	\$118,259	\$549,566	\$5,722,989,228
Personal estimated tax payments not claimed on returns	\$165,541,521						\$165,541,521
Employer withholding tax payments not claimed on returns	\$754,343,395	\$8,506,287					\$745,837,108
Fiduciary income tax	\$56,413,912	\$14,449,534	\$34,659,456	\$407	\$64	\$241	\$7,304,210
Fiduciary estimated tax payments not claimed on returns	\$47,086,120						\$47,086,120
Unidentified tax payments	(\$9,590,294)						(\$9,590,294)
Total	\$13,035,225,245	\$2,071,268,102	\$4,282,931,927	\$1,189,193	\$118,323	\$549,807	\$6,679,167,893

Detail may not sum to total due to rounding.

TABLE 2
DISTRIBUTION OF LOCAL INCOME TAX RECEIPTS
FISCAL YEAR 2007

(Dollars in Thousands)

County	Distributions to Cities & Towns	Distributions to Counties	Total Distributions
Allegany	\$ 2,725	\$ 23,463	\$ 26,188
Anne Arundel	5,274	358,119	363,393
Baltimore	-	599,361	599,361
Calvert	760	58,646	59,406
Caroline	603	11,241	11,844
Carroll	4,334	108,263	112,597
Cecil	2,116	46,880	48,996
Charles	1,174	79,361	80,535
Dorchester	653	10,264	10,917
Frederick	8,809	153,769	162,578
Garrett	430	10,725	11,155
Harford	3,268	161,345	164,613
Howard	-	291,828	291,828
Kent	762	11,161	11,923
Montgomery	32,059	1,252,063	1,284,122
Prince George's	18,637	387,278	405,915
Queen Anne's	455	35,095	35,550
St. Mary's	316	57,583	57,899
Somerset	231	6,819	7,050
Talbot	2,036	29,028	31,064
Washington	3,274	66,162	69,436
Wicomico	2,327	44,829	47,156
Worcester	1,794	14,087	15,881
Baltimore City	-	239,179	239,179
Total	<u>\$ 92,037</u>	<u>\$ 4,056,549</u>	<u>\$ 4,148,586</u>

Detail may not sum to totals due to rounding.

CORPORATION INCOME TAX

During fiscal year 2007, the Revenue Administration Division collected \$782.0 million in corporation income tax revenues. The revenues from Maryland's corporation income tax are allocated between the general fund and various transportation programs on the basis of a complex formula. The following table lists the revenues that were distributed to each of the various funds during fiscal year 2007.

Allocation of Corporation Income Tax Receipts (Dollars in Thousands)

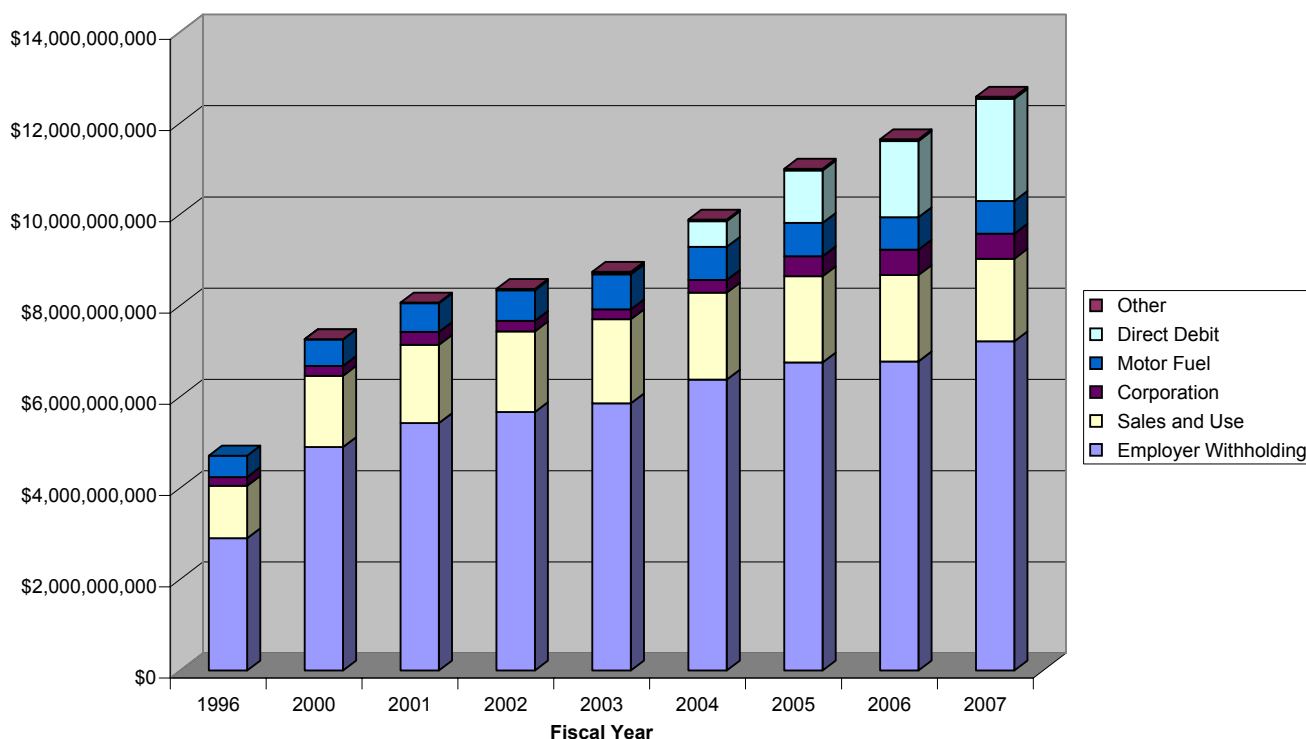
General Fund	\$589,782
Special Fund:	
Distribution to Gasoline and Motor Vehicle Revenue Account	186,247
Electric Universal Service Fund	6,000
Total	\$782,030

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

Note: The distribution to the Electric Universal Service Fund was a one-time distribution for fiscal year 2007 only.

Detail may not sum to totals due to rounding.

TAXES PAID BY ELECTRONIC FUNDS TRANSFER Fiscal Year 1996 and Fiscal Years 2000 - 2007



SALES AND USE TAX

During fiscal year 2007, the Comptroller's Office collected \$3.46 billion in net sales and use tax receipts. Tax collections totaled \$3.47 billion, and refunds totaled \$8.7 million. The taxable food and beverage group produced the largest amount of revenue (\$689.3 million), followed by the general merchandise group (\$612.9 million). The building and industrial supplies category produced the third largest amount (\$505.2 million).

Among the State's geographic regions, Baltimore County generated the most revenue (\$486.8 million), followed by Montgomery County (\$452.6 million), Prince George's County (\$410.4 million), Anne Arundel County (\$308.7 million) and Baltimore City (\$287.0 million). Table 3 represents a two-year comparison of sales and use tax revenue by county. Table 4 represents sales and use tax collections by county and principal type of business for fiscal year 2007.

TABLE 3
SALES AND USE TAX RECEIPTS BY COUNTY

(Dollars in Thousands)

	FY 2007	FY 2006	% Change	% of FY 2007 Total
Allegany	\$ 34,382	\$ 33,746	1.88	0.99
Anne Arundel	308,662	296,446	4.12	8.90
Baltimore City	286,984	285,213	0.62	8.27
Baltimore	486,773	482,737	0.84	14.03
Calvert	28,366	25,769	10.08	0.82
Caroline	6,258	6,358	(1.57)	0.18
Carroll	83,771	83,416	0.43	2.41
Cecil	29,120	28,179	3.34	0.84
Charles	86,784	84,523	2.68	2.50
Dorchester	12,873	12,614	2.05	0.37
Frederick	126,465	128,721	(1.75)	3.64
Garrett	15,786	15,180	3.99	0.45
Harford	105,785	106,050	(0.25)	3.05
Howard	156,179	151,835	2.86	4.50
Kent	10,351	9,919	4.36	0.30
Montgomery	452,611	448,734	0.86	13.04
Prince George's	410,449	411,268	(0.20)	11.83
Queen Anne's	19,843	17,765	11.70	0.57
St. Mary's	42,206	41,682	1.26	1.22
Somerset	3,206	3,181	0.78	0.09
Talbot	32,814	32,158	2.04	0.95
Washington	87,175	86,297	1.02	2.51
Wicomico	76,253	76,160	0.12	2.20
Worcester	63,978	61,240	4.47	1.84
District of Columbia	33,609	32,189	4.41	0.97
Other/Out-of-State Vendors	469,037	433,525	8.19	13.52
Total Gross Receipts	\$ 3,469,720	\$ 3,394,905	2.20	100.00
Less: Refunds	(8,655)	(12,091)	(28.42)	
Total Net Receipts	3,461,065	3,382,814	2.31	
Less: Distribution to TTF	(27,689)	(26,527)	4.38	
Net After Distribution to TTF*	\$ 3,433,376	\$ 3,356,288	2.30	

*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.

Detail may not sum to totals due to rounding.

TABLE 4
SALES AND USE TAX GROSS RECEIPTS BY COUNTY AND PRINCIPAL TYPE OF
BUSINESS FOR FISCAL YEAR 2007

(Dollars in Thousands)

County	Food & Beverage	Apparel	General Merchandise	Automotive	Furniture & Appliances
Allegany	\$ 9,055	\$ 1,791	\$ 7,792	\$ 2,998	\$ 2,003
Anne Arundel	77,876	22,411	54,881	27,068	27,997
Baltimore City	72,547	13,333	25,415	17,439	17,136
Baltimore	98,509	28,361	103,848	35,740	51,485
Calvert	8,614	586	4,849	1,892	1,290
Caroline	2,020	97	391	879	118
Carroll	16,737	2,204	22,231	4,904	5,098
Cecil	10,527	1,146	6,975	2,879	1,130
Charles	17,123	3,587	23,216	6,807	5,961
Dorchester	3,160	97	2,847	643	437
Frederick	25,577	3,356	24,491	8,532	6,708
Garrett	3,441	84	4,172	1,499	618
Harford	24,169	4,049	24,642	9,552	7,478
Howard	34,106	8,849	27,705	11,345	18,739
Kent	2,467	181	1,551	649	264
Montgomery	109,412	28,208	79,814	34,881	51,380
Prince George's	83,430	20,710	79,144	35,236	43,872
Queen Anne's	5,750	3,642	2,614	1,477	771
St. Mary's	10,133	840	11,993	5,294	1,758
Somerset	1,325	1	423	540	121
Talbot	7,331	746	5,811	2,482	2,149
Washington	18,225	5,273	22,308	6,704	8,330
Wicomico	12,337	3,285	18,933	5,104	3,664
Worcester	24,420	2,848	9,741	2,375	1,979
District of Columbia	219	296	2,996	46	10,826
Other/Out-Of-State Vendors	10,750	11,896	44,137	7,931	109,655
Total	\$ 689,264	\$ 167,876	\$ 612,920	\$ 234,896	\$ 380,969

Detail may not sum to totals due to rounding

TABLE 4
SALES AND USE TAX GROSS RECEIPTS BY COUNTY AND PRINCIPAL TYPE OF
BUSINESS FOR FISCAL YEAR 2007

(Dollars in Thousands)

County	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
Allegheny	\$ 4,309	\$ 2,660	\$ 1,328	\$ 2,420	\$ 25	\$ 34,382
Anne Arundel	37,461	15,151	8,644	36,227	946	308,662
Baltimore City	33,821	52,841	10,021	43,157	1,274	286,984
Baltimore	68,755	42,619	9,840	45,560	2,055	486,773
Calvert	3,852	2,886	1,463	2,872	62	28,366
Caroline	806	661	303	963	20	6,258
Carroll	19,757	3,598	2,466	6,586	188	83,771
Cecil	3,276	96	746	2,320	24	29,120
Charles	15,371	7,103	1,670	5,824	123	86,784
Dorchester	1,737	961	402	2,502	89	12,873
Frederick	25,850	14,369	3,069	14,364	150	126,465
Garrett	2,201	745	490	2,533	1	15,786
Harford	20,271	4,482	2,554	8,270	318	105,785
Howard	17,743	7,550	4,585	24,787	770	156,179
Kent	1,903	934	1,211	1,189	1	10,351
Montgomery	48,377	36,872	6,155	54,504	3,008	452,611
Prince George's	72,877	24,327	10,474	36,875	3,503	410,449
Queen Anne's	1,685	1,206	595	2,010	94	19,843
St. Mary's	5,252	2,654	964	3,316	3	42,206
Somerset	191	11	51	537	5	3,206
Talbot	7,501	3,018	861	2,869	45	32,814
Washington	11,266	4,448	1,679	8,382	560	87,175
Wicomico	8,726	14,786	2,870	6,480	68	76,253
Worcester	7,806	612	310	13,609	278	63,978
District of Columbia	4,586	8,211	554	5,892	(19)	33,609
Other/Out-Of-State Vendors	79,787	63,797	18,300	120,142	2,642	469,037
Total	\$ 505,166	\$ 316,601	\$ 91,606	\$ 454,189	\$ 16,233	\$ 3,469,720

ADMISSIONS AND AMUSEMENT TAX

The Comptroller's Office is also responsible for administering, collecting, and distributing the admissions and amusement tax revenues to the counties and incorporated cities and towns in Maryland. The table below lists the net receipts and amounts distributed to counties (including municipalities within the counties) for fiscal year 2007.

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

County	Net Receipts	Administrative Expense	Total Distributed
Allegany	\$ 243	\$ 5	\$ 238
Anne Arundel	8,146	179	7,967
Baltimore City	9,395	207	9,188
Baltimore	7,132	154	6,978
Calvert	536	11	525
Caroline	9	*	9
Carroll	795	17	778
Cecil	334	7	327
Charles	704	15	689
Dorchester	124	3	121
Frederick	1,461	31	1,430
Garrett	600	13	587
Harford	751	17	734
Howard	2,029	42	1,987
Kent	62	1	61
Montgomery	4,396	95	4,301
Prince George's	12,944	252	12,692
Queen Anne's	234	5	229
St. Mary's	120	3	117
Somerset	24	1	23
Talbot	104	3	101
Washington	578	12	566
Wicomico	535	11	524
Worcester	1,889	37	1,852
MD Stadium Authority	9,133	194	8,939
Total	\$ 62,278	\$ 1,315	\$ 60,963

* Denotes less than \$500
Detail may not sum to totals due to rounding.

UNCLAIMED PROPERTY RECEIPTS

The Comptroller's Office is responsible for administering the Uniform Disposition of Unclaimed Property Act. It is responsible for the care, custody, and control of all tangible property presumed abandoned or unclaimed. The value of the property may be claimed by its rightful owner at any time subsequent to this distribution.

The table below presents an analysis of collections and distributions of unclaimed property receipts during fiscal year 2007.

TABLE 6
UNCLAIMED PROPERTY RECEIPTS AND DISTRIBUTIONS

(Dollars in Thousands)

Sources of Net Revenues from Miscellaneous Unclaimed Property:

Life Insurance	\$	3,858
Other Insurance		7,925
Public Utilities		829
Corporations		42,445
Fiduciaries & Trustee Assets		877
Government Agencies		5,349
Banks and Financial Organizations		7,487
Nursing Homes		521
		<hr/>
Total Net Revenues	\$	69,291

Allocation of Net Revenues:

Administrative Expenses	\$	3,345
Distributed to Maryland Legal Services Corporation		500
Transferred to Surplus		65,446
		<hr/>
Total Net Revenues	\$	69,291

Note: Legislation enacted in 2003 reduced the holding period for unclaimed property from five to four years, and from four to three years one year later. Effective for property presumed abandoned for reporting periods ending on or after June 30, 2002.

Detail may not sum to totals due to rounding.

ALCOHOL AND TOBACCO TAXES

During fiscal year 2007, the Comptroller's Office collected \$308.0 million in alcohol and tobacco tax revenues for the state General Fund.

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

TABLE 7
COMPARISON OF ALCOHOL AND TOBACCO REVENUE
(Dollars in Thousands)

	FY 2007	FY 2006	% Change
Distilled Spirits Tax	\$ 14,165	\$ 13,664	3.67
Wine Tax	5,101	4,865	4.85
Beer Tax	9,416	9,425	(0.10)
Tobacco Tax	278,189	280,509	(0.83)
Other Receipts	1,085	1,108	(2.08)
Total Net Receipts	<u>\$ 307,956</u>	<u>\$ 309,571</u>	(0.52)

() denotes decrease

Detail may not sum to totals due to rounding.

MOTOR FUEL TAXES

During fiscal year 2007, the Comptroller's Office collected \$755.7 million in motor fuel tax revenues. Table 8 presents a two-year comparison of motor fuel tax receipts.

TABLE 8
MOTOR FUEL TAX RECEIPTS

(Dollars in Thousands)

	FY 2007	FY 2006	% Change
Dealer Receipts	\$ 636,353	\$ 635,468	0.14
Special Fuels Receipts	123,142	127,257	(3.23)
Sellers of Jet Fuel & Aviation	1,950	995	95.95
Motor Carrier Temporary Permits	122	135	(9.49)
Miscellaneous Revenues	356	338	5.07
Refunds	(14,408)	(17,282)	(16.63)
	<hr/>	<hr/>	
Net Revenues Subtotal	\$ 747,514	\$ 746,911	0.08
IFTA Collections	14,453	17,206	(16.00)
IFTA Refunds	(6,235)	(6,158)	1.25
	<hr/>	<hr/>	
Net Revenues	\$ 755,733	\$ 757,959	(0.29)

() denotes decrease

Net motor fuel tax revenues are distributed among the general fund and selected special funds on the basis of a statutory formula. The following table presents the revenues that were distributed to each of the various funds during fiscal year 2007.

TABLE 9
DISTRIBUTION OF MOTOR FUEL TAX REVENUES

(Dollars in Thousands)

Administrative Expenses	\$ 7,774
Waterways Improvement Fund	1,721
Fisheries Research and Development Fund	1,721
General Fund for Chesapeake Bay Related Programs	13,197
Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund	729,620
Counties, Baltimore City, and Municipalities (30%)	\$ 218,886
Department of Transportation (70%)	510,734
Transportation Trust Fund (Aviation)	<hr/> 1,698
Total	\$ 755,733

Detail may not sum to totals due to rounding

GROSS MOTOR FUEL GALLONAGE REVENUE STATEMENT

TABLE 10
GROSS MOTOR FUEL GALLONAGE & REVENUE STATEMENT
FISCAL YEAR 2007

(Dollars in Thousands)

	Actual Gallons	
Gross Gallons Reported	3,258,502,394	
Less Adjustments:		
Temperature & stock adjustments	5,210,227	
Federal exempt purchases	2,014,620	
Cost of collection allowance	<u>15,378,590</u>	
Less total adjustments	<u>22,603,437</u>	
Total taxable motor fuel gallons:	<u><u>3,235,898,957</u></u>	
	Actual Gallons	Revenue
Motor vehicle fuel dealers	2,726,794,461	\$ 636,353 *
Special fuel	509,104,496	\$ 123,142 *
Total taxable gallons sold:	<u>3,235,898,957</u>	<u>\$ 759,495</u>
Sellers of jet fuel and aviation	27,855,400	\$ 1,950
Motor carrier collections:		
Motor carrier permits	\$ 122	
IFTA Taxes- MD based carriers	2,850	
IFTA Taxes- from other jurisdictions	11,235	
IFTA Tax assessments	<u>367</u>	
Total motor carrier collections		14,575
Penalties and interest		356
Dishonored check fee		-
Canadian exchange		-
Total gross revenue		<u><u>\$ 776,375</u></u>

*Modified accrual basis of accounting

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 2007, \$8.6 million was collected from this revenue source.

EMERGENCY TELEPHONE SYSTEM SURCHARGE (911 FEE)

The Comptroller's Office collects the emergency telephone system surcharge. This revenue is used to fund local emergency 911 telephone systems. During fiscal year 2007, \$58.7 million was collected from this revenue source.

TELECOMMUNICATIONS ACCESS SURCHARGE

The Comptroller's Office collects the telecommunications access surcharge. This revenue is used to provide telephone service to the hearing and speech impaired citizens of Maryland. During fiscal year 2007, \$6.5 million was collected from this revenue source.

TIRE RECYCLING FEE

The Comptroller's Office is responsible for collecting the tire recycling fee. The proceeds go to a special fund administered by the Department of the Environment for scrap tire removal and recycling. During fiscal year 2007, \$4.6 million was collected from this revenue source.

ESTATE TAX

The Comptroller's Office collects the estate tax from the executors and administrators of Maryland-situs estates. During fiscal year 2007, \$176.6 million was collected from this source and deposited into the general fund.

ELECTRIC UNIVERSAL SERVICE SURCHARGE

The Comptroller's Office collects revenue from public utilities that are deposited into the Universal Service Program Fund. Public utilities collect the surcharge from their customers. The program was established under Chapter 4, Acts of 1999 (House Bill 703) to assist low income Maryland electric customers with their bills. During fiscal year 2007, \$35.9 million was collected and transferred to the Department of Human Resources, which administers the program.

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. This revenue is deposited into the Bay Restoration Fund, which was established under Chapter 428, Acts of 2004. During fiscal year 2007, \$70.7 million was collected from the fee which will be used to upgrade Maryland's wastewater treatment plants and to fund cover crop activities under a water quality costs share program administered by the Department of Agriculture.

LEGISLATION ENACTED IN 2007

INCOME TAX

Senate Bill 419 (Chapter 552) and House Bill 392 (Chapter 553) – Military Retirement Income for Commissioned Officers

The current subtraction modification for military income (up to \$5,000) is permitted for individuals retiring or after July 1, 1991 from active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey. This legislation removes the July 1, 1991 limitation. Effective July 1, 2007, for tax years beginning after December 31, 2006.

House Bill 1143 (Chapter 640) – Income Tax Withholding – Nonresident Contractors

Repeals a requirement to withhold 3% of the contract price for contracts with certain nonresident contractors. Effective July 1, 2007 for contracts entered into on or after July 1, 2007.

House Bill 1257 (Chapter 584) and Senate Bill 945 (Chapter 583) – Captive Real Estate Investment Trusts (REITs)

“Captive real estate investment trusts” is defined and a new addition modification is required in the calculation of the Maryland modified income of a captive REIT for the dividends paid deduction claimed on the corporation’s federal income tax return. Effective July 1, 2007 for tax years beginning after December 31, 2006.

House Bill 1197 (Chapter 90) – Research and Development Tax Credit

Clarifies that the Maryland research and development tax credit would continue even if the federal credit expires or is repealed. Maryland’s credit is tied to the federal definition of “qualified research and development expenses.” The absence of the federal credit does not remove or change the federal definition of qualified expenditures. Effective July 1, 2007.

House Bill 35 (Chapter 587) – Expensing of Section 179 Property

Clarifies that Maryland is decoupled from the preferential treatment for the expensing of Section 179 property which was extended by the federal Tax Increase Prevention and Reconciliation Act of 2005 (Public Law 109–222). Effective July 1, 2007 for tax years beginning after December 31, 2006.

House Bill 590 (Chapter 615) – Solar Energy Grant Subtraction

Creates a new subtraction modification for the amount of any grant received from the State under the Solar Energy Grant Program. The subtraction is limited to the amount included in the taxpayer’s federal adjusted gross income. Effective June 1, 2007, for tax years beginning after December 31, 2006.

Senate Bill 613 (Chapter 566) and House Bill 598 (Chapter 567) – Heritage Restructure Tax Credit Program

Extends the termination date for the tax credit by two years to July 1, 2010. The bill also requires the governor to include an appropriation to the Reserve Fund for fiscal years 2009 and 2010, permits the Maryland Historic Trust to charge a fee for administrative costs for non-commercial rehabilitations, and makes other changes that expand the scope of the tax credit. Effective July 1, 2007 for initial credit certificates issued on or after July 1, 2007.

House Bill 776 (Chapter 433) – Withholding Tax from Annuity, Sick Pay or Retirement Distributions

Authorizes a payor of an annuity, sick pay or retirement distribution (other than an eligible rollover) to withhold the State income tax, but only if requested by the payee and in the amount specified by the payee. Effective July 1, 2007.

LEGISLATION ENACTED IN 2007

Senate Bill 1033 (Chapter 370) – Tax Credits for Individuals Facing Employment Barriers – Sunset Extension

Extends, by one year, both the Employment Opportunity Tax Credit and the Maryland Disability Employment Tax Credit. Both credits will be allowed for employees hired before July 1, 2008.

ESTATE TAX

Senate Bill 219 (Chapter 18) and House Bill 187 (Chapter 19) – Donations of Conservation Easements

Clarifies that the personal representative of an estate may donate a conservation easement on real property if the donation is authorized under the will. A fiduciary, or the trustee of a trust, may donate, or consent to the donation of, a conservation easement on real property if the donation is authorized under the governing instrument. The donation of a conservation easement on real property qualifies as a federal estate tax exclusion. Effective October 1, 2007 and applied retroactively to a conservation easement donation from an estate of a decedent who died on or after January 1, 1998.

ALCOHOL & TOBACCO TAX

House Bill 670 (Chapter 249) – Alcohol Without Liquid Machines

Prohibits the use of machines to inhale alcohol vapor or otherwise introduce alcohol in any form into the human body and prohibiting their possession, purchase, transfer, and offering for sale or use. Effective October 1, 2007.

House Bill 614 (Chapter 80) – Montgomery County – Changes to Requirements for Wholesaler’s Licenses and Non-Resident Winery Permit

Authorizes, in Montgomery County only, a holder of a Class 6 limited wine wholesaler’s license or a nonresident winery permit to sell or deliver wine directly to a restaurant, county dispensary or other retail dealer and allows these entities to purchase wine directly from the license or permit holder. Effective April 10, 2007.

TAXPAYER ASSISTANCE INFORMATION

Admissions and Amusement Tax

Contact: Admissions and Amusement Tax
Revenue Administration Division
301 West Preston Street
Baltimore, Maryland 21201-2383

Or Call: In the Baltimore area 410-767-1300
Toll-free in Maryland..... 1-800-492-1751
FAX 410-767-1571
e-mail - taxhelp@comp.state.md.us

Alcohol and Tobacco Tax

Contact: Regulatory and Enforcement Division – Alcohol and Tobacco Tax Bureau
Room 310
P.O. Box 2999
Louis L. Goldstein Treasury Building
Annapolis, Maryland 21404-2999

Or Call: Central Maryland 410-260-7314
Toll-free in Maryland..... 1-888-784-0145
FAX 410-974-3201
e-mail - att@comp.state.md.us
Web site - <http://compnet.comp.state.md.us/red>

Death Taxes

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

Or Call: Central Maryland 410-260-7850
Toll-free in Maryland..... 1-800-MD-TAXES
FAX 410-974-2968
e-mail - taxhelp@comp.state.md.us

Income Tax

Contact: Revenue Administration Division
Revenue Administration Center
Annapolis, Maryland 21411-0001

Or Call: Central Maryland 410-260-7980
Toll-free from elsewhere 1-800-MD-TAXES
Tax Forms 410-260-7951
FAX 410-974-5808
e-mail - taxhelp@comp.state.md.us

Motor Fuel Tax

Contact: Motor Fuel Tax Division
Room 317
P.O. Box 1751
Louis L. Goldstein Treasury Building
Annapolis, Maryland 21404-1751

Or Call: Central Maryland 410-260-7131
Toll-free in Maryland (Licensing) 1-888-784-0142
(IFTA Inquiries) 1-888-784-0141
FAX 410-974-3129
e-mail - mft@comp.state.md.us

New Business Information

Contact: Taxpayer Registration Assistance Center
Room 206
301 West Preston Street
Baltimore, Maryland 21201-2383

Or Call: In the Baltimore area 410-767-1313
Toll-free in Maryland..... 1-800-MD-TAXES
FAX 410-767-1571
e-mail - taxhelp@comp.state.md.us

Sales and Use Tax

Contact: Revenue Administration Division
Taxpayer Service Section
301 West Preston Street
Baltimore, Maryland 21201-2383

Or Call: In the Baltimore area 410-767-1300
Toll-free in Maryland..... 1-800-492-1751
FAX 410-767-1571
e-mail - sut@comp.state.md.us

Tire Recycling Fee

Contact: Revenue Administration Division
Taxpayer Service Section
301 West Preston Street
Baltimore, Maryland 21201-2383

Or Call: Central Maryland 410-767-1300
Toll-free in Maryland..... 1-800-492-1751
FAX 410-767-1571
e-mail - taxhelp@comp.state.md.us

Unclaimed Property

Contact: Unclaimed Property Section
Compliance Division
301 West Preston Street
Baltimore, Maryland 21201-2385

Or Call: In the Baltimore area 410-767-1700
Toll-free from elsewhere 1-800-782-7383
FAX 410-333-7150
e-mail - unclaim@comp.state.md.us

Utility Surcharges (Environmental Surcharge on Electricity, Emergency Telephone System Surcharge (911 Fee), Telecommunications Access Surcharge and Electric Universal Service Surcharge)

Contact: Revenue Administration Division
Revenue Accounting
110 Carroll Street
Annapolis, Maryland 21411-0011

Or Call: In the Baltimore area 410-260-7782
Toll-free from elsewhere 1-800-492-1751
FAX 410-974-2803
e-mail - taxhelp@comp.state.md.us

FOR TAX INFORMATION, VISIT THE COMPTROLLER'S WEB SITE:

www.marylandtaxes.com

