



COMPTROLLER
of MARYLAND
Serving the People

Consolidated Revenue Report

Fiscal Year 2008

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 written in a cursive, flowing style.

Peter Franchot
Comptroller of Maryland

ORGANIZATION

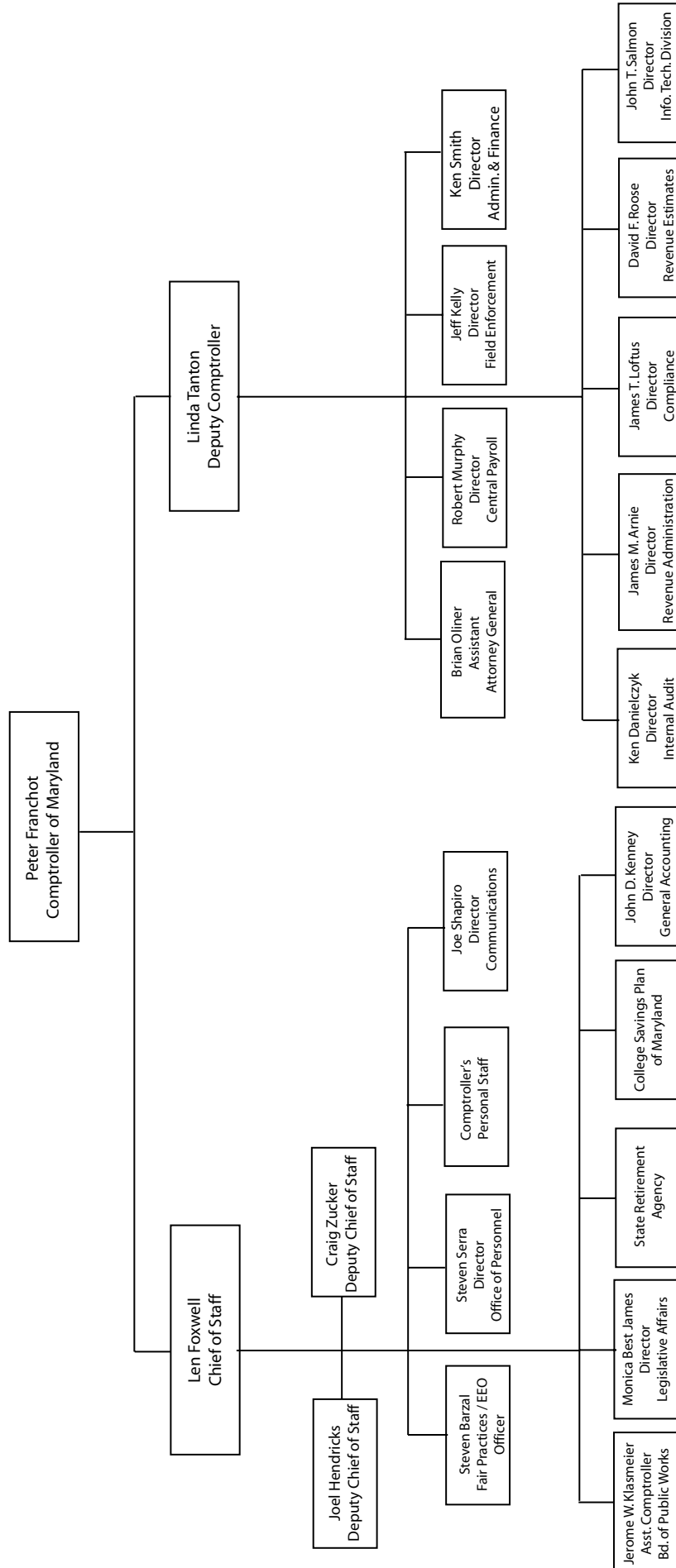
A BRIEF HISTORY OF THE COMPTROLLER OF MARYLAND

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 Field Enforcement Division is responsible for enforcing the state's revenue laws relating to alcoholic beverages, tobacco, motor fuel, business licenses, sales and use tax, and 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 state's revenue laws relating to motor fuel, alcohol and tobacco tax laws.

The division's 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 Testing Laboratory analyzes all incoming petroleum products for quality and verifies the fuel is in compliance with state regulations, 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 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

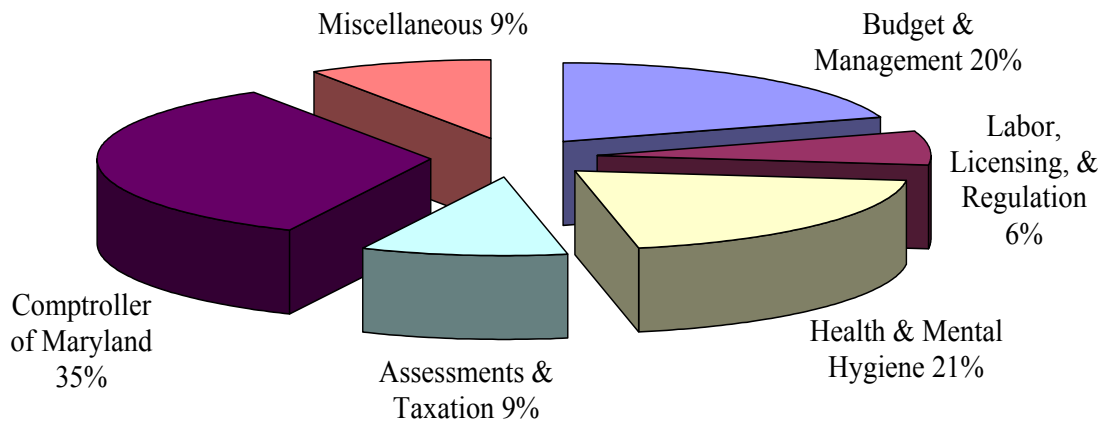
The Information Technology Division (ITD) is comprised of two programs: Comptroller IT Services and Annapolis Data Center (ADC) Operations

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 2008 represents 44.9 percent of the \$28.4 billion in total state revenues received.

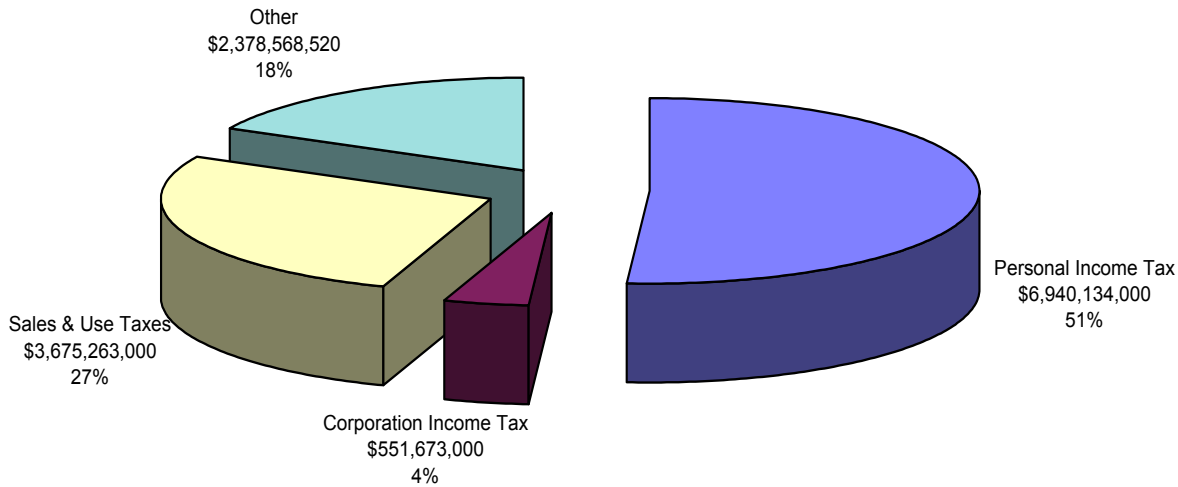
Revenues Collected by the Comptroller's Office By Source and Fund *(Dollars in Thousands)*

	FY 2008			FY 2007 Total
	General	State Special	Local	
Personal Income Tax	\$ 6,940,134	-	\$ 4,481,227	\$ 11,421,361
Corporation Income Tax	551,673	183,651	-	735,324
Sales and Use Tax	3,675,263	73,659	-	3,748,922
Motor Fuel Tax	13,199	741,977	-	755,176
Alcohol Taxes	28,966	-	-	28,966
Tobacco Taxes	376,112	-	-	376,112
Estate Tax	194,477	-	-	194,477
Admissions and Amusement Tax	-	1,317	65,154	66,471
Environmental Surcharge on Electricity	-	8,814	-	8,814
Emergency Telephone System Surcharge (911 Fee)	-	56,433	-	56,433
Electric Universal Service Program Surcharge	-	37,055	-	37,055
Unclaimed Property	73,271	4,551	-	77,822
Telecommunications Access Surcharge	-	6,606	-	6,606
Tire Recycling Fee	-	3,896	-	3,896
Bay Restoration Fee	-	69,865	-	69,865
Miscellaneous	1,446	-	-	1,446
Total	\$ 11,854,541	\$ 1,187,824	\$ 4,546,381	\$ 17,588,747
				\$ 16,753,684

Detail may not sum to totals due to rounding.

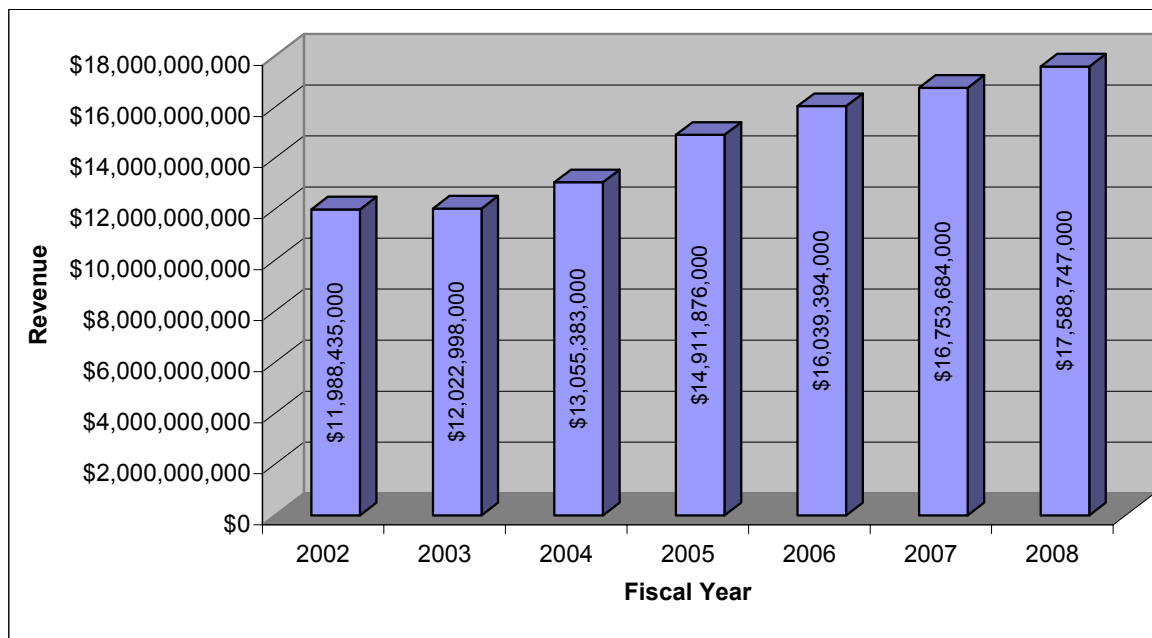
GENERAL FUND REVENUE COLLECTIONS

During fiscal year 2008, 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 2002, the Comptroller's Office collected \$12.0 billion in state and local revenues. In fiscal year 2008, 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, 2008)	Description																																				
State Personal Income Tax	<p>Taxpayer Filing Joint, Surviving Spouse or Head of Household Returns</p> <table border="1"> <thead> <tr> <th>Taxable Income</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>\$1 - \$1,000</td> <td>2.00 %</td> </tr> <tr> <td>\$1,001 - \$2,000</td> <td>3.00 %</td> </tr> <tr> <td>\$2,001 - \$3,000</td> <td>4.00 %</td> </tr> <tr> <td>\$3,001 - \$200,000</td> <td>4.75 %</td> </tr> <tr> <td>\$200,001 - \$350,000</td> <td>5.00 %</td> </tr> <tr> <td>\$350,001 - \$500,000</td> <td>5.25 %</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td>5.50 %</td> </tr> <tr> <td>In excess of \$1,000,000</td> <td>6.25 %</td> </tr> </tbody> </table> <p>All Other Individual Taxpayers</p> <table border="1"> <thead> <tr> <th>Taxable Income</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>\$1 - \$1,000</td> <td>2.00 %</td> </tr> <tr> <td>\$1,001 - \$2,000</td> <td>3.00 %</td> </tr> <tr> <td>\$2,001 - \$3,000</td> <td>4.00 %</td> </tr> <tr> <td>\$3,001 - \$150,000</td> <td>4.75 %</td> </tr> <tr> <td>\$150,001 - \$300,000</td> <td>5.00 %</td> </tr> <tr> <td>\$300,001 - \$500,000</td> <td>5.25 %</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td>5.50 %</td> </tr> <tr> <td>In excess of \$1,000,000</td> <td>6.25 %</td> </tr> </tbody> </table>	Taxable Income	Tax Rate	\$1 - \$1,000	2.00 %	\$1,001 - \$2,000	3.00 %	\$2,001 - \$3,000	4.00 %	\$3,001 - \$200,000	4.75 %	\$200,001 - \$350,000	5.00 %	\$350,001 - \$500,000	5.25 %	\$500,001 - \$1,000,000	5.50 %	In excess of \$1,000,000	6.25 %	Taxable Income	Tax Rate	\$1 - \$1,000	2.00 %	\$1,001 - \$2,000	3.00 %	\$2,001 - \$3,000	4.00 %	\$3,001 - \$150,000	4.75 %	\$150,001 - \$300,000	5.00 %	\$300,001 - \$500,000	5.25 %	\$500,001 - \$1,000,000	5.50 %	In excess of \$1,000,000	6.25 %	Annual tax imposed upon individuals and fiduciaries as a percentage of Maryland taxable income (federal adjustable gross income with Maryland modifications)
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Corporation Income Tax	8.25%	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	6% 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 11% 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.																																				

Revenue Source	Rate (As of July 1, 2008)	Description
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.
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	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.

Revenue Source	Rate (As of July 1, 2008)	Description	
Alcoholic Beverages Wholesaler's Licenses	Brewery	\$1,500	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.
	Pub-Brewery	\$ 500	
	Micro-Brewery	\$ 500	
	Beer, Wine, Liquor	\$2,000	
	Wine & Liquor	\$1,750	
	Beer & Wine	\$1,500	
	Beer	\$1,250	
	Wine	\$1,250	
Alcoholic Beverages Licenses			
Airplane	Beer, Wine, Liquor	\$ 200	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.
Railroad	Beer, Wine, Liquor	\$ 200	
Water Vessel	Beer, Wine, Liquor	\$ 150	
Statewide Caterer's	Beer, Wine, Liquor	\$ 250-	
		\$ 2,000	
Alcoholic Beverages Permits	Ranges from \$2 - \$500		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; 10¢ 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 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.

PERSONAL INCOME TAX

During Fiscal Year 2008, the Comptroller's Office collected \$13.7 billion in state and local income tax payments and refunded \$2.2 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 2008

	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	\$12,950,856,690	\$2,199,676,876	\$4,442,177,271	\$1,132,785	\$112,951	\$521,815	\$6,307,234,992
Personal estimated tax payments not claimed on returns	(\$3,434,198)						(\$3,434,198)
Employer withholding tax payments not claimed on returns	\$590,848,171	\$14,403,479					\$576,444,692
Fiduciary income tax	\$183,664,523	\$31,998,836	\$39,050,000	\$497	\$183	\$273	\$112,614,734
Fiduciary estimated tax payments not claimed on returns	(\$52,204,260)						(\$52,204,260)
Unidentified tax payments	(\$520,891)	\$1,062					(\$521,953)
Total	\$13,669,210,035	\$2,246,080,253	\$4,481,227,271	\$1,133,282	\$113,134	\$522,088	\$6,940,134,007

Detail may not sum to totals due to rounding.

TABLE 2
DISTRIBUTION OF LOCAL INCOME TAX RECEIPTS
FISCAL YEAR 2008

(Dollars in Thousands)

County	Distributions to Cities & Towns	Distributions to Counties	Total Distributions
Allegany	\$ 2,838	\$ 24,951	\$ 27,789
Anne Arundel	5,417	372,878	378,295
Baltimore	-	642,656	642,656
Calvert	881	62,156	63,037
Caroline	654	11,664	12,318
Carroll	4,834	118,102	122,936
Cecil	2,507	50,476	52,983
Charles	1,325	81,960	83,285
Dorchester	724	11,405	12,129
Frederick	9,410	161,316	170,726
Garrett	440	10,829	11,269
Harford	3,609	165,145	168,754
Howard	-	316,061	316,061
Kent	978	12,097	13,075
Montgomery	34,335	1,288,755	1,323,090
Prince George's	19,200	400,936	420,136
Queen Anne's	495	35,101	35,596
St. Mary's	307	62,737	63,044
Somerset	268	7,314	7,582
Talbot	2,048	31,519	33,567
Washington	3,502	67,022	70,524
Wicomico	2,528	45,408	47,936
Worcester	1,485	12,380	13,865
Baltimore City	-	269,245	269,245
Total	\$ 97,785	\$ 4,262,113	\$ 4,359,898

Detail may not sum to totals due to rounding.

CORPORATION INCOME TAX

During fiscal year 2008, the Revenue Administration Division collected \$735.3 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 2008.

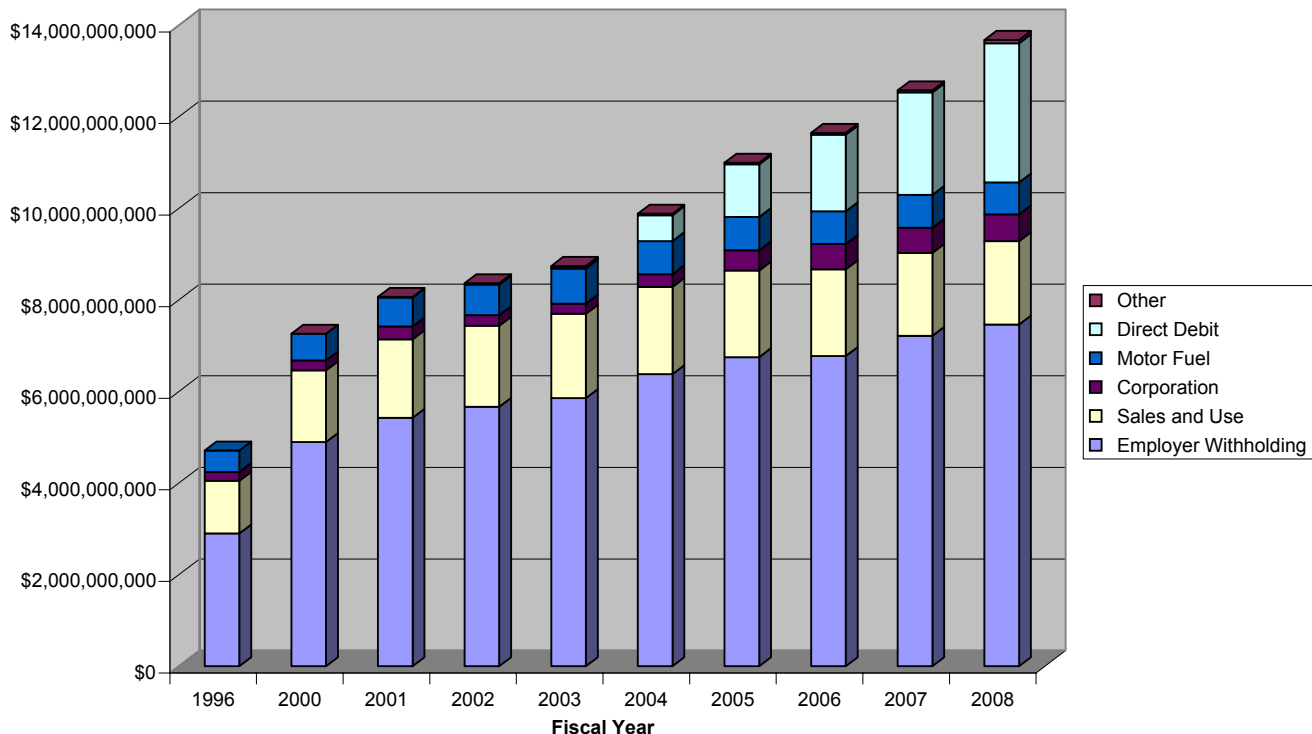
Allocation of Corporation Income Tax Receipts (Dollars in Thousands)

General Fund	\$551,673
Special Fund:	
Distribution to Gasoline and Motor Vehicle Revenue Account	167,651
Higher Education Investment Fund	16,000
	\$735,324
Total	\$735,324

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 distributions to the Higher Education Investment Fund are required in fiscal years 2008 and 2009 only. Detail may not sum to totals due to rounding.

TAXES PAID BY ELECTRONIC FUNDS TRANSFER Fiscal Year 1996 and Fiscal Years 2000 - 2008



SALES AND USE TAX

During fiscal year 2008, the Comptroller's Office collected \$3.76 billion in net sales and use tax receipts. Tax collections totaled \$3.77 billion, and refunds totaled \$10.8 million. The taxable food and beverage group produced the largest amount of revenue (\$776.5 million), followed by the general merchandise group (\$672.0 million). The building and industrial supplies category produced the third largest amount (\$517.5 million).

Among the State's geographic regions, Baltimore County generated the most revenue (\$515.2 million), followed by Montgomery County (\$490.1 million), Prince George's County (\$446.1 million), Anne Arundel County (\$341.6 million) and Baltimore City (\$315.0 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 2008.

TABLE 3
SALES AND USE TAX RECEIPTS BY COUNTY

	<i>(Dollars in Thousands)</i>			
	FY 2008*	FY 2007	% Change	% of FY 2008 Total
Allegany	\$ 37,019	\$ 34,382	7.67	0.98
Anne Arundel	341,596	308,662	10.67	9.06
Baltimore City	315,009	286,984	9.77	8.36
Baltimore	515,173	486,773	5.83	13.67
Calvert	32,151	28,366	13.34	0.85
Caroline	6,797	6,258	8.61	0.18
Carroll	92,790	83,771	10.77	2.46
Cecil	31,938	29,120	9.68	0.85
Charles	92,450	86,784	6.53	2.45
Dorchester	13,550	12,873	5.26	0.36
Frederick	127,476	126,465	0.80	3.38
Garrett	17,183	15,786	8.85	0.46
Harford	111,356	105,785	5.27	2.95
Howard	171,967	156,179	10.11	4.56
Kent	12,448	10,351	20.25	0.33
Montgomery	490,090	452,611	8.28	13.00
Prince George's	446,114	410,449	8.69	11.84
Queen Anne's	21,249	19,843	7.08	0.56
St. Mary's	45,105	42,206	6.87	1.20
Somerset	3,387	3,206	5.66	0.09
Talbot	36,345	32,814	10.76	0.96
Washington	93,860	87,175	7.67	2.49
Wicomico	75,883	76,253	(0.49)	2.01
Worcester	66,801	63,978	4.41	1.77
District of Columbia	38,657	33,609	15.02	1.03
Other/Out-of-State Vendors	532,619	469,037	13.56	14.13
Total Gross Receipts	\$ 3,769,013	\$ 3,469,720	8.63	100.00
Less: Refunds	(10,809)	(8,655)	24.89	
Total Net Receipts	3,758,204	3,461,065	8.59	
Less: Distribution to TTF	(23,659)	(27,689)	(14.55)	
Distribution to MD Special Police Helicopter Fund	(50,000)	-	NA	
Net After Distribution to TTF**	\$ 3,684,545	\$ 3,433,376	7.32	

* Tax rate increased from 5% to 6% effective January 3, 2008.

**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 2008

(Dollars in Thousands)

County	Food & Beverage	Apparel	General Merchandise	Automotive	Furniture & Appliances
Allegany	\$ 10,401	\$ 1,950	\$ 8,308	\$ 3,291	\$ 1,822
Anne Arundel	89,119	26,678	59,764	28,635	25,294
Baltimore City	81,539	14,042	27,195	19,369	16,225
Baltimore	109,985	28,114	114,037	38,637	41,210
Calvert	9,535	765	7,069	1,963	1,366
Caroline	2,220	99	521	917	81
Carroll	18,718	2,528	23,958	5,517	4,797
Cecil	12,116	1,180	7,532	3,019	1,273
Charles	18,724	3,791	24,905	7,152	5,591
Dorchester	3,347	103	3,070	636	405
Frederick	28,533	3,266	26,123	8,733	6,213
Garrett	3,933	91	4,639	1,618	610
Harford	27,600	4,384	25,581	10,420	6,548
Howard	38,501	10,011	30,139	12,240	14,602
Kent	2,775	354	3,406	681	168
Montgomery	126,246	31,190	88,628	35,906	36,730
Prince George's	92,851	20,705	86,395	37,580	40,342
Queen Anne's	6,644	3,835	2,504	1,619	845
St. Mary's	11,283	1,429	12,301	5,352	1,580
Somerset	1,309	3	440	489	115
Talbot	7,904	959	6,074	2,647	1,949
Washington	20,172	5,811	25,819	6,878	7,050
Wicomico	13,383	3,623	20,189	5,195	3,304
Worcester	26,413	3,581	10,336	2,411	1,755
District of Columbia	283	315	3,131	115	13,263
Other/ Out-Of-State Vendors	12,932	12,495	49,960	8,486	154,452
Total	\$ 776,466	\$ 181,302	\$ 672,024	\$ 249,506	\$ 387,590

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 2008

(Dollars in Thousands)

County	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
Allegany	\$ 4,299	\$ 2,834	\$ 1,393	\$ 2,700	\$ 20	\$ 37,019
Anne Arundel	39,344	19,096	9,639	43,044	983	341,596
Baltimore City	35,616	58,450	11,777	49,226	1,570	315,009
Baltimore	69,008	46,195	10,593	54,195	3,199	515,173
Calvert	3,414	2,712	1,427	3,764	135	32,151
Caroline	794	903	269	946	47	6,797
Carroll	22,417	4,256	2,771	7,585	243	92,790
Cecil	2,943	116	811	2,858	90	31,938
Charles	16,089	8,193	1,403	6,546	55	92,450
Dorchester	1,426	988	449	2,878	249	13,550
Frederick	23,716	12,555	2,976	15,035	325	127,476
Garrett	2,130	740	538	2,870	14	17,183
Harford	19,270	5,120	2,679	9,428	326	111,356
Howard	17,763	8,893	5,516	33,812	491	171,967
Kent	1,712	950	939	1,395	68	12,448
Montgomery	46,091	43,963	6,441	70,402	4,493	490,090
Prince George's	74,155	29,305	11,697	49,593	3,492	446,114
Queen Anne's	1,733	1,239	658	2,148	25	21,249
St. Mary's	5,157	3,199	1,097	3,671	35	45,105
Somerset	321	101	53	538	18	3,387
Talbot	8,856	3,550	750	3,477	180	36,345
Washington	10,793	4,912	2,158	9,964	304	93,860
Wicomico	9,006	11,928	2,563	7,353	(662)	75,883
Worcester	7,665	739	360	13,140	400	66,801
District of Columbia	5,744	9,109	585	5,915	199	38,657
Other/ Out-Of-State Vendors	87,990	76,701	21,380	99,087	9,135	532,619
Total	\$ 517,452	\$ 356,747	\$ 100,922	\$ 501,570	\$ 25,434	\$ 3,769,013

Detail may not sum to totals due to rounding.

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 2008.

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

County	Net Receipts	Administrative Expense	Total Distributed
Allegany	\$ 298	\$ 6	\$ 292
Anne Arundel	9,186	203	8,983
Baltimore City	9,976	201	9,775
Baltimore	7,333	157	7,176
Calvert	739	15	724
Caroline	7	*	7
Carroll	774	16	758
Cecil	303	7	296
Charles	844	18	826
Dorchester	102	2	100
Frederick	1,492	31	1,461
Garrett	703	14	689
Harford	852	17	835
Howard	2,081	41	2,040
Kent	69	1	68
Montgomery	4,177	88	4,089
Prince George's	14,573	258	14,315
Queen Anne's	234	5	229
St. Mary's	122	3	119
Somerset	27	1	26
Talbot	129	3	126
Washington	556	11	545
Wicomico	521	10	511
Worcester	1,956	35	1,921
MD Stadium Authority	9,417	174	9,243
Total	\$ 66,471	\$ 1,317	\$ 65,154

* 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 2008.

TABLE 6
UNCLAIMED PROPERTY RECEIPTS AND DISTRIBUTIONS

(Dollars in Thousands)

Sources of Net Revenues from Miscellaneous Unclaimed Property:

Life Insurance	\$	3,881
Other Insurance		5,505
Public Utilities		704
Corporations		43,566
Fiduciaries & Trustee Assets		31
Government Agencies		5,344
Banks and Financial Organizations		10,780
Nursing Homes		676
		<hr/>
Total Net Revenues	\$	70,488

Allocation of Net Revenues:

Administrative Expenses	\$	4,051
Distributed to Maryland Legal Services Corporation		500
Transferred to Surplus		65,937
		<hr/>
Total Net Revenues	\$	70,488

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 2008, the Comptroller's Office collected \$406.1 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 REVENUES
(Dollars in Thousands)

	FY 2008	FY 2007	Change
Distilled Spirits Tax	\$ 14,334	\$ 14,165	1.19
Wine Tax	5,222	5,101	2.36
Beer Tax	9,410	9,416	(0.06)
Tobacco Tax*	376,112	278,189	35.20
Other Receipts	1,017	1,085	(6.25)
	<hr/>	<hr/>	
Total Net Receipts	\$ 406,096	\$ 307,956	31.87

() denotes decrease

*Tobacco tax rate increased from \$1.00 to \$2.00 per pack on January 1, 2008.

Detail may not sum to totals due to rounding.

MOTOR FUEL TAXES

During fiscal year 2008, the Comptroller's Office collected \$755.2 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)

TABLE 8
MOTOR VEHICLE FUEL TAX RECEIPTS

(Dollars in Thousands)

	FY 2008	FY 2007	% Change
Dealer Receipts	\$ 638,293	\$ 636,353	0.30
Special Fuels Receipts	123,219	123,142	0.06
Sellers of Jet Fuel & Aviation	1,470	1,950	(24.59)
Motor Carrier Temporary Permits	147	122	20.69
Miscellaneous Revenues	278	356	(21.68)
Refunds	(15,512)	(14,408)	7.67
<hr/>			
Net Revenues Subtotal	\$ 747,895	\$ 747,514	0.05
IFTA Collections	14,177	14,453	(1.91)
IFTA Refunds	(6,895)	(6,235)	10.60
<hr/>			
Net Revenues	\$ 755,176	\$ 755,733	(0.07)

() 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 2008.

TABLE 9
DISTRIBUTION OF MOTOR FUEL TAX REVENUES

(Dollars in Thousands)

Administrative Expenses	\$ 7,615
Waterways Improvement Fund	1,722
Fisheries Research and Development Fund	1,722
General Fund for Chesapeake Bay Related Programs	13,199
Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund	729,470
Counties, Baltimore City, and Municipalities (30%)	\$ 218,841
Department of Transportation (70%)	510,629
Transportation Trust Fund (Aviation)	<u>1,448</u>
Total	\$ 755,176

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 2008

(Dollars in Thousands)

		Actual Gallons			
Gross Gallons Reported		3,278,015,154			
Less Adjustments:					
Temperature & stock adjustments	6,694,080				
Federal exempt purchases	1,905,418				
Cost of collection allowance	<u>38,543,903</u>				
Less total adjustments		<u>47,143,401</u>			
Total taxable motor fuel gallons:		<u><u>3,230,871,753</u></u>			
		Actual Gallons	Revenue		
Motor vehicle fuel dealers		2,721,145,766	\$ 638,293	*	
Special fuel		509,725,987	\$ 123,219	*	
Total taxable gallons sold:		<u>3,230,871,753</u>	<u>\$ 761,511</u>		
Sellers of jet fuel and aviation		27,855,400	\$ 1,470		
Motor carrier collections:					
Motor carrier permits	\$ 147				
IFTA Taxes- MD based carriers	3,015				
IFTA Taxes- from other jurisdictions	10,812				
IFTA Tax assessments	<u>350</u>				
Total motor carrier collections			14,324		
Penalties and interest			278		
Dishonored check fee			-		
Canadian exchange			-		
Total gross revenue			<u><u>\$ 777,584</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 2008, 8.8 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 2008, \$56.4 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 2008, \$6.6 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 2008, \$3.9 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 2008, \$194.5 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 2008, \$37.1 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 2008, \$69.9 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.

SPECIAL SESSION 2007 AND 2008 SESSION LEGISLATION ENACTED

INCOME TAX

Special Session - Senate Bill 2 (Chapter 3) – Tax Reform Act of 2007

For the personal income tax, the legislation adds new rate brackets, and raises the top marginal rate from 4.75 to 5.5% (note that SB 46, Chapter 10, Acts of 2008, temporarily raises the top rate to 6.25%). The rates and brackets vary based on the filing status of the taxpayer. The personal exemption amount is changed to a maximum of \$3,200, phased down based on the filing status and federal adjusted gross income of the taxpayer, to no less than \$600. The bill also increases the corporate income tax rate from 7% to 8.25%. Effective for tax years beginning on or after January 1, 2008.

Special Session-Senate Bill 2 (Chapter 3) – Tax Reform Act of 2007 with amendments made during the 2008 Regular Session - Senate Bill 444 (Chapter 177) and House Bill 664 (Chapter 178)

Imposes two new reporting requirements for corporations. The reports will be used to provide the new Maryland Business Tax Reform Commission with the necessary information to review and evaluate the State's current business tax structure and make specific recommendations for changes.

Manufacturing corporations with 25 or more employees must file certain information regarding the single sales factor calculation of the apportionment factor for tax years 2005 and later. This information will be used to determine the fiscal impact of the change to an apportionment factor for manufacturers of sales only which was effective starting with tax year 2001. Previously, income was apportioned to Maryland using a three-factor formula of property, payroll and double-weighted sales.

The bill also institutes new reporting requirements for any corporation required to file a Maryland

income tax return and that is a member of a "corporate group," which is defined in the bill; the reports are to be filed, electronically, for tax years 2006 through 2010. The information collected will provide the data needed to calculate the impact on corporate income tax revenues of moving to combined reporting, enacting a throwback rule and for fully taxing the non-operational income of Maryland based corporations. The current law was effective July 1, 2008.

Senate Bill 46 (Chapter 10) – Budget Financing Act

Increases the personal income tax rate for taxable income over \$1,000,000 from 5.5% to 6.25%. The change is in effect for three years only. Effective for tax years beginning on or after January 1, 2008, but on or before December 31, 2010.

Senate Bill 297 (Chapter 571) – Tax Credit for Employer Established Work-Based Learning Programs for Students

Reinstates the Work-Based Learning Program Tax Credit, which expired after June 30, 2004. The credit is 15% of the wages paid to each student during the tax year. Cumulative credits claimed for all years for each student cannot exceed \$1,500, and a maximum of 1,000 students participating in approved programs may be approved each year. Effective for tax years beginning on or after January 1, 2009, but on or before December 31, 2012.

Senate Bill 314 (Chapter 391) – State Employment Opportunity Credit – Sunset Extension

Extends, by one year, the termination date for the Employment Opportunity Tax Credit. The credit will be allowed for employees hired on or before June 30, 2009.

Senate Bill 565 (Chapter 140) – Income Tax Credit – Bio-Heating Oil

Creates a new credit of 3¢ per gallon of "bio-heating oil" purchased for space or water heating. The

credit may not exceed \$500 or the State tax liability, whichever is less. Bio-heating oil is defined as heating oil with a blend of at least 5% biodiesel. Effective for tax years beginning on or after January 1, 2008, but on or before December 31, 2012.

House Bill 140 (Chapter 139) – Income Tax – Credit for Cellulosic Ethanol Technology Research and Development

Creates a new credit for a 10% of the amount paid or incurred for “cellulosic ethanol technology research and development” conducted in Maryland. This technology is defined as technology that is used to develop cellulosic biomass for conversion to ethanol fuel. The total amount of credits that may be approved by the Maryland Department of Business and Economic Development cannot be more than \$250,000 per calendar year and, if the aggregate amount applied for exceeds \$250,000, a proportionate amount must be allocated to each applicant. The credit cannot exceed the State tax liability, but may be carried forward for up to 15 subsequent years or until fully used. Effective for expenses incurred on or after January 1, 2008, but on or before December 31, 2016.

House Bill 280 (Chapter 658) – Tax Credits for Qualifying Employees with Disabilities – Sunset Extension

Extends, by one year, the termination date for the Maryland Disability Employment Tax Credit. The credit will be allowed for employees hired on or before June 30, 2009.

House Bill 377 (Chapter 132) – Solar and Geothermal Tax Incentive and Grant Program.

Creates an exemption from the sales and use tax for the sale of geothermal equipment and solar energy equipment. Exempt are sales of equipment that uses ground loop technology to heat and cool a structure and equipment that uses solar energy to heat or cool a structure, generate electricity to be used in a structure, or provide hot water

for use in a structure. Sales of equipment that is part of a nonsolar energy system or that uses any type of recreational facility or equipment as a storage medium are excluded from the exemption. Effective July 1, 2008.

House Bill 408 (Chapter 498) – Business and Economic Development – Qualified Distressed Counties

Alters the definition of a “qualified distressed county” for purposes of the One Maryland Income Tax Credit. The bill increases, from 18 to 24, the number of months during which a county must have an average rate of unemployment of more than 150% of the Statewide average. The bill also permits a county, including Baltimore City, to qualify as a distressed county if it no longer meets either of the two qualifying requirements, but did so at some time during the preceding 12 months. Effective July 1, 2008.

House Bill 721 (Chapter 517) – Job Creation Tax Credit – Termination Provisions

Extends, by four years, the termination date for the Job Creation Tax Credit. The credit will be allowed for qualified positions at a newly established or expanded facility that commences operations on or before January 1, 2014. Effective July 1, 2008.

House Bill 723 (Chapter 518) – Business and Economic Development – Biotechnology Investment Incentive Act

Alters the requirements and definitions for the Biotechnology Investment Incentive Tax Credit. The changes include: Allowing the credit to be claimed by pass-through entities; removing all references to “Qualified Maryland Venture Capital Firm;” changing, for all investors, the minimum investment to \$25,000 and the maximum investment to \$250,000; revising or adding new definitions (such as for investment, qualified investor and qualified Maryland biotechnology company); and making other changes to the

SPECIAL SESSION 2007 AND 2008 SESSION LEGISLATION ENACTED

requirements for claiming, rescission and recapture of the credit. Effective for tax years beginning January 1, 2009, or later.

House Bill 1391 (Chapter 692) – Kids First Act

Requires the Comptroller to add to the personal income tax return, for tax years 2008 and 2009 only, an indicator that enables the taxpayer to report the presence or absence of health care coverage for each dependent child. This requirement is intended to identify to individuals who may qualify for the Maryland Medical Assistance Program and Maryland Children's Health Program so that they may be sent applications and enrollment instructions for those programs. Effective July 1, 2008.

SALES AND USE TAX

Special Session - Senate Bill 2 (Chapter 3) – Tax Reform Act of 2007

Under current law, a credit is allowed to vendors for the cost of collecting and remitting the sales and use tax if the return is timely filed. This legislation temporarily limits the credit to \$500 of the tax owed for each return. If a vendor files, or is eligible to file, a consolidated return, the total maximum credit for all returns filed for any period is \$500. Effective from January 3, 2008, through June 30, 2011.

Special Session - House Bill 5 (Chapter 6) – Tax Reform Act of 2007

Raises the sales and use tax rate from 5% to 6% and permits vendors to absorb all or part of the sales tax and pay the tax on behalf of the buyer. These changes are effective January 3, 2008.

Alters the current tax-free period, makes it permanent and expands, from five to seven, the

number of days during which purchase of clothing

or footwear, excluding certain accessory items, is exempt if the taxable price of the item is \$100 or less. This "tax-free period for back-to-school shopping" will be the 7-day period from the second Sunday in August through the following Saturday. The changes will begin in calendar year 2010. Effective July 1, 2008.

A second tax-free period is created during which sales of certain Energy Star products and solar water heaters are exempt from the sales and use tax beginning in calendar year 2011. The tax exempt period will be the weekend that includes the Saturday immediately preceding the third Monday in February through the third Monday in February of each year. Effective July 1, 2008.

ALCOHOL AND TOBACCO TAX

House Bill 5 (Chapter 6) – Transportation and State Investment Act

Raises the tobacco tax rate on cigarettes (11 to 20 cigarettes per pack) from \$1.00 to \$2.00. The tax on packs containing 10 or fewer or more than 20 cigarettes, including free cigarettes, is increased in proportion to the general tax increase. The new rate applies to all cigarettes in inventory as of January 1, 2008 with a tax stamp, including those in vending machines. Effective January 1, 2008.

Senate Bill 745 (Chapter 702) – Definitions - Beer

Adds "flavored malt beverages" to the definition of beer for purposes of the alcohol tax on beer. A flavored malt beverage contains alcohol derived primarily from the fermentation of grain, but the percentage of alcohol by volume the beverage contains is subject to certain limitations. Effective October 1, 2008.

House Bill 76 (Chapter 566) and Senate Bill 166 (Chapter 565) – Furnishing an Alcoholic

Beverage to Underage Individual - Penalty

Increases the penalty for furnishing an alcoholic beverage for consumption to an individual who is less than 21 years old to no more than \$2,500 for the first offense and up to \$5,000 for a subsequent violation. Effective October 1, 2008.

ADMISSIONS AND AMUSEMENT TAX

Special Session - House Bill 5 (Chapter 6) – Tax Reform Act of 2007

To account for the sales and use tax rate increase, the maximum rate of the admissions and amusement tax that a county or municipal corporation may set for gross receipts that are also subject to the State sales and use tax is increased to 11%.

A new State admissions and amusement tax is imposed on electronic bingo or electronic tip jars at the rate of 20% of the net proceeds. Note that Senate Bill 959, Chapter 474, enacted during the 2008 Session, prohibits the operation of these modes of gaming as of July 1, 2009, eliminating the base upon which this tax would be applied. Effective January 3, 2008.

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

