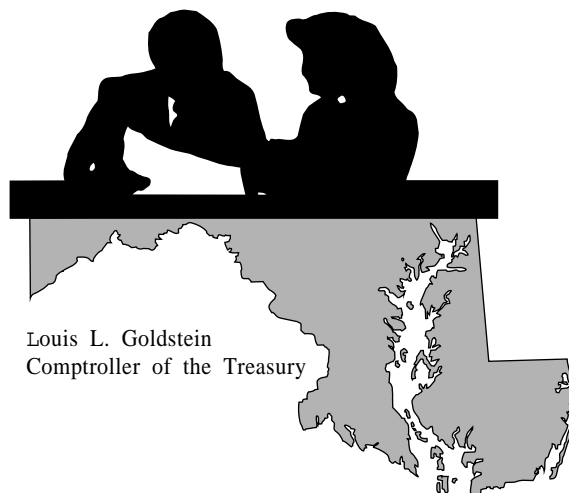


State of Maryland

Consolidated Revenue Report

Fiscal Year 1996



Louis L. Goldstein
Comptroller of the Treasury

Serving Maryland taxpayers

To the Governor , Members
of the General Assembly
and the People of Maryland:

I am pleased to submit to you this seventh consolidated annual report on those revenues collected by the Comptroller of the Treasury. This report is not intended to replace the Comprehensive Annual Financial Report, also issued by my office, which summarizes the annual financial activities of the state. Instead, this report focuses upon the revenue collecting activities of my office.

During fiscal year 1996, the Comptroller's Office collected \$8.661 billion in revenues. Of this amount, \$5.986 billion was deposited into the state's general fund, \$1.954 billion was collected for distribution to Maryland's counties and municipalities, and \$720 million was collected for the Department of Transportation and other special fund agencies of the state. These revenues were collected at a cost to the taxpayers of 67¢ per \$100 collected.

Maryland's sales and use tax produced more than \$2 billion during fiscal year 1996, the first time it reached that milestone since the tax was enacted in 1947.

During fiscal year 1996, the Comptroller's Office instituted several technologies to better serve taxpayers, offering forms and publications on a Forms-by-Fax system and on an Internet Home Page. We also instituted telefiling systems to permit business taxpayers to file required reports by telephone if no tax is due and permitted telefiling of personal income tax extension requests.

During fiscal year 1996, the Comptroller's Office completed a year-long, bottom-up self assessment and evaluation process, Vision 2000, which generated many new efficiencies.

The Maryland State Comptroller's Office continues to be a leader, increasing the efficiency of the revenue collection process in many ways. We hosted

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the annual meeting of the Federation of Tax Administrators during June 1996 and made presentations demonstrating our activities to other states' revenue agencies.

I trust this report will help you understand the organization and operations of my office and its efforts to fairly and equitably enforce Maryland's tax laws.

Cordially,



Louis L. Goldstein
Comptroller of the Treasury
State of Maryland

For further information, contact:

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Annapolis, Maryland 21404 • (410) 974-3801

Mission Statement

The Comptroller's Office is dedicated to carrying out its duties and responsibilities equitably, effectively and efficiently; to providing excellent service while treating Maryland taxpayers fairly and courteously; to responsibly managing public resources; and to maintaining and improving the integrity of Maryland's finances and the excellence of Maryland's fiscal reputation.



Organization

The mission of the Comptroller of the Treasury may be cast into four major functions:

(1) Revenue Administration, which includes administering and enforcing the state and local income taxes, the sales and use, motor fuels, alcoholic beverages and tobacco, energy generation, and estate taxes, emergency telephone system tax, unclaimed property and the local admissions and amusement taxes; (2) Regulation, which includes regulating the alcohol, tobacco and motor fuel industries; (3) Financial Control, which includes accounting for revenues and expenditures, revenue estimating and payroll operations; and (4) Data Services, which entails responsibility for data processing/computer services for most state agencies.

The comptroller began a major reorganization along functional lines during fiscal year 1993, and this description reflects the ultimate form of that reorganization.

Revenue Administration

Revenue Administration Division

This division collects and deposits state and local income taxes, sales and use taxes, motor fuel taxes, alcohol and tobacco taxes, the energy generation surcharge, tire recycling fee, the emergency telephone system tax, fees for telecommunication access of Maryland, and local admissions and amusement taxes.

The Revenue Administration Division is responsible for taxpayer service, revenue accounting and distribution, taxpayer accounting, registration and licensing and returns processing.

Compliance Division

This division is responsible for business tax audits, compliance programs, delinquent tax collection, tax hearings and appeals, fuel quality testing; and alcohol and tobacco law enforcement.

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;
- collecting and distributing the Environmental Trust Fund revenue pursuant to Section 3-302 of the Natural Resources Article of the Annotated Code of Maryland, the Telephone Trust Fund

revenue pursuant to Section 18-105 of Article 41 of the Annotated Code of Maryland, and the Telecommunications Access of Maryland Surcharge under Section 6-507 of Article 41 of the Annotated Code of Maryland; and

- enforcing the State Revenue License Laws under Title 17 of the Business Regulation Article of the Annotated Code of Maryland.

Regulation

Alcohol and Tobacco Tax Unit

This unit administers Maryland laws pertaining to the alcoholic beverages and tobacco industries. It issues licenses to Maryland manufacturers and wholesalers of alcoholic beverages and cigarettes, as well as several types of permits.

The unit maintains price filings from wholesalers and nonresident dealers of distilled spirits and wine and maintains credit control information to promote fair trade practices in accordance with the law.

Motor Fuel Tax Unit

This unit 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 issues permits to all petroleum transporters operating in and through Maryland, and interstate motor carriers based in Maryland under the International Fuel Tax Agreement (IFTA).

Financial Control

General Accounting Division

The General Accounting Division maintains the state's general ledger and other official accounting records, which account for all state funds; exercises overall appropriation control; performs compliance auditing on all disbursements; approves warrants for all money to be paid into or out of the treasury; countersigns and distributes all state treasury checks; promulgates general guidance on matters concerning internal control; prepares the state's comprehensive annual financial reports and certain other financial reports; makes certain calculations concerning the administration and distribution of revenues; and manages the contract for the audit of the state's annual financial report and all federal grants to the state.

Bureau of Revenue Estimates

The Bureau of Revenue Estimates carries on continuing studies and reviews of the economic and business situations as they affect the revenue of the state. 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. It prepares various reports on revenues throughout the year.

Central Payroll Bureau

The Central Payroll Bureau pays biweekly salaries to state employees of the legislative, judicial and executive branches as well as the University of

Maryland System. Special payments for services on a contractual basis are also paid through this bureau.

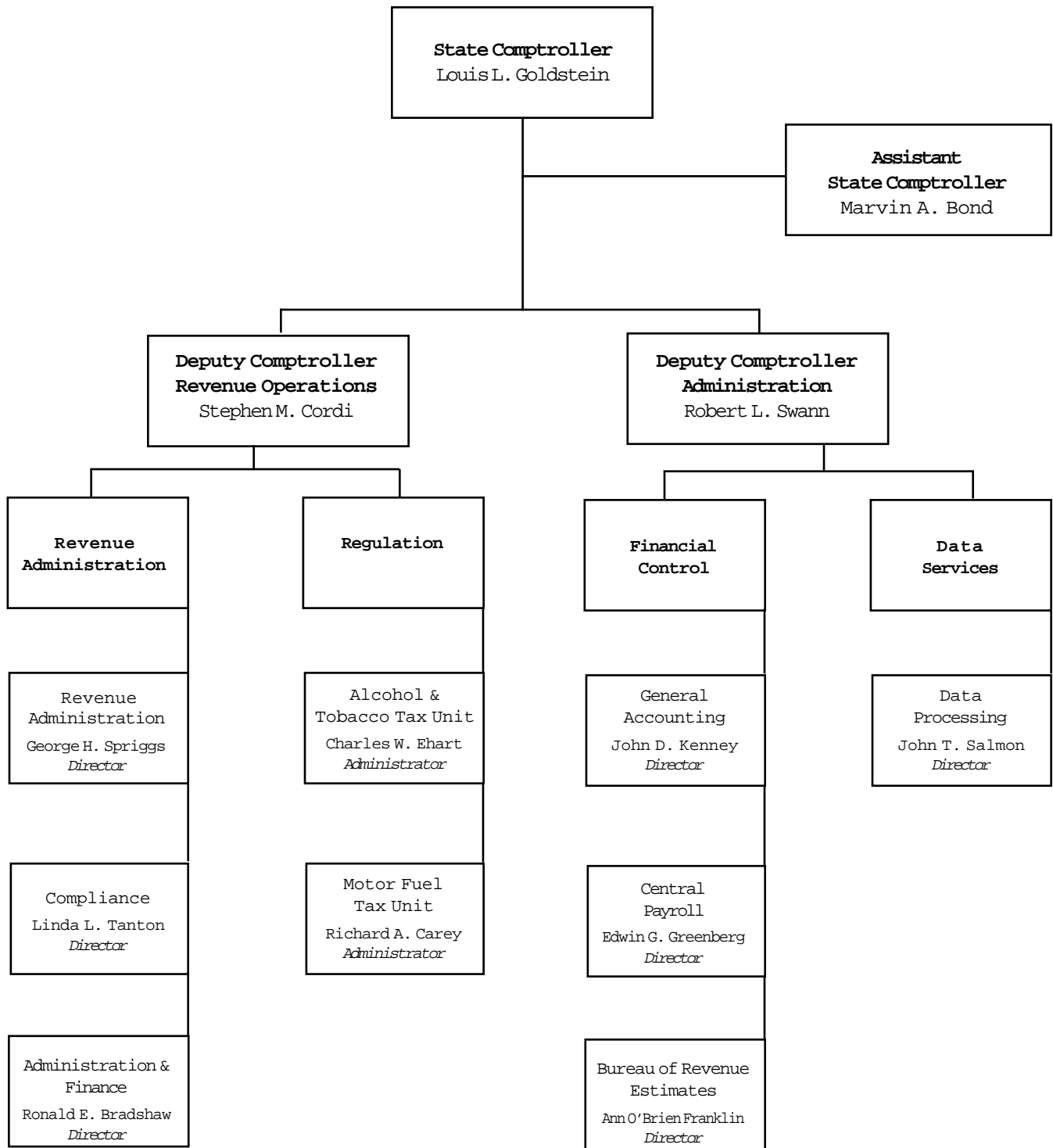
Data Services

Data Processing Division

This division functions as a service bureau, providing modern data processing/computer services to most state agencies. The division includes a large computer center in Annapolis, known as the Annapolis Data Center. The computer center is connected to more than 16,000 remote terminals throughout the state and is critical to the daily operation of most state agencies. The security and privacy of information is of the highest priority.



Comptroller of the Treasury
Organizational Chart





Revenues Collected by the Comptroller's Office

**State and Local Revenues Collected by the Comptroller's Office
by Source and Fund**

The Comptroller's Office collects revenue on behalf of both the state and local governments. The \$6.7 billion in state receipts that were collected by the Comptroller's Office in fiscal year 1996 represents 48.5% of the \$13.8 billion in total state revenues received.

	FY 1996 (Dollars in Thousands)			FY 1995 Total	Total	\$ Growth	% Change
	State General	State Special	Local				
Individual Income Tax	\$3,483,863	\$ -	\$1,919,065	\$5,402,928	\$5,206,654	\$196,273	3.8
Corporation Income Tax	252,338	77,515	-	329,852	308,401	21,451	7.0
Sales and Use Tax	2,000,295	-	-	2,000,295	1,951,031	49,264	2.5
Motor Fuel Tax	10,583	606,404	-	616,987	609,510	7,477	1.2
Alcohol Taxes	23,337	-	-	23,337	23,393	(57)	(0.2)
Tobacco Taxes	132,279	-	-	132,279	137,222	(4,943)	(3.6)
Estate Tax	49,525	-	-	49,525	32,649	16,876	51.7
Savings and Loan Assoc. Franchise Tax	1,768	-	-	1,768	1,971	(203)	(10.3)
Admissions and Amusement Tax	-	1,213	35,248	36,461	33,238	3,223	9.7
Energy Generation Surcharge	-	7,601	-	7,601	7,280	321	4.4
Emergency Telephone System Tax	-	16,489	-	16,489	15,076	1,413	9.4
Unclaimed Property	32,390	1,859	-	34,249	23,915	10,334	43.2
Telecommunications Access of Maryland	-	4,258	-	4,258	5,622	(1,364)	(24.3)
Tire Recycling Fee	-	5,142	-	5,142	5,063	79	(1.6)
Total	\$5,986,377	\$ 720,480	\$1,954,313	\$8,661,170	\$8,361,025	\$ 300,145	3.6

() denotes decrease

**Total State Revenue
FY 1996**

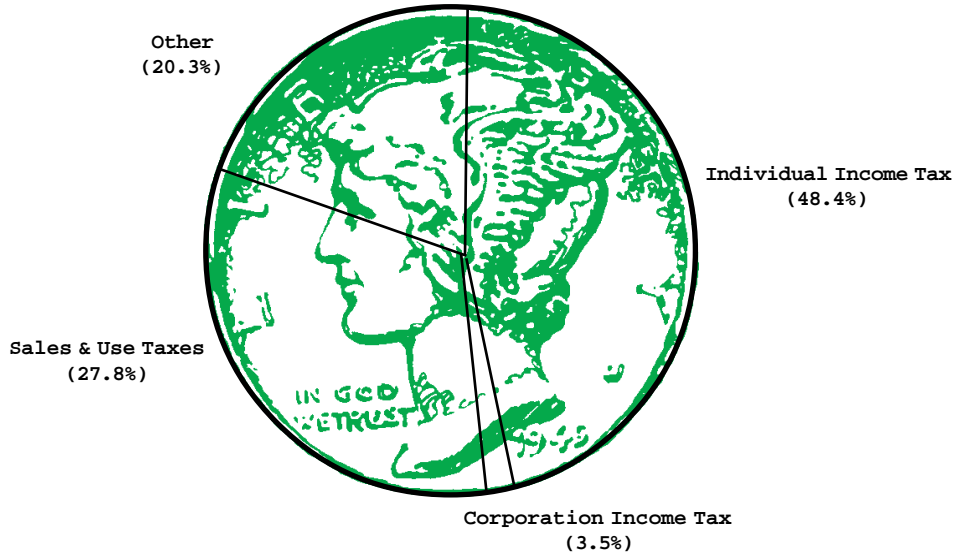
Revenue Collected by
Comptroller's Office
\$6,706,857,000
48.5%



Revenue Collected from
Other Sources
\$7,134,134,000
51.5%

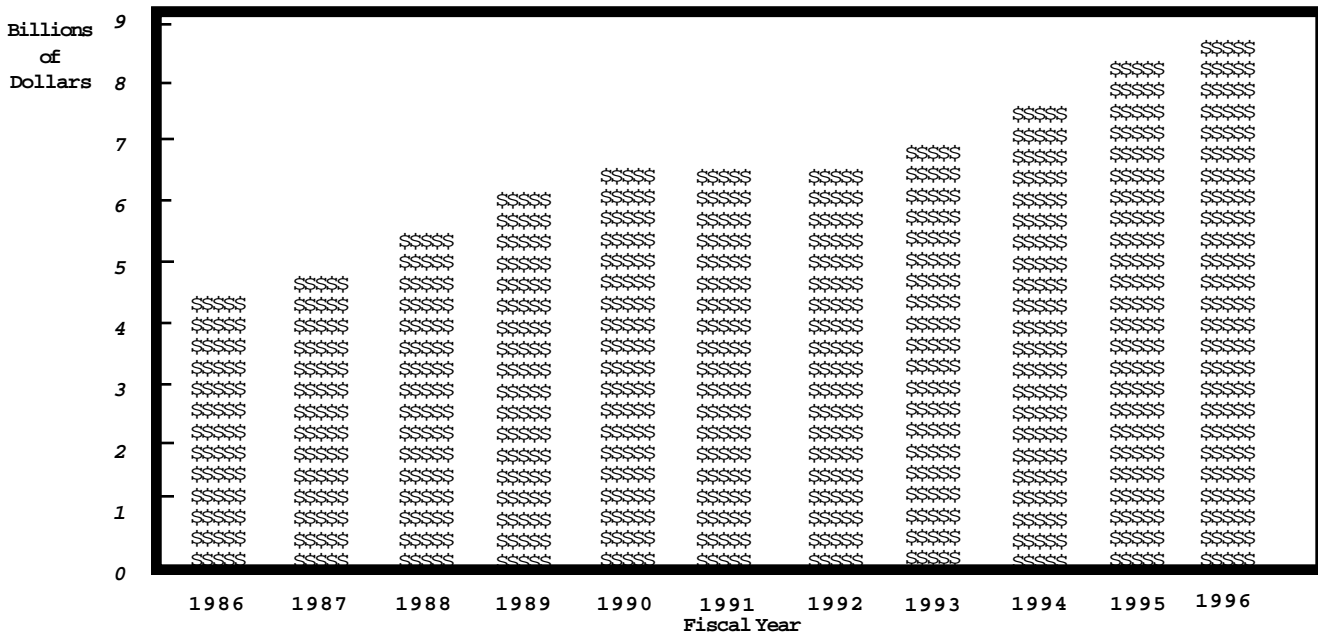
General Fund Revenue Collections

During fiscal year 1996, the Comptroller's Office collected 83 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 Revenue Collected by the Comptroller's Office

In fiscal year 1986, the Comptroller's Office collected \$4.7 billion in state and local revenues. In fiscal year 1996, these collections amounted to \$8.7 billion - an 85% increase. The following chart shows the annual growth in these collections.





Taxes Administered by the Comptroller's Office

Revenue Source	Rate (as of June 30, 1996)	Description
State Individual Income Tax	2% 1st \$1,000 3% 2nd \$1,000 4% 3rd \$1,000 and: 5% on \$3,001 and over	Annual tax imposed upon individuals and fiduciaries based on Maryland taxable income (federal taxable income with Maryland modifications).
Corporation Income Tax	7 %	Annual tax on the entire net income of the corporation apportioned and allocated to Maryland.
County (Local) Income Tax	A minimum of 20% and a maximum of 60% of state tax liability	A tax imposed on resident individuals, certain nonresident individuals and fiduciaries by the 23 counties and Baltimore City. Each county sets its own rate as a percentage of the state income tax (after deduction of earned income credits).
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 set by counties, incorporated cities and towns	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.
Energy Generation Surcharge	.15 mill per kilowatt hour or \$1,000 per month, whichever is less	Environmental surcharge for kilowatt hour of electric energy generated in the state; monies paid into the Environmental Trust Fund.
Emergency Telephone Systems Tax	\$.10 per month paid by each subscriber; counties can charge up to an additional \$.50 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.
Savings and Loan Association Franchise Tax	0.013%	Annual tax on the total withdrawal value of deposits that a savings and loan association holds in the state on December 31.
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 exceeds the total of Maryland inheritance taxes and taxes imposed by other states on property included in the Maryland estate.
Telecommunications Access Maryland	\$.12 per month paid by each subscriber	A tax imposed on telephone subscribers in Maryland to provide telephone service to hearing and speech impaired citizens.

<u>Revenue Source</u>	<u>Rate</u>	<u>Description</u>
Tire Recycling Fee	\$1.00 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 \$ 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 Wholesale 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 persons outside this state.
Alcoholic Beverages Permits	Ranges from \$2 - \$500	A variety of permits are issued authorizing the sale, shipment, transport, storage and solicitation of alcoholic beverages.
Tobacco Tax	\$.18 for each pack of 10 or fewer cigarettes and \$.36 per pack of at least 11 and not more than 20 cigarettes. \$.018 per each cigarette in packages of more than 20	Licensed Maryland cigarette wholesalers pay tax by purchasing tax stamps which they affix 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.
Motor Fuel Tax	\$.235 per gallon \$.2425 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.
Aviation Fuel Tax	\$.235 per gallon \$.07 per gallon	Tax on clean-burning fuels used as a motor fuel. 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 Fees	\$7 per vehicle (2-decal set per vehicle)	Annual IFTA license and identification markers required for all commercial motor vehicles operated by Maryland-based interstate motor carriers in Maryland and at least one other IFTA jurisdiction.
Motor Carrier Decal Fees	\$7 per decal	Annual identification marker required for all commercial motor vehicles operated by non-IFTA intrastate motor carriers in Maryland.
Motor Carrier Trip Permit	\$42 per permit	Temporary 15-day permit fee in lieu of identification marker.



Individual Income Tax

During fiscal year 1996, the Comptroller's Office collected \$6.2 billion in state and local income tax payments and refunded \$840.3 million 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
Individual Income Tax
Fiscal Year 1996

	Gross Revenues	Refunds	Less			Net amount to the General Fund
			Reserve for Subdivisions	Chesapeake Bay and Endangered Species Fund	Fair Campaign Fund	
Individual income tax	\$5,990,773,771	\$811,665,696	\$1,913,981,222	\$957,934	\$75,278	\$3,264,093,641
Individual estimated tax payments not claimed on returns	(67,039,159)	27,472				(67,066,631)
Employer withholding tax payments not claimed on returns	297,404,206	23,281,413				274,122,793
Fiduciary income tax	27,246,688	5,289,853	5,083,841	359	0	16,872,635
Fiduciary estimated tax payments not claimed on returns	(7,354,629)					(7,354,629)
Unidentified tax payments	3,213,533	18,728				3,194,805
Total	\$6,244,244,410	\$840,283,162	\$1,919,065,063	\$958,293	\$75,278	\$3,483,862,614

Table 2
Distribution of Local Income Tax Receipts
Fiscal Year 1996
(Dollars in Thousands)

County	Distributions to Cities & Towns	Distributions to Counties	Total Distributions
Allegany	\$ 1,782	\$ 14,610	\$ 16,392
Anne Arundel	2,093	164,875	166,968
Baltimore	-	287,020	287,020
Calvert	211	21,701	21,912
Caroline	322	5,566	5,888
Carroll	1,714	46,304	48,018
Cecil	794	19,979	20,773
Charles	535	33,127	33,662
Dorchester	397	5,603	6,000
Frederick	2,929	54,433	57,362
Garrett	254	4,808	5,062
Harford	1,570	65,660	67,230
Howard	-	103,151	103,151
Kent	282	4,523	4,805
Montgomery	12,037	480,813	492,850
Prince George's	10,954	240,611	251,565
Queen Anne's	228	13,065	13,293
St. Mary's	119	23,594	23,713
Somerset	116	3,507	3,623
Talbot	908	13,766	14,674
Washington	1,686	28,852	30,538
Wicomico	1,226	21,993	23,219
Worcester	830	8,697	9,527
Baltimore City	-	119,992	119,992
Total	\$ 40,987	\$ 1,786,250	\$ 1,827,237



Corporation Income Tax

During fiscal year 1996, the Revenue Administration Division collected \$329.9 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 1996.

Allocation of Corporation Income Tax Receipts

(Dollars in Thousands)

General Fund		\$ 252,338
Special Funds:		77,514
Maryland Port Administration	\$ 35,341	
Gasoline and Motor Vehicle Revenue Account	42,173	
Total		\$ 329,852

Revenues from the gasoline and motor vehicle revenue account are distributed among the Department of Transportation and local governments on the basis of the following formula:

- " 70% to the Department of Transportation
- " 15% to Baltimore City
- " 15% to the remaining cities, counties and towns



Sales and Use Tax

During fiscal year 1996, the Comptroller's Office collected \$2.00 billion in net sales and use tax receipts. Tax collections totalled \$2.01 billion, and refunds totalled \$12.0 million.

The taxable food and beverage group produced the largest amount of revenue (\$420.0 million), followed by the general merchandise group (\$371.4 million). The furniture, fixtures and appliance group produced the third largest amount (\$272.0 million).

Among the geographic regions, Baltimore County generated the most revenue (\$334.7 million), followed by Montgomery County (\$307.1 million), Prince George's County (\$236.0 million), Baltimore City (\$192.0 million) and Anne Arundel County (\$187.4 million).

Table 3 represents a two-year comparison of sales and use tax revenue by county. Table 4 presents sales and use tax collections by county and principal type of business for fiscal year 1996.

Table 3

Sales and Use Tax Receipts by County

(Dollars in Thousands)

	F.Y. 1996	F.Y. 1995	% Change	% of FY '96 Total
Allegany	\$ 24,834	\$ 23,802	4.34	1.24
Anne Arundel	186,932	180,153	3.76	9.35
Baltimore	333,473	326,946	2.00	16.67
Calvert	12,144	11,692	3.87	0.61
Caroline	3,496	3,379	3.46	0.17
Carroll	36,585	34,429	6.26	1.83
Cecil	17,511	17,421	0.52	0.88
Charles	48,727	46,509	4.77	2.44
Dorchester	5,527	4,702	17.55	0.28
Frederick	59,643	60,534	(1.47)	2.98
Garrett	7,579	6,160	23.04	0.38
Harford	51,013	47,915	6.47	2.55
Howard	82,023	77,753	5.49	4.10
Kent	5,175	5,136	0.76	0.26
Montgomery	305,953	295,139	3.66	15.30
Prince George's	235,014	236,261	(0.53)	11.75
Queen Anne's	10,188	9,606	6.06	0.51
St. Mary's	18,198	17,560	3.63	0.91
Somerset	2,405	2,244	7.17	0.12
Talbot	14,522	14,822	(2.02)	0.73
Washington	47,466	46,144	2.86	2.37
Wicomico	35,008	33,826	3.49	1.75
Worcester	33,322	32,026	4.05	1.67
Baltimore City	190,886	194,113	(1.66)	9.54
District of Columbia	12,082	11,487	5.18	0.60
Other/Out-of-State Vendors	220,588	211,271	4.41	11.03
Total	2,000,294	\$ 1,951,030	2.53	100.00

() denotes decrease

Table 4

Sales and Use Tax Receipts by County and Principal Type of Business for F.Y. 1996
(Dollars in Thousands)

County	Food & Beverage	Apparel	General Merchandise	Automotive	Furniture & Appliances	Building & Industrial Supplies
Allegany	\$ 6,106	\$ 749	\$ 7,195	\$ 1,967	\$ 2,237	\$ 2,457
Anne Arundel	43,961	9,011	40,324	16,511	22,069	16,243
Baltimore	64,050	20,144	73,895	23,327	53,036	28,473
Calvert	3,893	101	3,532	867	513	1,131
Caroline	1,143	13	366	489	239	271
Carroll	9,980	846	8,879	3,015	2,245	5,529
Cecil	6,076	1,049	3,815	1,750	630	1,638
Charles	9,564	3,226	14,952	2,913	3,506	8,682
Dorchester	1,788	135	1,161	461	274	543
Frederick	13,591	2,087	13,265	4,183	4,335	11,164
Garrett	2,111	57	946	930	367	1,505
Harford	13,912	1,512	13,423	3,879	3,133	5,946
Howard	18,167	4,215	14,700	4,674	12,542	7,229
Kent	1,721	120	715	565	220	681
Montgomery	69,735	20,482	60,180	19,400	46,255	17,894
Prince George's	52,255	16,034	45,810	21,867	26,857	27,657
Queen Anne's	3,297	1,770	1,425	782	749	782
St. Mary's	5,494	411	4,609	1,496	1,297	2,563
Somerset	1,100	2	264	143	198	91
Talbot	4,020	338	3,022	1,104	853	2,314
Washington	10,796	1,107	10,818	3,614	3,653	8,591
Wicomico	7,024	1,704	11,069	2,161	2,134	4,003
Worcester	14,878	1,422	2,746	983	1,009	1,320
Baltimore City	51,864	9,307	17,272	11,826	16,388	28,001
District of Columbia	312	38	109	188	2,114	3,286
Other/Out-of-State Vendors	3,180	4,751	17,003	10,788	65,147	34,926
Total	\$ 420,018	\$ 100,631	\$ 371,495	\$ 139,883	\$ 272,000	\$ 222,920

Table 4**Sales and Use Tax Receipts by County and Principal Type of Business for F.Y. 1996**
(Continued)

	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Refunds	Total to General Fund
\$	1,294	\$ 441	\$ 2,171	\$ 263	\$ 47	\$ 24,833
	5,513	10,699	21,657	1,437	493	186,932
	26,262	9,396	34,049	2,136	1,294	333,474
	422	564	1,107	52	39	12,143
	318	148	499	24	13	3,497
	1,139	1,696	3,163	161	65	36,588
	90	539	1,732	330	137	17,512
	1,135	1,471	3,214	234	170	48,727
	327	333	507	25	28	5,526
	2,074	2,506	6,386	323	271	59,643
	205	277	1,114	85	20	7,577
	2,102	2,151	4,433	712	190	51,013
	6,008	3,100	11,232	565	408	82,024
	255	300	555	53	10	5,175
	28,788	6,963	35,549	1,939	1,232	305,953
	13,794	6,723	22,942	1,999	924	235,014
	376	315	769	45	121	10,189
	540	568	1,186	88	55	18,197
	315	46	229	23	5	2,406
	427	619	1,792	69	35	14,523
	2,895	1,345	4,654	344	350	47,467
	1,748	1,554	3,311	404	105	35,007
	1,535	558	8,738	261	128	33,322
	19,503	7,870	28,266	1,783	1,194	190,886
	930	298	4,775	1,259	1,227	12,082
	<u>17,956</u>	<u>11,332</u>	<u>52,253</u>	<u>6,719</u>	<u>3,471</u>	<u>220,584</u>
\$	\$ 135,951	\$ 71,812	\$ 256,283	\$ 21,333	\$ 12,032	\$2,000,294



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 1996.

Table 5
Admissions and Amusement Tax Receipts and Distributions
(Dollars in Thousands)

County	Net Receipts	Administrative Expense	Total Distributed
Allegany	\$ 301	\$ 10	\$ 291
Anne Arundel	3,707	131	3,576
Baltimore	5,937	199	5,738
Calvert	39	1	38
Caroline	3	*	3
Carroll	676	22	654
Cecil	213	7	206
Charles	650	22	628
Dorchester	39	1	37
Frederick	701	23	678
Garrett	298	9	289
Harford	515	17	498
Howard	1,137	36	1,101
Kent	62	2	60
Montgomery	3,672	120	3,552
Prince George's	7,818	259	7,559
Queen Anne's	192	6	186
St. Mary's	74	2	72
Somerset	24	1	23
Talbot	91	3	89
Washington	569	19	551
Wicomico	321	10	311
Worcester	1,087	32	1,055
Baltimore City	4,517	154	4,363
Md. Stadium Authority	3,816	125	3,691
Total	<u>\$ 36,461</u>	<u>\$ 1,213</u>	<u>\$ 35,248</u>

* Denotes less than \$500

Detail may not add to total due to rounding.



Unclaimed Property Receipts

The Comptroller's Office is also 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 1996.

Table 6

Unclaimed Property Receipts and Distributions

(Dollars in Thousands)

Sources of Net Revenues from Miscellaneous Unclaimed Property:

Life Insurance	\$ 952
Other Insurance	2,432
Public Utilities	149
Corporations	13,265
Fiduciaries, Trustees and Other	9,508
Government Agencies	2,047
Banks and Financial Organizations	5,896
Total Net Revenues	<u>\$ 34,249</u>

Allocation of Net Revenues:

Administrative Expenses	\$ 1,359
Distributed to Maryland Legal Services Corporation	500
Transferred to General Fund	32,390
Total Net Revenues	<u>\$ 34,249</u>

Energy Generation Surcharge

The Comptroller's Office also collects and distributes to the Environmental Trust Fund revenue collected from the energy generation surcharge. During fiscal year 1996, \$7.6 million was collected from this revenue source.

Emergency Telephone System Tax

The Comptroller's Office collects the emergency telephone system tax. This revenue is used to fund local emergency 911 telephone systems. During fiscal year 1996, \$16.5 million was collected from this revenue source.

Telecommunications Access of Maryland

The Comptroller's Office collects the telecommunication access of Maryland tax. This revenue is used to provide telephone service to the hearing and speech impaired citizens of Maryland. During fiscal year 1996, \$4.3 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 Environment for scrap tire removal and recycling. During fiscal year 1996, \$5.1 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 1996, \$49.5 million was collected from this source and deposited into the general fund.

Savings and Loan Association Franchise Tax

The Comptroller's Office also collects the franchise tax on shares of savings and loan associations. This annual tax is levied at the rate of 0.013% of the total withdrawal value of the deposits that a savings and loan association holds in Maryland. During fiscal year 1996, \$1.77 million was collected from this tax for deposit into the general fund.



Alcohol and Tobacco Taxes

During fiscal year 1996, the Comptroller's Office collected \$156.1 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 Tax Revenue
(Dollars in Thousands)

	FY 1996	FY 1995	% Change
Distilled Spirits Tax	\$ 10,960	\$ 11,077	(1.06)
Wine Tax	3,631	3,501	3.71
Beer Tax	8,746	8,815	(0.78)
Tobacco Tax	131,853	136,751	(3.58)
Other Receipts	<u>945</u>	<u>1,019</u>	(7.26)
Total Net Receipts	\$ 156,135	\$ 161,162	(3.12)

() denotes decrease



Motor Fuel Taxes

During fiscal year 1996, the Comptroller's Office collected \$608.0 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 1996	FY 1995	%Change
Dealer Receipts	\$ 518,914	\$ 520,878	(0.38)
Special Fuels Receipts	87,602	83,781	4.56
Motor Carrier Collections	12,692	22,309	(43.11)
Miscellaneous Revenues	1,287	1,807	(28.78)
Refunds	(13,519)	(22,873)	(40.90)
Net Revenues	\$ 606,976	\$ 605,902	0.18
IFTA Collections*	2,232	0	
IFTA Refunds*	(1,182)	0	
Net Revenues	\$ 608,026	\$ 605,902	0.35

() denotes decrease

* Maryland began participation in IFTA on January 1, 1996.

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 1996.

Table 9
Distribution of Motor Fuel Tax Revenue
(Dollars in Thousands)

Administrative Expenses	\$	5,652
Waterways Improvement Fund		1,380
Fisheries Research and Development Fund		1,380
General Fund for Chesapeake Bay Related Programs		10,583
Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund		588,306
Baltimore City (15%)	\$	88,246
Counties and Municipalities (15%)		88,246
Department of Transportation (70%)		411,814
Transportation Trust Fund		<u>725</u>
Total	\$	608,026

Table 10
Gross Motor Fuel Gallonage & Revenue Statement
For Fiscal Year Ending June 30, 1996

	Actual Gallons	Revenue
Gross Gallons Reported	2,607,608,133	
Less Adjustments:		
Temperature & stock adjustments	(10,304,222)	
Federal exempt purchases	(3,751,881)	
Cost of collection allowance	<u>(24,520,400)</u>	
Less total adjustments	<u>(38,576,503)</u>	
Total taxable motor fuel gallons:	<u><u>2,569,031,630</u></u>	
	Actual Gallons	Revenue
Total motor vehicle fuel dealers	2,209,846,749	\$518,913,989**
Total special fuel	359,184,881	87,602,339**
Total gasohol	<u>0</u>	<u>0</u>
Total taxable gallons sold:	<u><u>2,569,031,630</u></u>	<u><u>606,516,328</u></u>
Sellers of jet fuel and aviation fuel		852,312
Motor carrier collections		
Motor carrier permits	674,100	
Motor carrier registration fees	696,956	
Motor carrier road tax	11,321,362	
IFTA Taxes -MD based carriers	489,882	
IFTA Taxes -From other jurisdictions	1,490,893	
IFTA registration fees	<u>250,866</u>	
Total motor carrier collections		14,924,059
Penalties and interest		433,009
Dishonored check fee		1,590
Canadian exchange		(298)
Gross revenue - fiscal year 1996		<u><u>\$622,727,000</u></u>

** Modified accrual basis of accounting



Income Tax

SB26 (Chapter 354). Increases the subtraction modification for adoption expenses from \$2,000 to \$3,000 for a child with special needs and from \$1,000 to \$2,000 for a child without special needs. Effective July 1, 1996.

SB412 (Chapter 626). Applies the work-not welfare tax credit to nonprofit organizations by providing an income tax credit against unrelated business income. Effective July 1, 1996.

SB599 (Chapter 590), Neighborhood Preservation and Stabilization Act of 1996. Provides a credit against the state income tax for a portion of property tax paid on property purchased between July 1, 1996 through June 30, 1999 in certain geographic areas of Baltimore City and Baltimore County. Effective June 1, 1996.

HB101 (Chapter 183). Clarifies that income from certain state or municipal obligations is not includable as a tax preference item. Effective July 1, 1996.

HB102 (Chapter 184). Clarifies that certain receivers and trustees are considered fiduciaries under the state income tax law. Effective July 1, 1996.

HB262 (Chapter 84). Establishes an income tax credit for businesses that hire 60 or more qualified employees during a 24-month period or 30 employees if highly paid. The amount of the credit is 5% for employees working in a facility located in a revitalization area and 2.5% for all other employees. Credits will be allowed beginning with the 1996 tax year. Credits may not be earned for any credit year beginning on or after January 1, 2002.

HB820 (Chapter 636). Establishes a Neighborhood and Community Assistance Program with credits against the state income tax for amounts contributed. The total amount of the contributions cannot exceed \$2 million per year. Effective for tax years 1997 and later.

HB1088 (Chapter 75). Provides that unemployment insurance claimants may elect to have federal and state income tax withheld from unemployment insurance benefits. Effective for benefit checks issued on or after January 1, 1997.

Sales and Use Tax

SB46 (Chapter 361). Alters the computation of the sales and use tax on items sold from vending machines or other self-service machines. Effective July 1, 1996.

SB179 (Chapter 115). Exempts certain equipment used by a retail food vendor to manufacture or process bread or bakery goods for resale. Effective July 1, 1996.

SB189 (Chapter 345). Machinery and equipment will qualify for the sales and use tax exemption if it is used more than 50% of the time directly in a production activity. Effective January 1, 1997.

SB219 (Chapter 85). The tax on snack foods enacted in 1992 has been repealed, but the repeal will not take effect until July 1, 1997.

HB99 (Chapter 182). The Comptroller may issue an order decreasing or abating an erroneous assessment when the taxpayer fails to appeal within 30 days after the date the Notice of Assessment is mailed. Effective with assessments issued on or after July 1, 1996.

HB428 (Chapter 221). Allows a vendor that surrenders its sales and use tax license to transfer unused titling tax credits to another licensed vendor that receives the titling tax credits under the same provisions of the sales and use tax law. This provision is effective July 1, 1996, and is applicable to any vendor who has surrendered its sales and use tax license on or after January 1, 1995.

Motor Fuel Tax

SB28 (Chapter 355). Nonprofit organizations that are exempt from federal income tax and receive part of their funds from the Maryland Department of Transportation or Department of Health and Mental Hygiene and that actively provide transportation for elderly, handicapped or low income individuals, as specified under the organization's by-laws, may file a claim for refund of the motor fuel tax paid on fuel used in such transportation. This law automatically expires on June 30, 1999. Effective date: July 1, 1996.

SB228 (Chapter 560). Extends through October 1, 2000 the ban on converting full-service retail service stations to "gas and go" stations. However, the Comptroller may approve a conversion if the owner and the retail service station dealer both agree to eliminate the service area. Effective date: June 1, 1996.

HB631 (Chapter 255). Class K farm area motor vehicles owned by farmers and operated only on a farm or on a highway within a 10-mile radius of the farm are exempt from displaying the owner's name, city, and state on the vehicle. Farm area motor vehicles which do not travel interstate and having two axles and a registered or operating gross or

combination weight of less than 40,001 pounds are exempt from the motor carrier tax. Effective date: October 1, 1996.

HB641 (Chapter 472). Extends through October 1, 2000 the ban on converting full-service retail service stations to “gas and go” stations. However, the Comptroller may approve a conversion if the owner and the retail service station dealer both agree to eliminate the service area. Effective date: June 1, 1996.

Estate and Inheritance Tax

SB73 (Chapter 367). Provides an exemption from the 1% direct inheritance tax on property that qualified as farmlands for five years preceding a decedent’s death and that passes to a lineal descendent. Effective July 1, 1996.

Compliance

SB721 (Chapter 597). Expands the police authority of the sworn police officers in the Comptroller’s Investigative Service Unit to include

enforcing the laws pertaining to the motor fuel tax, the motor carrier tax, motor fuel and lubricants, and transient vendor laws. Effective date: July 1, 1996.

Unclaimed Property

SB98 (Chapter 100). Increases the amount required for separately reporting and advertising unclaimed property from \$50 to \$100. Holders may report items valued at less than \$100 in an aggregate amount without accompanying identifying information. These items will not be advertised separately by the Comptroller’s Office. Effective with holder reports due on or after July 1, 1996.

SB455 (Chapter 584). Excludes gift certificates from the definition of personal property subject to the Uniform Disposition of Abandoned Property Act. Effective with any gift certificate that would otherwise have been determined abandoned under the act on or after July 1, 1996.



Taxpayer Assistance Information

Admissions and Amusement Tax

Contact: Admission 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

Alcohol and Tobacco Tax

Contact: Alcohol and Tobacco Tax Unit
Room 310
P.O. Box 2999
Louis L. Goldstein Treasury Building
Annapolis, Maryland 21404-2999

Or Call: (410) 974-3314
FAX (410) 974-2301

Death Taxes

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

Or Call: (410) 974-3850
FAX (410) 974-3456

Income Tax

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

Or Call: Central Maryland (410) 974-3981
or from elsewhere in Maryland 1-800-MD-TAXES
Tax Forms (410) 974-3951
FAX (410) 974-5808
e-mail - taxhelp@comp.state.md.us

Motor Fuel Tax

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

Or Call: (410) 974-3126
FAX (410) 974-31218

New Business Information

Contact: Central Registration Unit
Room 404
301 West Preston Street
Baltimore, Maryland 21201-2383

Or Call: (410) 767-1313
FAX (410) 767-1571

Sales and Use Tax

Contact: Compliance 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

Tax Clearance Certificates

Contact: General Accounting Division
Room 200
P.O. Box 746
Louis L. Goldstein Treasury Building
Annapolis, Maryland 21404-0746

Or Call: (410) 974-3813
FAX (410) 974-3979

Tire Recycling Fee

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

Or Call: (410) 974-3981
Toll-free in Maryland 1-800-492-1751
FAX (410) 974-5808
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

Utility Surcharges (Energy Generation Surcharge, Emergency Telephone System Tax, Telecommunications Access of Maryland)

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



Louis L. Goldstein
Comptroller of the Treasury
State of Maryland