

**MARYLAND**  
**Tax Expenditures Report**  
**Fiscal Year 2006**

Presented to the Governor and General Assembly  
by the Department of Budget and Management  
April 2005

**Robert L. Ehrlich, Jr., Governor**  
**Michael S. Steele, Lieutenant Governor**  
**James C. DiPaula, Secretary**



**DEPARTMENT OF  
BUDGET & MANAGEMENT**

*ROBERT L. EHRLICH, JR.*  
Governor

*MICHAEL S. STEELE*  
Lieutenant Governor

*JAMES C. DIPAULA, JR.*  
Secretary

*CECILIA JANUSZKIEWICZ*  
Deputy Secretary

April 11, 2005

The Honorable Robert L. Ehrlich, Jr., Governor  
The Honorable Thomas V. Mike Miller, Jr., President of the Senate  
The Honorable Michael E. Busch, Speaker of the House of Delegates  
The Honorable Members of the General Assembly

Ladies and Gentlemen:

The Department of Budget and Management is required by law to prepare on a biennial basis a statement of the estimated amount by which exemptions from taxation reduce State revenues and revenues collected by local governments. These foregone revenues are often called "tax expenditures" since the same benefits could be distributed using budgeted expenditures instead of a tax provision. This report, which covers fiscal years 2003-2006, is intended to assist the Governor and General Assembly in their respective reviews of the advantages and drawbacks of the tax expenditures.

I wish to acknowledge the individuals in the various tax-collecting agencies that contributed data and estimates for this report. Without their hard work and careful analysis, this report would not be possible.

Sincerely,

David A. Treasure  
Director  
Office of Budget Analysis

cc: Secretary James C. DiPaula, Jr.  
Deputy Secretary Cecilia Januszkiewicz

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**Statistical Summary**  
**Tax Expenditures by Function**  
(millions of dollars)

	FY03	FY04	FY05	FY06
<b>I. Structural Tax Expenditures</b>				
Income Tax Personal Exemption	462.8	468.0	479.1	486.5
Income Tax Standard Deduction	95.2	96.1	103.3	104.3
<b>Total - Structural Tax Expenditures</b>	<b>558.0</b>	<b>564.1</b>	<b>582.4</b>	<b>590.8</b>
<b>II. Categorical Tax Expenditures</b>				
Agriculture	61.1	64.3	67.7	71.2
Business	208.5	218.8	231.3	251.2
Charity	182.0	189.2	199.7	209.5
Education	30.2	32.8	35.1	37.4
Elderly	139.1	143.1	149.3	155.6
Employment-related	36.7	34.3	20.4	31.0
Environment	0.6	0.8	2.9	4.9
Families	570.1	594.8	621.2	645.2
Fire and Rescue	2.0	2.0	2.2	2.3
Handicapped and Disabled	0.4	0.4	0.4	0.4
Housing	474.5	486.1	503.1	515.2
Interstate Commerce	16.2	16.7	17.3	17.9
Medical and Health	184.9	198.4	172.0	144.0
Poverty	119.0	135.4	156.7	161.8
Religious	22.8	25.7	26.1	26.8
Veterans and Military	3.9	2.1	2.1	2.2
Volunteer and Nonprofit	3.0	3.2	3.5	3.5
Miscellaneous	332.9	357.8	391.3	428.1
Various items not separable by category	157.1	187.0	188.7	197.8
<b>Total - Categorical Tax Expenditures</b>	<b>2,545.0</b>	<b>2,692.9</b>	<b>2,791.0</b>	<b>2,906.0</b>
<b>III. Incidental Tax Expenditures</b>				
Administrative	0.2	0.2	0.2	0.2
Double Taxation	1,052.6	1,143.4	1,232.9	1,283.6
Reciprocal Exemptions	145.5	151.2	167.2	172.8
Fuel for Non-transportation Uses	2.4	2.0	2.2	2.2
Governments	301.7	325.5	340.9	352.6
<b>Total - Incidental Tax Expenditures</b>	<b>1,502.4</b>	<b>1,622.3</b>	<b>1,743.4</b>	<b>1,811.4</b>

**Statistical Summary  
Tax Expenditures by Tax  
(millions of dollars)\***

	FY03	FY04	FY05	FY06
<b>Individual Income Tax</b>				
Elderly and Blind Exemptions	11.6	11.4	11.4	11.5
Itemized Deductions	674.5	693.3	725.2	753.0
Subtractions	336.3	364.9	395.5	420.5
Credits	140.5	165.5	192.0	210.5
<b>Subtotal Individual Income Tax</b>	<b>1,162.9</b>	<b>1,235.1</b>	<b>1,324.1</b>	<b>1,395.5</b>
Sales Tax	946.3	979.4	1,006.6	1,041.6
Insurance Premiums Tax	126.0	123.0	80.2	41.7
Corporation Income Tax** (excludes interest on U.S. obligations)	116.0	125.9	131.1	167.1
Motor Vehicle Titling Tax**(excludes vehicles bought for short-term rental)	81.5	89.3	91.2	92.1
Death Taxes	35.3	36.7	38.9	39.6
Public Service Company Franchise Tax	17.0	17.6	17.6	22.6
Property Transfer Tax	12.8	16.0	17.0	16.1
State Property Tax	40.1	65.1	77.1	82.6
Motor Vehicle Fuel Tax**	1.5	1.5	1.5	1.5
Boat Titling Tax (excludes excise tax paid in other states)	0.6	0.6	0.6	0.6
Motor Vehicle Registration Fees **	2.5	2.5	4.9	4.8
Alcoholic Beverage Taxes	0.3	0.2	0.2	0.2
Tobacco Tax	2.2	No reliable estimate		
<b>Grand Total*</b>	<b>2,545.0</b>	<b>2,692.9</b>	<b>2,791.0</b>	<b>2,906.0</b>

\* Does not include structural tax expenditures (income tax regular personal exemptions and standard deduction) and incidental tax expenditures (for example, exemptions for governments).

\*\* A portion of this foregone revenue is borne by local governments.

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## **Maryland's Tax Expenditure Reporting Law**

Section 7-118 of the State Finance and Procurement Article requires the Department of Budget and Management (DBM) to prepare in every other year a statement of the estimated amount by which exemptions from taxation reduce revenues. This requirement is the basis of Maryland's tax expenditure report.

### **Classes of Tax Expenditures**

For purposes of analysis, the report divides tax expenditures into three classes.

#### **“Structural” Tax Expenditures**

There are some items that are so inextricably a part of a tax structure that it is not reasonable to consider repealing them without other major adjustments in the tax law. The regular personal exemptions and the standard deduction of the personal income tax are in this class. Structural tax expenditures are also distinct from categorical tax expenditures (see next section) in that they are generally available to all rather than to selected groups of taxpayers.

#### **“Categorical” Tax Expenditures**

Most tax expenditures are classified as “categorical” expenditures. These are fairly narrow provisions that have an easily defined range of beneficiaries and a more or less discernable policy goal. In this report, these tax expenditures will be reported in two groupings. First, they will be grouped according to their primary beneficiary or purpose. Second, they will be reported again in order by tax.

#### **“Incidental” Tax Expenditures**

Some tax provisions are in the code to solve administrative problems or to avoid double-taxation. If the expenditure exists to avoid excessive administrative burdens, it is likely that repeal of the provision would add more to the cost of collecting the tax than it would generate in revenue.

### **Local Effects**

Special note should be made to the effect of state tax changes on local expenditures. The most important instance of this is the “piggyback income tax,” an income tax that provides income tax revenue to local governments in Maryland but that is tied to the state income tax base and collected with the state income tax.

This tax is a major source of local government revenue in Maryland. In general, any tax expenditure from the individual income tax reduces total local revenue, on average, by roughly 58 percent of the amount it reduces state revenue. Tax expenditures due to income tax credits, other than the non-refundable earned income tax credit, only affect state revenues.

## **Technical Notes**

Estimating tax expenditures is an inherently imprecise business. The estimator has to count dollars of revenue that are not collected. In some cases, such as tax expenditures that are delivered through refunds or credits, the revenue foregone can be measured with some precision. In other cases, the tax expenditure involves an activity that is exempt from both taxation and reporting requirements, and we must use outside sources of data to estimate the volume. For many provisions, there is simply no basis for a reliable estimate.

This section focuses on a number of the most important issues in tax expenditure estimating and discusses how they are handled in the report.

### **Measurement**

The estimates of tax expenditures in this report measure the difference between existing tax collections and what they would be without the tax expenditure. Thus, the cost to the state from each tax expenditure is estimated as the revenue that would be produced if the activity that is the subject of a special tax provision were taxed at the general rate.

### **Difficulty from Attempting to Sum the Various Estimates**

The revenue effect of repealing two or more tax expenditures at the same time may be more or less than the sum of the individual tax expenditure estimates. There are a variety of reasons for this.

There may be overlap between two tax expenditures. The income tax credit for earned income of individuals below the poverty level benefits many of those eligible for the earned income credit. If either one were repealed, the other provision would “catch” much of the income affected. If both were repealed, the revenue gain would be much larger than the sum of the two individual estimates.

In some cases, changing a tax expenditure from one tax will affect other tax revenues. For example, real estate taxes paid are an itemized deduction under the income tax. Eliminating a tax expenditure in the property tax would increase these deductions, and reduce income tax revenues. These interaction effects are not included in the estimates.

### **Data Sources**

Administering agencies are the principal source for estimates of tax expenditures from the tobacco and alcoholic beverage taxes, the property tax, motor-vehicle taxes and fees, the excise tax on vessels and the insurance premium tax. The Bureau of Revenue Estimates prepares tax expenditure estimates for the sales tax, the individual and corporation income taxes and the property transfer tax.

## **Notes on Particular Taxes**

### **Individual Income Tax**

The starting point for calculating the Maryland individual income tax is federal adjusted gross income (FAGI). Some provisions of the federal tax code make FAGI less than total “economic income” – the full value of all income received by the taxpayer. Examples include the exclusion from FAGI of public assistance benefits and employee fringe benefits.

The revenue foregone by the federal government as a result of these exclusions is counted as tax expenditures for *federal* purposes. The state component of such foregone revenue could be considered a state tax expenditure. However, this report does not include estimates of such tax expenditures.

There is a conceptual difficulty in separating the effect of the standard deduction from itemized deductions since for many taxpayers the standard deduction represents an alternative to itemized deductions. In this report, the standard deduction is considered a “structural” tax expenditure, while individual itemized deductions are considered “categorical” tax expenditures.

### **Sales Tax**

Maryland’s sales tax base includes all goods and a few enumerated services. Some goods are specifically exempt from the tax as are certain purchasers of these items, for example, governments, charitable organizations, etc. The list of tax expenditures enumerates these exemptions.

### **Corporate Income Tax**

The only tax expenditures from the corporate income tax reported here result from subtractions from income allowed in state law and the several state income tax credits. For the most part, data on individual subtractions from the corporation income tax are not available.

### **Property Tax**

Estimates of property tax expenditures include only the impact of exclusions on the state property tax. In general, exclusions from the state tax base are also exclusions from the local tax base, so the state tax expenditures are accompanied by local tax expenditures. The amount of the local tax expenditures depends on the tax rate set by each local government.

Property tax credits are not included in this report since funds required to pay those credits are appropriated through the regular budget process.

### **Admissions and Amusement Tax**

These tax expenditures affect only local revenues, and are adopted by local governments. For these reasons, admissions and amusement tax expenditures are not catalogued in this report.

**Detail of Tax Expenditures**

**By Function**

**Fiscal Years 2003 – 2006**



**I. Structural Tax Expenditures**

	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
Income tax personal exemptions.	462.8	468.0	479.1	486.5
Legal reference: Art. TG Sec. 10-211				
Note: Local effect is \$291.9 million in FY06.				
Individual income tax standard deduction	95.2	96.1	103.3	104.3
Legal reference: Art. TG Sec. 10-217				
Note: Local effect is \$62.6 million in FY06.				
	<u>558.0</u>	<u>564.1</u>	<u>582.4</u>	<u>590.8</u>

**II. Categorical Tax Expenditures**

**1. Agriculture and Fisheries**

Corporate income tax subtraction for conservation tillage equipment

Legal reference: Art. TG Sec. 10-308

Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.

Corporate income tax subtraction for reforestation & timber stand improvement

Legal reference: Art. TG Sec. 10-308

Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.

Corporate income tax subtraction for manure spreading equipment

Legal reference: Art. TG Sec. 10-308

Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.

Corporate income tax credit for certified additional commercial fertilizer costs

Legal reference: Art. TG Sec. 10-704

Note: No credits claimed to date.

Refund of aviation fuel tax used for agricultural purposes

Legal reference: Art. TG Sec. 13-901

Refund of fuel tax for fuel used for agricultural purposes

Legal reference: Art. TG Sec. 13-901

Note: Of this total, 30% would be distributed to local governments.

Personal income tax subtraction for conservation tillage equipment

Legal reference: Art. TG Sec. 10-208

Millions of Dollars			
FY 03	FY 04	FY 05	FY 06
-----	-----	-----	-----

No reliable estimate

0.1            0.1            0.1            0.1

No reliable estimate

II. Categorical Tax Expenditures (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax subtraction for donated farm products Legal reference: Art. TG Sec. 10-208	No reliable estimate			
Personal income tax subtraction for reforestation & timber stand improvement Legal reference: Art. TG Sec. 10-208	No reliable estimate			
Personal income tax credit up to \$500 for the purchase of aquaculture oyster floats Legal reference: Art. TG Sec. 10-724	0.1	0.1	0.1	0.1
Exemption from the sales tax of sales for agricultural purposes & of agricultural products Legal reference: Art. TG Sec. 11-201	57.9	61.0	64.3	67.8
Exemption from the sales tax of sales of crabs & seafood for consumption off-premises Legal reference: Art. TG Sec. 11-206	1.5	1.5	1.6	1.6
Exemption from the sales tax of sales of seafood harvesting equipment Legal reference: Art. TG Sec. 11-218	1.5	1.6	1.6	1.6
Exemption from the sales tax of sales of multifuel pellet stoves designed to burn agricultural field corn Legal reference: Art. TG Sec. 11-226 Note: Expected to cost about \$25,000 annually.	No reliable estimate			
Exemption of farm equipment from vehicle title requirements Legal reference: Art. TR Sec. 13-102 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
	61.1	64.3	67.7	71.2

## 2. Business

### Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exclusion of the value of trade-ins from the boat tax Legal reference: Art. NR Sec. 8-716	0.6	0.6	0.6	0.6
Corporate income tax subtraction for dividends for domestic corporations claiming foreign tax credits Legal reference: Art. TG Sec. 10-307 Note: CIT subtraction modifications are split 76%GF/24%SF.	7.5	8.7	10.6	13.3
Corporate income tax subtraction for dividends of domestic international sales corporation & foreign subsidiary Legal reference: Art. TG Sec. 10-307 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			
Corporate income tax subtraction for dividends from related foreign corporations Legal reference: Art. TG Sec. 10-307 Note: CIT subtraction modifications are split 76%GF/24%SF.	23.9	27.5	33.6	42.0
Corporate income tax subtraction for exempt-interest dividends paid by regulated investment companies Legal reference: Art. TG Sec. 10-308 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			
Corporate income tax subtraction for wage expenses disallowed under federal targeted jobs credit Legal reference: Art. TG Sec. 10-308 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			

2. Business (Continued)	Millions of Dollars			
	FY 03 -----	FY 04 -----	FY 05 -----	FY 06 -----
Corporate income tax gain/loss adjustment for utility company stranded costs Legal reference: Art. TG Sec. 10-309 Note: CIT subtraction modifications are split 76%GF/24%SF.	0.5	0.6	0.7	0.9
Enterprise zone tax credit on corporate income tax Legal reference: Art. TG Sec. 10-702 Note: CIT credits are split 76%GF/24%SF.	0.6	0.6	0.6	0.7
Corporate income tax credit for purchases of Maryland-mined coal Legal reference: Art. TG Sec. 10-704 Note: CIT credits are split 76%GF/24%SF.	1.1	1.1	1.1	1.1
Corporate income tax credit for 60% of property tax paid by telecom businesses on operating property other than land Legal reference: Art. TG Sec. 10-708 Note: CIT credits are split 76%GF/24%SF.	7.0	7.9	9.1	10.5
Corporate income tax credit for 60% of property tax paid by electric utilities on operating property other than land Legal reference: Art. TG Sec. 10-712 Note: CIT credits are split 76%GF/24%SF.	6.0	8.0	8.8	9.7
Corporate income tax credit of 25% of wages paid to employees of multijurisdictional electric companies Legal reference: Art. TG Sec. 10-713 Note: Effective for tax years beginning before 1/1/05.	2.0	2.0	2.0	0.0
Corporate income tax credit for qualified R&D expenses Legal reference: Art. TG Sec. 10-721 Note: Sunsets 12/31/04; CIT credits are split 76%GF/24%SF.	5.3	6.0	6.0	6.0

**2. Business (Continued)**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Refund of aviation fuel tax to MD aircraft manufacturers on fuel dispensed to aircraft Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.1	0.1	0.1	0.1
Personal income tax subtraction for provision of targeted jobs Legal reference: Art. TG Sec. 10-208		No reliable estimate		
Enterprise Zone tax credit on personal income taxes Legal reference: Art. TG Sec. 10-702		No reliable estimate		
Personal income tax credit for cogenerators' purchase of MD-mined coal Legal reference: Art. TG Sec. 10-704 Note: All credits taken are by corporations.	0.0	0.0	0.0	0.0
Personal income tax credit for qualified R&D expenses Legal reference: Art. TG Sec. 10-721 Note: Maximum annual credit - \$6 million; virtually all is taken by corporations.		Negligible		
One Maryland Economic Development tax credit against the Insurance premiums tax for certain economic development projects Legal reference : Art. Ins Sec.6-119		No reliable estimate		
Exemption from the property tax of property used for heating, cooling, etc of State-owned/occupied property Legal reference: Art. TP Sec. 7-211 Note: No revenue loss; properties potentially affected are already tax-exempt.	---	---	---	---
Exemption from the property tax of landing areas at privately owned, public use airports Legal reference: Art. TP Sec. 7-303 Note: Tax expenditure is under \$5k annually.		No reliable estimate		

2. Business (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the public service company franchise tax of internet services Legal reference: Art. TG Sec. 8-401	No reliable estimate			
Public service company franchise tax credit for purchase of MD-mined coal Legal reference: Art. TG Sec. 8-406	14.5	15.0	15.0	20.0
Public service company franchise tax credit for sales to large industrial customers for production activity Legal reference: Art. TG Sec 8-417	2.2	2.2	2.2	2.2
Exemption from the sales tax for the "core value" of used truck parts exchanged for remanufactured parts Legal reference: Art. TG Sec. 11-101	0.1	0.1	0.1	0.1
Exemption from the sales tax of cylinder demurrage charges Legal reference: Art. TG Sec. 11-202	0.5	0.6	0.6	0.6
Exemption from the sales tax of sales to cemetery companies Legal reference: Art. TG Sec. 11-204	No reliable estimate/negligible			
Exemption from the sales tax of sales to credit unions Legal reference: Art. TG Sec. 11-204	0.3	0.3	0.3	0.4
Exemption from the sales tax of certain transfers of business property Legal reference: Art. TG Sec. 11-209	No reliable estimate			
Exemption from the sales tax of sales of tangible personal property used predominantly in a production activity Legal reference: Art. TG Sec. 11-210	102.0	102.6	103.8	105.3

**2. Business (Continued)**

	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the sales tax of sales of certain bakery equipment Legal reference: Art. TG Sec. 11-210 Note: Probably under \$25,000 annually.	No reliable estimate/negligible			
Exemption from the sales tax of sales of certain telecommunications machinery & equipment to enable digital broadcasting Legal reference: Art. TG Sec. 11-210 Note: Expected to total \$1.7m over FY00-05; sunsets 1/1/08.	0.3	0.2	0.1	0.0
Exemption from the sales tax of sales of machinery & utilities used to produce bituminous concrete Legal reference: Art. TG Sec. 11-210	0.8	0.8	0.8	0.8
Exemption from the sale tax of sales of wood products & fuel for mining purposes Legal reference: Art. TG Sec. 11-212	No reliable estimate			
Exemption from the sale tax of sales of diesel fuel used in coal mine reclamation Legal reference: Art. TG Sec. 11-212 Note: Less than \$20,000 annually.	No reliable estimate/negligible			
Exemption from the sales tax of the use of nonresidential personal property Legal reference: Art. TG Sec. 11-214	No reliable estimate			
Exemption from the sales tax of sales of precious metal coins or bullion over \$1,000 Legal reference: Art. TG Sec. 11.214	0.7	0.7	0.7	0.7
Exemption from the sales tax for sales & printing of free newspapers Legal reference: Art. TG Sec. 11-215	2.5	2.5	2.6	2.7
Exemption from the sales tax for sales of out-of-state direct mail advertising materials Legal reference: Art. TG Sec. 11-215	2.7	2.8	2.9	3.0

2. Business (Continued)	Millions of Dollars			
	FY 03 -----	FY 04 -----	FY 05 -----	FY 06 -----
Exemption from the sales tax of sales of photographic & artistic materials used in publication Legal reference: Art. TG Sec. 11-215	9.6	9.2	8.9	8.8
Exemption from the sales tax of certain sales for research & development purposes Legal reference: Art. TG Sec. 11-217	9.0	9.2	9.4	9.7
Exemption from the sales tax of sales of fuel or repair parts for commercial vessels Legal reference: Art. TG Sec. 11-218	No reliable estimate			
Exemption from the sales tax of optional computer software maintenance contracts Legal reference: Art. TG Sec. 11-219	3.8	4.3	5.0	5.7
Exemption from the sales tax of sales of certain computer programs Legal reference: Art. TG Sec. 11-225	3.9	4.3	4.8	5.3
Exemption from the sales tax of sales of property or services used in film production activity Legal reference: Art. TG Sec. 11-227	1.0	0.9	0.9	1.0
Exemption from the sales tax of sales of power to operate equipment for producing snow for commercial purposes Legal reference: Art. TG Sec. 11-229 Note: Probably under \$10,000 annually	No reliable estimate/negligible			
Exemption from the titling tax for registered passenger buses Legal reference: Art. TR Sec. 13-810	No reliable estimate			
Exemption from the titling tax for registered truck tractors Legal reference: Art. TR Sec. 13-810	No reliable estimate			

**2. Business (Continued)**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the transfer tax for corporate or partnership conveyances Legal reference: Art. TP Sec. 13-207			No reliable estimate	
Exemption from the transfer tax for mergers, consolidations or transfers from partnership to a LLC Legal reference: Art. TP Sec. 13-207			No reliable estimate	
Exemption from the transfer tax for transfers of corporate property between related corporations Legal reference: Art. TP Sec. 13-207			No reliable estimate	
Exemption from the transfer tax for transfers upon conversion of joint venture or sole proprietorship to a LLC Legal reference: Art. TP Sec. 13-207			No reliable estimate	
	-----	-----	-----	-----
	208.5	218.8	231.3	251.2

**3. Charity**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the boat tax of vessels purchased by charitable organizations Legal reference: Art. NR Sec. 8-716 Note: Probably less than \$30,000 annually.	No reliable estimate			
Refund of the fuel tax to the Red Cross. Legal reference: Art. TG Sec. 13-901	No reliable estimate/negligible			
Personal income tax deduction for charitable contributions Legal reference: Art. TG Sec. 10-204 Note: Local effect is \$94.3 million in FY06	133.9	139.9	148.9	157.2
Exemption from the sales tax of sales to charitable organizations Legal reference: Art. TG Sec. 11-204	48.1	49.3	50.8	52.3
Exemption from registration fees for vehicles owned by the Red Cross Legal reference: Art. TR Sec. 13-903 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.	No reliable estimate			
Exemption from the titling tax of Red Cross Vehicles Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
	-----	-----	-----	-----
	182.0	189.2	199.7	209.5

4. Education	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for student work-based learning programs Legal reference: Art. TG Sec. 10-711 Note: Sunsets 12/31/03; less than \$50,000 claimed annually.				
				Negligible
Personal Income tax subtraction for amounts contributed to prepaid tuition plans Legal reference: Art. TG Sec. 10-207				No reliable estimate
Personal income tax subtraction for proceeds to a beneficiary from prepaid tuition plans Legal reference: Art. TG Sec. 10-208				No reliable estimate
Personal income tax credit for student work-based learning programs. Legal reference: Art. TG Sec. 10-711 Note: Sunsets 12/31/03; less than \$25,000 claimed annually.				Negligible
Personal income tax credit for expenses incurred by classroom teachers for advanced education Legal reference: Art. TG Sec. 10-717	5.2	6.0	7.2	8.6
Insurance premiums tax credit for student work-based learning programs Legal reference: Art. INS Sec. 6-118 Note: Sunsets 12/31/03.				Negligible
Exemption from the property tax of property for educational uses Legal reference: Art. TP Sec. 7-202 Note: Includes religious schools and colleges (\$XXXXK in FY05).	1.6	2.5	2.9	2.9
Public service company franchise tax credit for student work-based learning prog. Legal reference: Art. TG Sec. 8-415 Note: Sunsets 12/31/03.				No reliable estimate

4. Education (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the sales tax of certain fund raising sales to benefit school/students Legal reference: Art. TG Sec. 11-204	0.4	0.5	0.5	0.5
Exemption from the sales tax of sales to educational organizations Legal reference: Art. TG Sec. 11-204	13.0	13.3	13.7	14.2
Exemption from the sales tax of sales of food at schools Legal reference: Art. TG Sec. 11-206	10.0	10.5	10.8	11.2
Exemption from the titling tax of buses used for public school transportation Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; This item reflects part of that total.	No reliable estimate			
Exemption from the titling tax of vehicles owned by private schools Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; This item reflects part of that total.	No reliable estimate			
	-----	-----	-----	-----
	30.2	32.8	35.1	37.4

5. Elderly	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax subtraction for federally-taxed social security & railroad retirement benefits Legal reference: Art. TG Sec. 10-207 Note: Local effect is \$48.7 million in FY06.	72.2	74.7	77.8	81.1
Personal income tax pension exclusion. Legal reference: Art. TG Sec. 10-209 Note: Local effect is \$37.4 million in FY06.	54.6	56.3	59.5	62.4
Additional personal income tax exemptions for the blind and elderly Legal reference: Art. TG Sec. 10-211 Note: Local effect is \$6.9 million in FY06.	11.6	11.4	11.4	11.5
Exemption from the property tax of nonprofit housing for the elderly Legal reference: Art. TP Sec. 7-202	0.5	0.5	0.4	0.4
Exemption from property tax of continuing care facilities for the aged Legal reference: Art. TP Sec. 7-206	No reliable estimate			
Exemption from the sales tax of sales under \$500 to nonprofit senior citizens' orgs Legal reference: Art. TG Sec. 11-204	No reliable estimate			
Exemption from the sales tax of residential sales of electricity to a non-profit planned retirement community Legal reference: Art. TG Sec. 11-207	0.2	0.2	0.2	0.2
	<u>139.1</u>	<u>143.1</u>	<u>149.3</u>	<u>155.6</u>

6. Employment-related	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for businesses that create new jobs Legal reference: Art. TG Sec. 10-704				
Corporate income tax credit for job creation Legal reference: Art. TG Sec. 10-704 Note: Sunsets 1/1/10; CIT credits are split 76%GF/24%SF.	0.5	0.5	0.5	0.5
Corporate income tax credit for employing qualified ex-felons Legal reference: Art. TG Sec. 10-704 Note: Effective for individuals hired between 1/1/02-12/31/06; less than \$2,000 annually claimed to date.	Negligible			
Corporate income tax credit for ONE Maryland project/startup costs Legal reference: Art. TG Sec. 10-714	20.8	15.6	1.0	11.0
Personal income tax subtraction for pickup contributions for pension & retirement systems Legal reference: Art. TG Sec. 10-207	No reliable estimate			
Personal income tax subtraction for employment-related household & dependent care Legal reference: Art. TG Sec. 10-208 Note: Local effect is \$11.6 million in FY06.	15.4	18.1	18.8	19.4
Personal income tax credit for job creation. Legal reference: Art. TG Sec. 10-704 Note: Program sunsets 1/1/10.	0.0	0.1	0.1	0.1

**6. Employment-related (Continued)**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax credit for businesses that create new jobs Legal reference: Art. TG Sec. 10-704 Note: Less than \$20,000 annually claimed to date.				
				Negligible
Personal income tax credit for employing qualified ex-felons Legal reference: Art. TG Sec. 10-704 Note: Effective for individuals hired between 1/1/02-12/31/06; less than \$4,000 claimed to date.				
				No reliable estimate
Insurance premiums tax credit for job creation. Legal reference: Art. INS Sec. 6-114 Note: Program sunsets 1/1/10.				
				No reliable estimate
Insurance premiums tax credit for businesses that create new jobs Legal reference: Art. INS Sec. 6-116				
				No reliable estimate
Public service company franchise tax credit for job creation Legal reference: Art. TG Sec. 8-411				
				No reliable estimate
	-----	-----	-----	-----
	36.7	34.3	20.4	31.0

**7. Environment**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for employer-provided commuter benefits Legal reference: Art. TG Sec. 10-715 Note: CIT credits are split 76%GF/24%SF.	0.1	0.2	0.2	0.2
Corporate income tax credit for costs of solar water heating or photovoltaic property placed in service Legal reference: Art. TG Sec. 10-719 Note: Converted to a budgeted grant program effective 1/1/05; no credits claimed to date.	Negligible			
Corporate income tax credit for "green buildings" construction & rehabilitation costs Legal reference: Art. TG Sec. 10-722 Note: Credits will be claimed on personal income tax returns for TY2004 & 2005.	0.0	0.0	0.0	0.0
One cent/gal reduction in fuel tax for clean-burning fuels Legal reference: Art. TG Sec. 9-305	No reliable estimate/negligible			
Personal income tax subtraction for cost of manure spreading equipment Legal reference: Art. TG Sec. 10-208	No reliable estimate			
Personal income tax credit for certified additional commercial fertilizer costs Legal reference: Art. TG Sec. 10-704 Note: No credits claimed to date.	No reliable estimate			
Personal income tax credit for employer-provided commuter benefits Legal reference: Art. TG Sec. 10-715	0.1	0.1	0.1	0.1
Personal income tax credit for "green buildings" construction & rehabilitation costs Legal reference: Art. TG Sec. 10-722	0.0	0.0	2.0	3.9

**7. Environment (Continued)**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax credit for easements conveyed to the MD Environmental Trust or MD Agricultural Land Preservation Foundation Legal reference: Art. TG Sec. 10-723	0.4	0.5	0.6	0.7
Insurance premiums tax credit for employer-provided commuter benefits Legal reference: Art. INS Sec. 6-120	No reliable estimate			
Exemption from the sales tax of sales of certain energy-efficient appliances Legal reference: Art. TG Sec. 11-226 Note: Sunsets 7/1/04.	No reliable estimate			
	0.6	0.8	2.9	4.9

8. Families	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the alcoholic beverage excise tax for family produced wine for personal use or entry into an exhibition Legal reference: Art. TG Sec. 5-104				
				No reliable estimate
Exemption from the inheritance tax for small estates. Legal reference: Art. TG Sec. 7-203				No reliable estimate
Exemption from the inheritance tax of death benefits payable to a trust Legal reference: Art. TG Sec. 7-203				No reliable estimate
Exemption from the inheritance tax of \$500 for grave maintenance Legal reference: Art. TG Sec. 7-203				No reliable estimate
Exemption from the inheritance tax of life insurance benefits Legal reference: Art. TG Sec. 7-203				No reliable estimate
Exemption from the inheritance tax of property passed to lineal beneficiaries or siblings Legal reference: Art. TG Sec. 7-203	35.3	36.7	38.9	39.6
Exemption from the inheritance tax for family farms qualifying as farmland Legal reference: Art. TG Sec. 7-211				No reliable estimate
Personal income tax subtraction for two-income married couples Legal reference: Art. TG Sec. 10-207 Note: Local effect is \$25.3 million in FY06.	36.4	38.0	40.1	42.1
Personal income tax credit for child and dependent care expenses Legal reference: Art. TG Sec. 10-716	5.3	7.0	7.5	7.9

8. Families (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Homestead property tax credit for properties with assessment increases over 10% Legal reference: Art. TP Sec. 9-105 Note: Local governments will forego approximately \$152 million in FY05 under this program.	0.5	3.1	9.5	14.8
Exemption from the sales tax of sales of food for consumption off-premises Legal reference: Art. TG Sec. 11-206	336.9	351.1	363.1	375.4
Exemption from the sales tax of fuel rate adjustment charges on sales of electricity, etc. used in the common areas of residential condominiums Legal reference: Art. TG Sec. 11-207 Note: Less than \$5,000 annually.		No reliable estimate/negligible		
Exemption from the sales tax of sales of fuel electricity, steam, natural or artificial gas, etc. for residential use Legal reference: Art. TG Sec. 11-207	155.7	158.9	162.1	165.4
Exemption from the transfer tax for transfers between spouses, former spouses or relatives Legal reference: Art. TP Sec. 13-207		No reliable estimate		
	<u>570.1</u>	<u>594.8</u>	<u>621.2</u>	<u>645.2</u>

9. Fire and Rescue	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Refund of fuel tax for fuel used in fire and rescue vehicles Legal reference: Art. TG Sec. 13-901				No reliable estimate/negligible
Personal income tax subtraction for income from fire & ambulance length-of-service awards Legal reference: Art. TG Sec. 10-207				No reliable estimate
Personal income tax subtraction for qualifying volunteer emergency service personnel Legal reference: Art. TG Sec. 10-208				No reliable estimate
Exemption from the property tax of volunteer fire companies Legal reference: Art. TP Sec. 7-209	0.2	0.2	0.3	0.3
Exemption from the sales tax of sales to fire, rescue & ambulance companies Legal reference: Art. TG Sec. 11-204	1.5	1.5	1.5	1.6
Exemption from the sales tax of sales of food to support fire, rescue & ambulance companies Legal reference: Art. TG Sec. 11-206	0.1	0.1	0.1	0.1
Exemption of fire and rescue vehicles from vehicle registration fees Legal reference: Art. TR Sec. 13-903 Note: Split 70%SF(DOT)/30% local governments.	0.2	0.2	0.3	0.3
Exemption of fire buff canteen wagons from vehicle registration fees Legal reference: Art. TR Sec. 13-903 Note: Miscellaneous & other registration fees estimated at \$0.7 million in FY06; this item represents part of that total.				No reliable estimate

**9. Fire and Rescue (Continued)**

Exemption from the titling tax of fire engines & fire department apparatus

Legal reference: Art. TR Sec. 13-810

Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.

Millions of Dollars			
FY 03	FY 04	FY 05	FY 06
-----	-----	-----	-----
No reliable estimate			
2.0	2.0	2.2	2.3

10. Handicapped and Disabled	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for hiring disabled persons Legal reference: Art. TG Sec. 10-704 Note: Effective for persons hired through 6/30/06; less than \$30,000 annually.				
				No reliable estimate
Personal income tax subtraction for disability payments to police & firefighters Legal reference: Art. TG Sec. 10-207				No reliable estimate
Personal income tax subtraction for adoption expenses of special-needs children Legal reference: Art. TG Sec. 10-208				No reliable estimate
Personal income tax subtraction for expenses of providing human or mechanical readers for blind individuals Legal reference: Art. TG Sec. 10-208				Negligible
Personal income tax credit for hiring disabled persons. Legal reference: Art. TG Sec. 10-704 Note: Less than \$10,000 claimed annually.				Negligible
Insurance premiums tax credit for hiring disabled persons Legal reference: Art. INS Sec. 6-115 Note: Effective for persons hired through 6/30/06.				Negligible
Exclusion of \$6000 assessed value from the property tax for the blind and surviving spouses Legal reference: Art. TP Sec. 7-207 Note: Tax expenditure is under \$30,000 annually.				No reliable estimate/negligible
Public service company franchise tax credit for telephone lifeline service Legal reference: Art. TG Sec. 8-407	0.4	0.4	0.4	0.4

**10. Handicapped and Disabled (Continued)**

Millions of Dollars

FY 03      FY 04      FY 05      FY 06

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Public service company franchise tax credit for hiring disabled persons

Legal reference: Art. TG Sec. 8-413

Note: Effective for persons hired through 7/1/06.

No reliable estimate/negligible

Exemption from the titling tax of buses for transporting the handicapped

Legal reference: Art. TR Sec. 13-810

Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.

No reliable estimate

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0.4	0.4	0.4	0.4

11. Housing	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax deduction for home mortgage interest Legal reference: Art. TG Sec. 10-204 Note: Local effect is \$226.3 million in FY06.	354.4	358.9	369.4	377.2
Personal income tax deduction for real estate taxes Legal reference: Art. TG Sec. 10-204 Note: Local effect is \$71.5 million in FY06.	104.9	108.5	114.0	119.1
Personal income tax credit for property tax paid on owner-occupied residences in specified neighborhoods Legal reference: Art. TG Sec. 10-707 Note: Program sunsets 6/30/05.	0.5	0.5	0.5	0.5
Exemption of Housing Authorities from the property tax Legal reference: Art. TP Sec. 7-215	No reliable estimate			
Sales tax exclusion of 40% of the purchase price for retail sales of new mobil homes Legal reference: Art. TG Sec. 11-104	1.1	1.3	1.3	1.4
Exemption from the sales tax of sales of used mobil homes Legal reference: Art. TG Sec. 11-213	0.8	0.9	0.9	0.9
Property transfer tax rate halved for first time Maryland homebuyers Legal reference: Art. TP Sec. 13-203	12.8	16.0	17.0	16.1
Exemption from the transfer tax for cooperative housing corporations Legal reference: Art. TP Sec. 13-207	No reliable estimate			
	<u>474.5</u>	<u>486.1</u>	<u>503.1</u>	<u>515.2</u>

**12. Interstate Commerce**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Excise tax exemption for alcoholic beverages sold or delivered in the course of interstate commerce Legal reference: Art. TG Sec. 5-104				
Exemption from the sales tax of sales of food on vehicles engaged in interstate commerce Legal reference: Art. TG Sec. 11-206 Note: It is the opinion of the Comptroller's Office that such sales would be exempt under the US Constitution.				
Exemption from the sales tax of sales of film or tape used in television broadcasting Legal reference: Art. TG Sec. 11-208 Note: One taxpayer involved.				
Exemption from the sales tax of sales of marine equipment or machinery for ocean going vessels Legal reference: Art. TG Sec. 11-208	0.5	0.5	0.6	0.7
Exemption from the sales tax of sales of vehicles used in interstate commerce Legal reference: Art. TG Sec. 11-208	15.7	16.2	16.7	17.2
	<u>16.2</u>	<u>16.7</u>	<u>17.3</u>	<u>17.9</u>

13. Medical and Health	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the excise tax for wine or spirits bought by a hospital for medicinal purposes Legal reference: Art. TG Sec. 5-104 Note: Tax expenditures for alcohol purchased under non-beverage permit is \$0.1 million annually; this item is part of that total.				
		No reliable estimate		
Corporate income tax credit for employer-paid long-term care insurance premiums Legal reference: Art. TG Sec. 10-710				
		No reliable estimate		
Personal income tax deduction for medical expenses Legal reference: Art. TG Sec. 10-204 Note: Local effect is \$20.1 million in FY06.	26.6	28.4	31.0	33.5
Personal income tax credit for employer-paid long-term care insurance premiums Legal reference: Art. TG Sec. 10-710 Note: Less than \$2,000 claimed annually.				
		Negligible		
Personal income tax credit for eligible long-term care premiums Legal reference: Art. TG Sec. 10-718	9.0	12.9	16.8	20.7
Exemption of nonprofit health service plans from the insurance premiums tax Legal reference: Art. INS Sec. 6-101 Note: Exemption sunset 1/1/05.	32.7	33.1	16.7	0.0
Exemption of premiums for health maintenance organizations from the insurance premiums tax Legal reference: Art. INS Sec. 6-101 Note: Exemption sunset 1/1/05.	42.9	44.7	22.8	0.0
Insurance premiums tax credit for employer-paid long-term care insurance premiums Legal reference: Art. INS Sec. 6-117				
		No reliable estimate		

13. Medical and Health (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption of nonprofit hospitals and health facilities from the property tax Legal reference: Art. TP Sec. 7-202 Note: Includes religious hospitals (\$356k in FY03).	2.0	3.1	3.7	3.7
Public service company franchise tax credit for employer-paid long-term care insurance premiums Legal reference: Art. TG Sec. 8-415	No reliable estimate			
Exemption from the sales tax of sales of medicine, medical supplies & health aids Legal reference: Art. TG Sec. 11-211	71.7	76.2	81.0	86.1
Exemption from the titling tax for hearing & vision screening vehicles Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
	-----	-----	-----	-----
	184.9	198.4	172.0	144.0

14. Poverty	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for hiring qualified low income employees Legal reference: Art. TG Sec. 10-704 Note: Effective for persons hired through 7/1/06.	0.4	0.3	3.0	0.3
Earned income tax credit. Legal reference: Art. TG Sec. 10-704 Note: State credit is refundable in certain cases; local effect is \$43.4m in FY06.	116.6	133.0	151.7	159.5
Personal income tax credit for hiring qualified low income employees Legal reference: Art. TG Sec. 10-704 Note: Effective for persons hired through 6/30/06.	0.4	0.3	0.3	0.3
Personal income tax credit for persons with below poverty level incomes Legal reference: Art. TG Sec. 10-709 Note: Local credit is \$1.7million in FY06.	1.6	1.8	1.7	1.7
Insurance premiums tax credit for hiring qualified low income employees Legal reference: Art. INS Sec. 6-105 Note: Effective for persons hired through 6/30/06.	No reliable estimate			
Public service company franchise tax credit for hiring qualified low income employees Legal reference: Art. TG Sec. 8-410 Note: Effective for persons hired through 7/1/06.	No reliable estimate			
	-----	-----	-----	-----
	119.0	135.4	156.7	161.8

15. Religious	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the excise tax for wine bought by a religious organization for sacramental purposes Legal reference: Art. TG Sec. 5-104		No reliable estimate		
Exemption of religious organizations from the property tax Legal reference: Art. TP Sec. 7-204 Note: Not including religious schools & colleges (\$1.1m in FY05) and camps (\$90k).	4.0	6.2	6.2	6.3
Exemption from the sales tax of sales by religious organizations Legal reference: Art. TG Sec. 11-204	3.7	3.7	3.7	3.7
Exemption from the sales tax of sales to religious organizations Legal reference: Art. TG Sec. 11-204	10.3	10.6	10.9	11.3
Exemption from the sales tax of sales of food by religious organizations Legal reference: Art. TG Sec. 11-206	4.8	5.2	5.3	5.5
Exemption from registration fees for school vehicles owned by religious organizations Legal reference: Art. TR Sec. 13-903 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.		No reliable estimate		
Exemption from the titling tax for school vehicles owned by religious organizations Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.		No reliable estimate		
	-----	-----	-----	-----
	22.8	25.7	26.1	26.8

16. Veterans and Military	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
Personal income tax subtraction for certain military retirement income Legal reference: Art. TG Sec. 10-207				
				No reliable estimate
Personal income tax subtraction for overseas military pay Legal reference: Art. TG Sec. 10-207				
				No reliable estimate
Abatement of income tax for US military & civilian employees killed as a result of combat or terrorism Legal reference: Art. TG Sec. 13-908				
				Negligible
Note: Less than \$30,000 annually claimed to date; local loss is 60% of the state loss.				
Exemption of disabled veterans and surviving spouses from the property tax Legal reference: Art. TP Sec. 7-208	0.4	0.8	0.8	0.8
Exemption from the sales tax of sales of food to support veterans' organizations Legal reference: Art. TG Sec. 11-206	1.3	1.3	1.3	1.4
Exemption from registration fees for Civil Air Patrol vehicles Legal reference: Art. TR Sec. 13-903 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.				
				No reliable estimate
Exemption from registration fee for vehicles owned by veterans' organizations Legal reference: Art. TR Sec. 13-903 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.				
				No reliable estimate
Exemption from registration fees for vehicles owned by disabled veterans Legal reference: Art. TR Sec. 13-903 Note: Under \$50,000 annually; split 70% SF(DOT)/30% local governments.				
				No reliable estimate

**16. Veterans and Military (Continued)**

Millions of Dollars

	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from registration fees for the American Legion's "40-8 box car" Legal reference: Art. TR Sec. 13-903 Note: Misc and other registration fee exemptions total \$0.3m annually; this item represents part of that total.			No reliable estimate	
Exemption from the titling tax of Civil Air Patrol vehicles Legal reference: Art. TR Sec. 13-810 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.			No reliable estimate	
Exemption from the titling tax of vehicles owned by veterans' organizations Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1million in FY06; this item reflects part of that total.			No reliable estimate	
Exemption from the tobacco tax of cigarettes for sale at post exchanges and commissaries Legal reference: Art. TG Sec. 12-104		2.2	No reliable estimate	
Exemption from the tobacco tax of other tobacco products for sale at post exchanges and commissaries Legal reference: Art. TG Sec. 12-104		No reliable estimate		
	3.9	2.1	2.1	2.2

17. Volunteer and Nonprofit	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax credit for donations to the neighborhood partnership program Legal reference: Art. TG Sec. 10-704	0.2	0.2	0.2	0.2
Refund of fuel tax to state-funded nonprofit transit systems for the elderly, disabled or poor Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.6	0.6	0.6	0.6
Exemption from the inheritance tax for property that passes to qualified nonprofit organizations Legal reference: Art. TG Sec. 7-203	No reliable estimate			
Financial institution franchise tax credit for donations to nonprofit neighborhood revitalization projects Legal reference: Art. TG Sec. 8-214	No reliable estimate			
Exemption of fraternal beneficiary corporations from the insurance premiums tax Legal reference: Art. INS Sec. 6-101	1.2	1.3	1.2	1.2
Insurance premiums tax credit for donations to nonprofit neighborhood revitalization projects Legal reference: Art. INS Sec. 6-105	No reliable estimate			
Exemption of nonprofit cemetery & mausoleum property from the property tax Legal reference: Art. TP Sec. 7-201 Note: Includes religious cemeteries (\$75k in FY05).	0.1	0.1	0.1	0.1

17. Volunteer and Nonprofit (Continued)	Millions of Dollars			
	FY 03 -----	FY 04 -----	FY 05 -----	FY 06 -----
Exemption of lodges, trade & civic associations, clubs & other nonprofit organizations from the property tax Legal reference: Art. TP Sec. 7-202	0.5	0.5	0.6	0.6
Note: Includes charitable organizations, church societies & clubs.				
Exemption of youth camps from the property tax Legal reference: Art. TP Sec. 7-202 Note: Additional legal references: TP 7-212, 7-233; includes church camps (\$90k in FY05).	0.2	0.2	0.3	0.3
Exemption of the Chesapeake Bay Foundation from the property tax Legal reference: Art. TP Sec. 7-203	No reliable estimate			
Note: Total tax expenditure for historical societies, museums, etc. is \$180k in FY05.				
Exemption of community water systems from the property tax Legal reference: Art. TP Sec. 7-205	No reliable estimate			
Exemption of historical societies and war memorials from the property tax Legal reference: Art. TP Sec. 7-214	0.1	0.1	0.1	0.1
Exemption of veterans' organizations from the property tax Legal reference: Art. TP Sec. 7-234	0.1	0.2	0.4	0.4
Public service company franchise tax credit for donations to nonprofit neighborhood revitalization projects Legal reference: Art. TG Sec. 8-412	No reliable estimate/negligible			

**17. Volunteer and Nonprofit (Continued)**

Exemption from the sales tax for food delivered for immediate consumption by a nonprofit vendor  
 Legal reference: Art. TG Sec. 11-206  
 Note: Less than \$30,000 annually.

Millions of Dollars			
FY 03	FY 04	FY 05	FY 06
-----	-----	-----	-----
No reliable estimate/negligible			
3.0	3.2	3.5	3.5

18. Miscellaneous	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the excise tax of alcoholic beverages under a non-beverage permit Legal reference: Art. TG Sec. 5-104	0.1	0.1	0.1	0.1
Corporate income tax subtraction for profit on sale of MD state or local bonds Legal reference: Art. TG Sec. 10-307 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			
Corporate income tax subtraction for state tax-exempt interest from mutual funds Legal reference: Art. TG Sec. 10-307 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			
Corporate income tax subtraction for income from state relocation assistance Legal reference: Art. TG Sec. 10-307 Note: Miscellaneous CIT subtraction modifications are \$70.7million in FY06; split 76%GF/24%SF.	No reliable estimate			
Various corporate income tax subtractions, not separately estimated Legal reference: Art. TG Sec. 10-307,308.	40.1	46.2	56.4	70.7
Corp income tax credit for rehabilitating for rehabilitating historic/heritage structures Legal reference: Art. TG Sec. 10-704 Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.	No reliable estimate			
Exemption from the fuel tax for diesel fuel used in vessels Legal reference: Art. TG Sec. 9-303	0.8	0.8	0.8	0.8

18. Miscellaneous (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the inheritance tax of income accrued on probate assets Legal reference: Art. TG Sec. 7-203		No reliable estimate		
Exemption from the inheritance tax of recovered Holocaust assets Legal reference: Art. TG Sec. 7-203		No reliable estimate		
Various personal income tax deductions, not otherwise classified Legal reference: Art. TG Sec. 10-204 Note: Local effect is \$39.6 million in FY06.	54.7	57.6	61.9	66.0
Personal income tax subtraction for income from state relocation assistance Legal reference: Art. TG Sec. 10-207		No reliable estimate		
Personal income tax subtraction for income related to recovered Holocaust assets Legal reference: Art. TG Sec. 10-207		No reliable estimate		
Personal income tax subtraction for artwork donated by professional artists Legal reference: Art. TG Sec. 10-208		No reliable estimate		
Personal income tax credit for rehabilitating historic/heritage structures Legal reference: Art. TG Sec. 10-704 Note: all commercial projects limited to \$25m in 2004, then converted to a grant program; each noncommercial project limited to \$50k.		No reliable estimate		
Various personal income tax subtraction modifications, not otherwise classified Legal reference: Art. TG Sec. 10-207,208 Note: Local effect is \$129.3 million in FY06.	157.7	177.8	199.3	215.7
Exemption of annuities from the insurance premiums tax Legal reference: Art. INS Sec. 6-103	37.2	42.0	39.5	40.5

18. Miscellaneous (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Insurance premiums tax credit for rehabilitating historic/heritage structures Legal reference: Art. INS Sec. 6-105 Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.	12.0	1.9	0.0	0.0
Miscellaneous property tax exemptions. Legal reference: Art. TP Sec. 7-299 Note: Includes property of foreign governments, fairgrounds, etc.	0.5	0.8	1.9	2.0
Public service company franchise tax credit for rehabilitating historic/heritage structures Legal reference: Art. TG Sec. 8-406 Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.	No reliable estimate			
Exemption from the sales tax of sales by State mental hospital gift shops Legal reference: Art. TG Sec. 11-204 Note: There are no gift shops in these institutions.	Negligible			
Exemption from the sales tax of sales by hospital thrift shops Legal reference: Art. TG Sec. 11-204	0.1	0.1	0.1	0.1
Exemption from the sales tax of sales from facilities operated under MD Vending Program for the Blind on military bases Legal reference: Art. TG Sec. 11-204 Note: Expected revenue cost is under \$15,000 annually.	Negligible			
Exemption from the sales tax of sales of US, Maryland & POW/MIA flags Legal reference: Art. TG Sec. 11-205	No reliable estimate			

18. Miscellaneous (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the sales tax of sales of certain "healthy" foods sold through vending machines Legal reference: Art. TG Sec. 11-206	0.4	0.4	0.4	0.5
Exemption from the sales tax of sales of water through pipes Legal reference: Art. TG Sec. 11-224	25.3	26.1	26.9	27.7
Credit of vehicle titling tax for out-of-state sales or excise tax paid by persons moving to Maryland Legal reference: Art. TR Sec. 13-809 Note: 76% DOT (\$3.0 million in FY06)/24% local governments (\$1.0 million).	4.0	4.0	4.0	4.0
Exemption from the transfer tax for judgements, orders of satisfaction or participation agreements Legal reference: Art. TP Sec. 13-207	No reliable estimate			
Exemption from transfer tax for land installment contracts, options to purchase real property, or short term leases Legal reference: Art. TP Sec. 13-207	No reliable estimate			
	-----	-----	-----	-----
	332.9	357.8	391.3	428.1

**III. Incidental Tax Expenditures**

**1. Administrative Exemptions**

Exemption from the alcoholic beverages excise tax for small quantities brought into the state for personal use

Legal reference: Art. TG Sec. 5-104

Exemption from the inheritance tax for bequests under \$1,000

Legal reference: Art. TG Sec. 7-203

Exemption from the sales tax of sales of merchandise sold for less than \$0.25 through bulk vending machines

Legal reference: Art. TG Sec. 11-201

Exemption from the sales tax of casual and isolated sales

Legal reference: Art. TG Sec. 11-209

Exemption from the tobacco tax for cigarettes brought into the state in small quantities

Legal reference: Art. TG Sec. 12-104

Exemption from the tobacco tax for other tobacco products brought into the state in small quantities

Legal reference: Art. TG Sec. 12-104

	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the alcoholic beverages excise tax for small quantities brought into the state for personal use	No reliable estimate			
Exemption from the inheritance tax for bequests under \$1,000	No reliable estimate			
Exemption from the sales tax of sales of merchandise sold for less than \$0.25 through bulk vending machines	0.2	0.2	0.2	0.2
Exemption from the sales tax of casual and isolated sales	No reliable estimate			
Exemption from the tobacco tax for cigarettes brought into the state in small quantities	No reliable estimate			
Exemption from the tobacco tax for other tobacco products brought into the state in small quantities	No reliable estimate			
	-----	-----	-----	-----
	0.2	0.2	0.2	0.2

2. Double Taxation	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Corporate income tax subtraction for gross receipts subject to the public service company franchise tax Legal reference: Art. TG Sec. 10-307 Note: Total CIT subtraction modifications are \$70.7m in FY06; split 76%GF/24%SF.				
				No reliable estimate
Personal income tax subtraction for Keogh Plan withdrawals taxed at time of deposit Legal reference: Art. TG Sec. 10-207				No reliable estimate
Personal income tax subtraction for distributions of income when tax was paid by a fiduciary Legal reference: Art. TG Sec. 10-207				No reliable estimate
Personal income tax credit for tax paid to another state for earlier taxable year on certain installment sales Legal reference: Art. TG Sec. 10-703				No reliable estimate
Exemption from the sales tax of separately-stated sales subject to the admissions & amusement tax Legal reference: Art. TG Sec.11-101				No reliable estimate
Exemption from the sales tax for expense reimbursement while providing taxable detective services Legal reference: Art. TG Sec. 11-101	0.2	0.2	0.2	0.2
Exemption from the sales tax of admissions subject to the admissions & amusement tax Legal reference: Art. TG Sec. 11-221	0.1	0.1	0.1	0.1
Exemption from the sales tax of certain telecommunications services subject to the federal excise tax Legal reference: Art. TG Sec. 11-221	61.8	59.9	59.2	58.5

2. Double Taxation (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Exemption from the sales tax of motor fuels subject to the motor fuel or motor carrier tax Legal reference: Art. TG Sec. 11-221	240.5	277.0	323.9	330.3
Exemption from the sales tax of motor vehicles, except house or office trailers, subject to the motor vehicle excise tax Legal reference: Art. TG Sec. 11-221	659.9	705.4	744.2	785.2
Exemption from the sales tax of long-term motor vehicle leases Legal reference: Art. TG Sec. 11-221	17.6	18.5	19.6	20.8
Exemption from the sales tax of the rental of motion pictures subject to the admissions & amusement tax Legal reference: Art. TG Sec. 11-221	No reliable estimate			
Exemption from the sales tax of sales of vessels subject to the boat excise tax Legal reference: Art. TG Sec. 11-221	27.4	30.9	33.1	35.4
Exemption from the sales tax of sales of materials taxed under other laws Legal reference: Art. TG Sec. 11-221	No reliable estimate			
Exemption from the titling tax of mobile homes over 35 ft. Legal reference: Art. TR Sec. 13-810 Note: Mobile homes over 35 ft., when installed on sites, are taxed as real property.	No reliable estimate			
Exemption from the titling tax of vehicles purchased for short-term rental purposes Legal reference: Art. TR Sec. 13-810	45.1	51.4	52.6	53.1
Exemption from the titling tax for leased vehicles purchased by the lessee Legal reference: Art. TR Sec. 13-810	No reliable estimate			

**2. Double Taxation (Continued)**

Exemption from the titling tax for vehicles transferred into an inter vivos trust if transferor is the beneficiary

Legal reference: Art. TR Sec. 13-810

Exemption from the transfer tax for transfers of supplemental, previously recorded instruments or deeds for prior contract of sale

Legal reference: Art. TP Sec. 13-207

Millions of Dollars			
FY 03	FY 04	FY 05	FY 06
-----	-----	-----	-----
No reliable estimate			
1,052.6	1,143.4	1,232.9	1,283.6

3. Reciprocal Exemptions	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Credit against the boat tax for excise tax paid in another state Legal reference: Art. NR Sec. 8-716	0.2	0.2	0.2	0.2
Reciprocal exemption from inheritance tax for personal property of nonresident decedents Legal reference: Art. TG Sec. 7-203	No reliable estimate			
Refund of fuel tax for fuel taxed in another state Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	2.2	4.5	4.0	4.0
Exemption from the fuel tax for fuel sold for export from the state Legal reference: Art. TG Sec. 9-303 Note: Of this total, 30% would be distributed to local governments.	40.0	40.0	40.0	40.0
Reciprocal tax credit for personal income taxes paid to another state Legal reference: Art. TG Sec. 10-703	103.1	106.5	123.0	128.6
Exemption from the sales tax of sales to certain out-of-state non-profit organizations Legal reference: Art. TG Sec. 11-204	No reliable estimate			
Reciprocal exemption for sales of tangible personal property to nonprofit organizations for use in another state Legal reference: Art. TG Sec. 11-216 Note: Revenue loss is included in exemptions under TG Sec. 11-204.	No reliable estimate			
Exemption from the sales tax of sales of items taxed in another state Legal reference: Art. TG Sec. 11-221 Note: Exemption may be constitutionally required.	No reliable estimate			

**3. Reciprocal Exemptions (Continued)**

Millions of Dollars

Reciprocal exemption from registration fees for out-of-state law enforcement vehicles  
 Legal reference: Art. TR Sec. 13-903  
 Note: Misc and other registration fee exemptions estimated at \$0.7m in FY06; this item represents part of that total.

FY 03	FY 04	FY 05	FY 06
-----	-----	-----	-----

No reliable estimate

Reciprocal exemption from the titling tax for out-of-state law enforcement vehicles  
 Legal reference: Art. TR Sec. 13-810  
 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.

No reliable estimate

-----	-----	-----	-----
145.5	151.2	167.2	172.8

	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
<b>4. Fuel Used for Non-transportation Purposes</b>				
Partial refund of fuel tax for fuel delivery vehicles Legal reference: Art. TG Sec. 13-901		No reliable estimate/negligible		
Partial refund of fuel tax on concrete mixers. Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.5	0.3	0.4	0.4
Partial refund of fuel tax on fuel used by solid waste compactors Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.1	0.2	0.2	0.2
Partial refund of fuel tax used by well drillers. Legal reference: Art. TG Sec. 13-901		No reliable estimate/negligible		
Partial refund of fuel used by agricultural spreaders Legal reference: Art. TG Sec. 13-901		No reliable estimate/negligible		
Refund of fuel tax for fuel used in engines installed permanently at fixed locations Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	1.7	1.4	1.5	1.5
Refund of fuel tax on fuel lost in fire or collision. Legal reference: Art. TG Sec. 13-901		No reliable estimate/negligible		
Refund of fuel tax paid for fuel used for commercial purposes other than operation of motor vehicles on public highways Legal reference: Art. TG Sec. 13-901 Note: Principally marine uses; of this total, 30% would be distributed to local governments.	0.1	0.1	0.1	0.1
	2.4	2.0	2.2	2.2

5. Governments	Millions of Dollars			
	FY 03 -----	FY 04 -----	FY 05 -----	FY 06 -----
Excise tax exemption for alcoholic beverage sales on federal reservations Legal reference: Art. TG Sec. 5-104	0.2	0.1	0.1	0.1
Exemption from the boat tax for vessels purchased by the State or its subdivisions Legal reference: Art. NR Sec. 8-716	No reliable estimate			
Corporate income tax subtraction for interest on US government obligations Legal reference: Art. TG Sec. 10-307 Note: CIT subtraction modifications are split 76%GF/24%SF.	12.9	14.9	18.2	22.7
Exemption from the inheritance tax for property passing to the State or its subdivisions Legal reference: Art. TG Sec. 7-203	No reliable estimate			
Refund of fuel tax for fuel used by the federal government Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.4	0.7	0.6	0.6
Refund of fuel tax for fuel used to operate local government bus systems Legal reference: Art. TG Sec. 13-901 Note: Of this total, 30% would be distributed to local governments.	0.9	1.1	1.0	1.0
Exemption from the fuel tax for fuel purchased by the State or its subdivisions Legal reference: Art. TG Sec. 9-303 Note: Of this total, 30% would be distributed to local governments.	2.3	2.3	2.3	2.3
Personal income tax subtraction for distributions & dividends from mutual funds attributable to US obligations Legal reference: Art. TG Sec. 10-207 Note: Total effect of misc PIT subtractions is \$215.5m state/\$129.3m local in FY06.	No reliable estimate			

5. Governments (Continued)	Millions of Dollars			
	FY 03	FY 04	FY 05	FY 06
	-----	-----	-----	-----
Personal income tax subtraction for employer provided official police/fire vehicles Legal reference: Art. TG Sec. 10-207 Note: Total effect of misc PIT subtractions is \$215.5m state/\$129.3m local in FY06.	No reliable estimate			
Personal income tax subtraction for interest & dividends on US obligations Legal reference: Art. TG Sec. 10-207 Note: Local effect is \$22.4 million in FY06.	36.1	36.5	36.9	37.3
Personal income tax subtraction for profits on sale of Maryland state or local bonds Legal reference: Art. TG Sec. 10-207 Note: Total effect of misc PIT subtractions is \$215.5m state/\$129.3m local in FY06.	No reliable estimate			
Exemption of federal government property from the property tax Legal reference: Art. TP Sec. 7-210,11	8.1	12.8	13.1	13.1
Exemption of local government property from the property tax Legal reference: Art. TP Sec. 7-210,11	15.4	24.6	26.0	26.0
Exemption of state government property from the property tax Legal reference: Art. TP Sec. 7-210,11	5.9	9.4	10.8	10.8
Exemption from the sales tax of sales of government documents, publications, etc Legal reference: Art. TG Sec. 11-215	1.4	0.6	1.0	1.0
Exemption from the sales tax of sales to the State and its subdivisions Legal reference: Art. TG Sec. 11-220	213.1	219.4	226.0	232.8
Exemption from the sales tax of sales of testing equipment to be transferred to the federal government Legal reference: Art. TG Sec. 11-222	No reliable estimate			

5. Governments (Continued)	Millions of Dollars			
	FY 03 -----	FY 04 -----	FY 05 -----	FY 06 -----
Exemption from the sales tax of sales of buses for use in public transportation systems Legal reference: Art. TG Sec. 11-223	0.8	1.1	1.1	1.1
Exemption from the tobacco tax of cigarettes & other tobacco products for sale to post exchanges & commissaries Legal reference: Art. TG Sec. 12-104	2.2 No reliable estimate			
Exemption from registration fees of vehicles owned by the federal, State or local governments Legal reference: Art. TR Sec. 13-903 Note: Split 70% state (MDOT)/30% local government.	2.0	2.0	3.8	3.8
Exemption from the titling tax of vehicles owned by the federal government Legal reference: Art. TR Sec. 13-102 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
Exemption from the titling tax of vehicles owned by the State & its subdivisions Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
Exemption from the titling tax of vehicles owned by the US and used in an investigation Legal reference: Art. TR Sec. 13-810 Note: Miscellaneous titling tax exemptions estimated at \$88.1m in FY06; this item reflects part of that total.	No reliable estimate			
Exemption from the transfer tax of transfers to governments or public agencies Legal reference: Art. TP Sec. 13-207				
	-----	-----	-----	-----
	301.7	325.5	340.9	352.6

**Detail of Tax Expenditures**  
**By Tax**  
**Fiscal Years 2003 – 2006**

<b><u>ALCOHOLIC BEVERAGE TAX</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference : Art. TG Sec. 5-104</b>				
<b>Exemption from the excise tax for:</b>				
Small quantities of alcoholic beverages brought to the state for personal use		No reliable estimate		
Family-produced wine for personal use or entry into an exhibition		No reliable estimate		
Alcoholic beverage sales on federal reservations	0.2	0.1	0.1	0.1
Alcoholic beverages sold or delivered in the course of interstate commerce		No reliable estimate		
Wine or spirits bought by a hospital for medicinal purposes		No reliable estimate		
Note: Tax expenditures for alcohol purchased under non-beverage permit is \$0.1 million annually; this item is part of that total.				
Alcoholic beverages under non-beverage permit	0.1	0.1	0.1	0.1
Wine bought by a religious organization for sacramental purposes		No reliable estimate		
<b>Total: State General Funds</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>

<b><u>EXCISE TAX ON VESSELS</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art. NR Sec. 8-716</b>				
<b>Exemption from the boat tax for:</b>				
Excludes the value of trade-ins	0.6	0.6	0.6	0.6
Vessels purchased by charitable organizations	No reliable estimate			
Vessels purchased by State or its subdivisions	No reliable estimate			
<b>Credit against the boat tax for:</b>				
Excise tax paid in another state	0.2	0.2	0.2	0.2
	_____	_____	_____	_____
<b>Total: State Special Funds</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
 <i>Total on page iv, Statistical Summary of Tax Expenditures by Tax, excludes following which is included in above total.</i>				
Excise tax paid in another state	-0.2	-0.2	-0.2	-0.2

Millions of Dollars

**CORPORATION INCOME TAX**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art TG Sec. 10-307**

**Corporate income tax subtractions for:**

Dividends for domestic corporations claiming foreign tax credits	7.5	8.7	10.6	13.3
Dividends from affiliated domestic international sales corporations	No reliable estimate			
Dividends of related foreign corporations	23.9	27.5	33.6	42.0
Gross receipts subject to the public service company franchise tax	No reliable estimate			
Interest on U.S. obligations	12.9	14.9	18.2	22.7
Profit on sale or exchange of Maryland state or local bonds	No reliable estimate			
Relocation and assistance payments	No reliable estimate			
State tax-exempt interest from mutual funds	No reliable estimate			

**Legal reference: Art. TG Sec. 10-308**

**Corporate income tax subtractions for:**

Conservation tillage equipment	No reliable estimate			
Reforestation or timber stand improvement expenses	No reliable estimate			
Wage expenses disallowed under federal targeted jobs credit	No reliable estimate			
Cost of manure spreading equipment	No reliable estimate			
Exempt-interest dividends paid by regulated investment companies	No reliable estimate			
Various subtraction modifications not separately estimated	40.1	46.2	56.4	70.7

**Legal reference: Art TG Sec. 10-309**

Gain/loss adjustment on utility company stranded costs	0.5	0.6	0.7	0.9
--	-----	-----	-----	-----

<b><u>CORPORATION INCOME TAX (Continued)</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art TG Sec. 10-702</b>				
Enterprise zone tax credit	0.6	0.6	0.6	0.7
<b>Legal reference: Art. TG Sec. 10-704</b>				
Credit for purchase of Maryland-mined coal	1.1	1.1	1.1	1.1
Credit for job creation Note: Program sunsets 1/1/10.	0.5	0.5	0.5	0.5
Credit for businesses that create new jobs Note: Generally less than \$30,000 annually.	0.0	0.5	0.0	0.0
Credit for certain commercial fertilizer costs Note: Expected cost over 10 year life of credit is \$20 million; none claimed to date.	No reliable estimate			
Credit for hiring disabled/persons Note: Less than \$10,000 claimed annually.	Negligible			
Credit for rehabilitating historic/heritage structures Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.	No reliable estimate			
Credit for wages/child care for hiring qualified low-income employees Note: Effective for persons hired through 7/1/06.	0.4	0.3	0.3	0.3
Credit for donations to the neighborhood partnership program	0.2	0.2	0.2	0.2
Credit for employing qualified ex-felons Note: Effective for individuals hired between 1/1/02-12/31/06; less than \$2,000 claimed in each of FY03 and 04.	Negligible			

Millions of Dollars

**CORPORATION INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 10-708**

Credit for 60% of certain property taxes paid by a telecommunications company      7.0      7.9      9.1      10.5

**Legal reference: Art. TG Sec 10-710**

Credit for employer-paid long-term care insurance premiums      Negligible  
 Note: Less than \$2,000 annually claimed to date.

**Legal reference: Art. TG Sec 10-711**

Credit for work-based learning programs      No reliable estimate      ---  
 Note: Less than \$50,000 annually claimed to date; sunsets 12/31/03.

**Legal reference: Art. TG Sec 10-712**

Credit for 60% of certain property taxes paid by an electric utility      6.0      8.0      8.8      9.7

**Legal reference: Art. TG Sec 10-713**

Credit for 25% of wages paid to employees of multijurisdictional electric companies      2.0      2.0      2.0      0.0  
 Note: Effective for tax years beginning before 1/1/05.

**Legal reference: Art. TG Sec 10-714**

Credit for One Maryland project/start-up costs.      20.8      15.6      1.0      11.0

**Legal reference: Art. TG Sec 10-715**

Credit for employer-provided commuter benefits      0.1      0.2      0.2      0.2

Millions of Dollars

**CORPORATION INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec 10-719**

Credit for costs of solar water heating or photovoltaic property placed in service  
 Note: Converted to a budgeted grant program 1/1/05;no claims to date.

Negligible

**Legal reference: Art. TG Sec 10-719**

Credit for electricity produced from certain qualified energy resources  
 Note: Effective for certain facilities placed in service between 1/1/02 and 1/1/05.

No reliable estimate

**Legal reference: Art. TG Sec 10-721**

Credit for qualified Research & Development expenses  
 Note: Sunsets 12/31/04; maximum annual credit - \$6 million.

5.3      6.0      6.0      6.0

**Legal reference: Art. TG Sec 10-722**

Credit for "green buildings" construction & rehabilitation costs

---      0.0      0.0      0.0

**Total**

**128.9      140.8      149.3      189.8**

Distribution:

State General Funds      98.0      107.0      113.5      144.2

Net State Special Funds (MDOT)      21.7      23.7      25.1      31.9

Local Government      9.3      10.1      10.7      13.7

***Total on page iv, Statistical Summary of Tax Expenditures by Tax, excludes following which is included in above total.***

**Interest on U.S. Obligations      -12.9      -14.9      -18.2      -22.7**

Millions of Dollars

**DEATH TAXES**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 7-203**

**Exemption from the inheritance tax for:**

Property passed to lineal beneficiaries and siblings      35.3      36.7      38.9      39.6

Bequests under \$1000      No reliable estimate

Small estimates      No reliable estimate

Death benefits payable to a trust      No reliable estimate

\$500 for grave maintenance      No reliable estimate

Life insurance benefits      No reliable estimate

Property passing to the State or its subdivisions      No reliable estimate

Reciprocal exemption for personal property of nonresident decedents      No reliable estimate

Property that passes to qualified nonprofit organizations      No reliable estimate

Income accrued on probate assets      No reliable estimate

**Legal reference: Art. TG Sec. 7-211**

Family farms qualifying as farmland      No reliable estimate

**Total: State General Funds**      **35.3**      **36.7**      **38.9**      **39.6**

<b><u>MOTOR VEHICLE FUEL TAX</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art. TG Sec. 13-901</b>				
<b>Fuel tax refunds for:</b>				
Aviation fuel used for agricultural purposes		No reliable estimate		
Fuel used for agricultural purposes	0.1	0.1	0.1	0.1
Aviation fuel to MD aircraft manufacturing companies on fuel dispensed to aircraft	0.1	0.1	0.1	0.1
Fuel used by Red Cross		No reliable estimate/negligible		
Fuel used in fire and rescue vehicles		No reliable estimate/negligible		
Fuel used by U.S. Government	0.4	0.7	0.6	0.6
Fuel used to operate bus systems of local governments	0.9	1.1	1.0	1.0
Partial refund for fuel used by fuel delivery vehicles		No reliable estimate/negligible		
Partial refund for fuel used by concrete mixers Note: Effective 7/1/04, includes concrete pump trucks.	0.5	0.3	0.4	0.4
Partial refund for fuel used by solid waste compactors	0.1	0.2	0.2	0.2
Partial refund for fuel used by well drillers		No reliable estimate/negligible		
Partial refund for fuel used by agricultural spreaders		No reliable estimate/negligible		
Fuel used in engines installed permanently at fixed locations	1.7	1.4	1.5	1.5
Fuel lost in fire or collision		No reliable estimate/negligible		

Millions of Dollars

**MOTOR VEHICLE FUEL TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

Fuel used for commercial purposes other than operation of motor vehicles on public highways      0.1      0.1      0.1      0.1

Fuel taxed in another state      2.2      4.5      4.0      4.0

Fuel used by state-funded nonprofit transit systems for the elderly, disabled or poor      0.6      0.6      0.6      0.6

**Legal reference: Art. TG Sec. 9-303**

**Exemption from the fuel tax for:**

Fuel bought by governments      2.3      2.3      2.3      2.3

Diesel fuel used in vessels      0.8      0.8      0.8      0.8

Fuel sold for export from the state      40.0      40.0      40.0      40.0

**Legal reference: Art. TG Sec. 9-305**

One cent/gallon tax reduction for clean-burning fuels      No reliable estimate/negligible

**Total**      **49.8**      **52.2**      **51.7**      **51.7**

***Total on page iv, Statistical Summary of Tax Expenditures by Tax, includes only State General Funds.***

Distribution:

State General Funds      1.5      1.5      1.5      1.5

Net State Special Funds      33.8      35.5      35.1      35.1

Local Governments      14.5      15.2      15.1      15.1

Millions of Dollars

**INDIVIDUAL INCOME TAX**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art.TG Sec. 10-204**

**Itemized deductions for:**

Charitable contributions      133.9      139.9      148.9      157.2  
 Note: Local effect is \$94.3 million in FY06.

Mortgage interest      354.4      358.9      369.4      377.2  
 Note: Local effect is \$226.3 million in FY06.

Real estate taxes      104.9      108.5      114.0      119.1  
 Note: Local effect is \$71.5 million in FY06.

Medical expenses      26.6      28.4      31.0      33.5  
 Note: Local effect is \$20.1 million in FY06.

Various personal income tax deductions, not otherwise classified      54.7      57.6      61.9      66.0  
 Note: Local effect is \$39.6 million in FY06.

**Legal reference: Art. TG Sec. 10-207**

**Subtraction modifications for:**

Dividends and interest from U.S. obligations      36.1      36.5      36.9      37.3  
 Note: Local effect is \$22.4 million in FY06.

Federally taxed social security/railroad retirement benefits      72.2      74.7      77.8      81.1  
 Note: Local effect is \$48.7 million in FY06.

Two-income married couples      36.4      38.0      40.1      42.1  
 Note: Local effect is \$25.3 million in FY06.

Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Miscellaneous subtraction modifications for:**

Distribution to a beneficiary of accumulated income on which fiduciary has paid tax	No reliable estimate			
Distributions & dividends from mutual funds attributed to US obligation	No reliable estimate			
Employer provided official police/fire vehicles	No reliable estimate			
Disability payments to police and firefighters	No reliable estimate			
Keogh Plan withdrawals taxed at time of deposit	No reliable estimate			
Income from emergency services length of service awards	No reliable estimate			
Profits on sale of Maryland state or local bonds	No reliable estimate			
Relocation & assistance payments	No reliable estimate			
Pickup contributions for pension & retirement systems	No reliable estimate			
Overseas military pay	No reliable estimate			
Certain military retirement income	No reliable estimate			
Amounts contributed to prepaid tuition plans	No reliable estimate			
Income related to recovered Holocaust assets	No reliable estimate			

**Legal reference: Art TG Sec. 10-208**

**Subtraction modifications for:**

Employment-related household & dependent care expenses Note: Local effect is \$11.6 million in FY06.	15.4	18.1	18.8	19.4
Adoption expenses for special-needs children	No reliable estimate			
Expenses of providing human or mechanical readers for blind persons	No reliable estimate			

Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Miscellaneous subtraction modifications for:**

Cost of installing handrails in certain medical facilities	No reliable estimate			
Conservation tillage equipment expenses	No reliable estimate			
Artwork donated by professional artists	No reliable estimate			
Donated farm products	No reliable estimate			
Reforestation or timber stand expenses	No reliable estimate			
\$3,500 in income of qualifying volunteer service personnel	No reliable estimate			
Note: Effective 1/1/01 includes members of applicable auxiliary organizations	No reliable estimate			
Certain gross income of child included in parents income	No reliable estimate			
Unreimbursed mileage of certain volunteers	No reliable estimate			
Salary or wage expenses for targeted jobs	No reliable estimate			
Expense to buy poultry/livestock manure spreader equipment	No reliable estimate			
Income earned on advanced payment of tuition	No reliable estimate			
Total: Miscellaneous Subtractions	157.7	177.8	199.3	215.5
Note: Local effect is \$129.3 million in FY06.				

**Legal reference: Art. TG Sec. 10-209**

**Subtraction modifications for:**

Pension income	54.6	56.3	59.5	62.4
Note: Local effect is \$37.4 million in FY06.				

Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

**Legal reference: Art. TG Sec. 10-211**

**Personal Exemptions:**

Additional exemptions for the blind and elderly  
 Note: Local effect is \$6.9 million in FY06.

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Additional exemptions for the blind and elderly	11.6	11.4	11.4	11.5

Personal Exemptions:  
 Note: Local effect is \$291.9 million in FY06.

Personal Exemptions:	462.8	468.0	479.1	486.5
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**Legal reference: Art. TG Sec. 10-217.**

**Standard Deduction:**

Standard Deduction:  
 Note: Local effect is \$62.6 million in FY06.

Standard Deduction:	95.2	96.1	103.3	104.3
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**Tax Credits:**

**Legal reference: Art. TG Sec. 10-702**

Wages paid in enterprise zone

No reliable estimate

**Legal reference: Art. TG Sec. 10-703**

Taxes paid by resident to another state  
 Gains from certain installment sales in another state

Taxes paid by resident to another state	103.1	106.5	123.0	128.6
Gains from certain installment sales in another state	No reliable estimate			

**Tax Credits:**

**Legal reference: Art. TG Sec. 10-704**

Low income taxpayers' earned income  
 Note: State credit is refundable in certain cases; local effect is \$43.4 million in FY06.

Low income taxpayers' earned income	116.6	133.0	151.7	159.5
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Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Cogenerator's purchase of Maryland-mined coal Note: All credits taken are by corporations.	0.0	0.0	0.0	0.0
Expenses of hiring qualified low income employees Note: Effective for persons hired through 7/1/06.	0.1	0.3	0.3	0.3
Wages paid to qualified employees (Job Creation Tax Credit) Note: Program sunsets 1/1/10.	0.0	0.1	0.1	0.1
Rehabilitating historic/heritage structures Note: all commercial projects limited to \$25m in 2004, then converted to a grant program; each noncommercial project limited to \$50k.	No reliable estimate			
Contributions for neighborhood/community assistance	0.1	0.6	0.8	1.0
Expenses for hiring qualified disabled employees Note: Effective for persons hired through 6/30/06; under \$20,000 annually.	Negligible			
Businesses that create new jobs Note: Under \$20,000 annually.	Negligible			
Commercial fertilizer costs Note: No credits claimed to date.	No reliable estimate			
Employing qualified ex-felons Note: Effective for individuals hired between 1/1/02-12/31/06; less than \$4,000 claimed to date.	Negligible			
<b>Legal reference: Art. TG Sec. 10-707</b>				
Property tax paid on owner-occupied residences in specified neighborhoods Note: Program sunsets 6/30/05.	0.5	0.5	0.5	0.5

Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 10-708**

Certain property taxes paid by a telecommunications business  
 Note: No credits claimed to date and none expected in the outyears.

No reliable estimate

**Legal reference: Art. TG Sec. 10-709**

Earnings of certain low income taxpayers  
 Note: local credit is \$1.7million in FY06.

1.6      1.8      1.7      1.7

**Legal reference: Art. TG Sec. 10-710**

Expenses for employer-paid long-term care insurance  
 Note: Less than \$2,000 claimed annually.

Negligible

**Legal reference: Art. TG Sec. 10-711**

Expenses of student work-based learning programs  
 Note: Sunsets 12/31/03; less than \$25,000 claimed annually..

0.0      0.0      0.0      0.0

**Legal reference: Art. TG Sec. 10-714**

Costs associated with One Maryland economic development projects.

5.4      6.5      6.0      6.0

**Legal reference: Art. TG Sec. 10-715**

Cost of providing employee commuter benefits

0.1      0.1      0.1      0.1

**Legal reference: Art. TG Sec. 10-716**

Child and dependent care expenses

5.3      7.0      7.5      7.9

**Legal reference: Art. TG Sec. 10-717**

Expenses for classroom teacher advanced education

5.2      6.0      7.2      8.6



Millions of Dollars

**INDIVIDUAL INCOME TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

Miscellaneous Provisions:

**Legal reference: Art. TG Sec. 13-908**

Abatement of income tax for U.S. military/civilian employees killed as a result of combat or terrorism

Note: Less than \$30,000 annually claimed to date; local loss is 60% of the state loss.

Negligible

	_____	_____	_____	_____
<b>Total</b>	<b>1,860.1</b>	<b>1,942.2</b>	<b>2,066.4</b>	<b>2,152.2</b>

*Total on page iv, Statistical Summary of Tax Expenditures by Tax, excludes following which are included in above total.*

<b>Structural Tax Expenditures</b>	<b>-558.0</b>	<b>-564.1</b>	<b>-582.4</b>	<b>-590.8</b>
<b>Dividends and interest on U.S. Obligations</b>	<b>-36.1</b>	<b>-36.5</b>	<b>-36.9</b>	<b>-37.3</b>
<b>Taxes paid by resident to another state</b>	<b>-103.1</b>	<b>-106.5</b>	<b>-123.0</b>	<b>-128.6</b>

Millions of Dollars

**INSURANCE PREMIUM TAX**

**Exemptions from the tax for:**

**Legal reference: INS Sec. 6-101**

Premiums for nonprofit health service plans Note: Exemption sunset 1/1/05.	FY 03	FY 04	FY 05	FY 06
	32.7	33.1	16.7	0.0

Premiums for health maintenance organizations Note: Exemption sunset 1/1/05.	42.9	44.7	22.8	0.0
---	------	------	------	-----

Premium for fraternal beneficiary corporations	1.2	1.3	1.2	1.2
--	-----	-----	-----	-----

**Legal reference: Ins. Sec. 6-103**

Annuities	37.2	42.0	39.5	40.5
-----------	------	------	------	------

**Tax credits for:**

**Legal reference: Art. Ins. Sec. 6-105**

Rehabilitating historic/heritage structures Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.	12.0	1.9	0.0	0.0
---	------	-----	-----	-----

Expenses for hiring qualified low income employees Note: Effective for persons hired through 6/30/06	No reliable estimate			
---	----------------------	--	--	--

Donations to non-profit neighborhood revitalization projects	No reliable estimate			
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**Legal reference: Art. Ins. Sec. 6-114**

Job creation Note: Program sunsets 1/1/10.	No reliable estimate			
---	----------------------	--	--	--

Millions of Dollars

**INSURANCE PREMIUM TAX (Continued)**

**Legal reference: Art. Ins. Sec. 6-115**

Expenses for hiring qualified disabled employees  
 Note: Effective for persons hired through 6/30/06.

No reliable estimate

**Legal reference: Art. Ins. Sec. 6-116**

Businesses that create new jobs

No reliable estimate

**Legal reference: Art. Ins. Sec. 6-117**

Expenses for employer-paid long-term care insurance premiums

**Legal reference: Art. Ins. Sec. 6-118**

Expenses for work-based learning programs  
 Note: Sunsets 12/31/03.

No reliable estimate/negligible

**Legal reference: Art. Ins. Sec. 6-119**

Costs associated with One Maryland economic development projects.

No reliable estimate

**Legal reference: Art. Ins. Sec. 6-120**

Expenses for employer-provided commuter benefits

No reliable estimate

**Total: State General Funds**

<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
126.0	123.0	80.2	41.7

Millions of Dollars

**MOTOR VEHICLE TITLING TAX**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TR Sec. 13-102**

**Exemptions from vehicle titling requirement for:**

Farm equipment			No reliable estimate	
Vehicles owned by U.S.			No reliable estimate	

**Legal reference: Art. TR Sec. 13-809**

**Credit of vehicle titling tax for:**

Out-of-state sales or excise tax paid by persons moving to Maryland	4.0	4.0	4.0	4.0
---	-----	-----	-----	-----

**Legal reference: Art. TR Sec. 13-810**

**Exemption from the titling tax for:**

Registered passenger buses			No reliable estimate	
Registered truck tractors			No reliable estimate	
Vehicles owned by state and its subdivisions			No reliable estimate	
Vehicles purchased for short-term rental purposes	45.1	51.4	52.6	53.1
Leased vehicles purchased by the lessee			No reliable estimate	
Miscellaneous exemptions for:				
Red Cross vehicles			No reliable estimate	
Mobile homes over 35 feet			No reliable estimate	
Buses used for public school transportation			No reliable estimate	
Vehicles owned by private schools			No reliable estimate	

Millions of Dollars

**MOTOR VEHICLE TITLING TAX (Continued)**

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Fire engines and fire department apparatus		No reliable estimate		
Vehicles owned by U.S. and used in an investigation		No reliable estimate		
Buses used for handicapped transportation		No reliable estimate		
Reciprocal exemption from titling tax for out-of-state law enforcement vehicles		No reliable estimate		
School buses owned by religious organizations		No reliable estimate		
Civic Air Patrol vehicles		No reliable estimate		
Vehicles owned by veterans' organizations		No reliable estimate		
Hearing and vision screening vehicles		No reliable estimate		
Vehicles transferred into an inter vivos trust if transferor is the beneficiary		No reliable estimate		
Total: Miscellaneous exemptions	77.5	85.3	87.2	88.1
	_____	_____	_____	_____
<b>Total</b>	<b>126.6</b>	<b>140.7</b>	<b>143.8</b>	<b>145.2</b>
Distribution:				
Net State Special Funds	96.2	106.9	109.3	110.4
Local Governments	30.4	33.8	34.5	34.8
 <i>Total on page iv, Statistical Summary of Tax Expenditures by Tax, excludes following which is included in above total.</i>				
<b>Vehicles purchased for short-term rental purposes</b>	<b>-45.1</b>	<b>-51.4</b>	<b>-52.6</b>	<b>-53.1</b>

Millions of Dollars

**STATE PROPERTY TAX**

FY 03      FY 04      FY 05      FY 06

**Exemptions for property used for or by:**

**Legal reference: Art. TP Sec. 7-201**

Nonprofit cemetery and mausoleum property      0.1      0.1      0.1      0.1  
 Note: Includes religious cemeteries (\$75k in FY05).

**Legal reference: Art. TP Sec. 7-202**

Educational uses      1.6      2.5      2.9      2.9  
 Note: Includes religious schools and colleges (\$1.4m in FY05).

Nonprofit housing for the elderly      0.5      0.5      0.4      0.4

Nonprofit hospitals and health facilities      2.0      3.1      3.7      3.7

Lodges, trade and civic associations, clubs, and other nonprofit organizations      0.5      0.5      0.6      0.6  
 Note: Includes charitable organizations, church societies & clubs.

Youth camps      0.2      0.2      0.3      0.3  
 Note: Additional legal references: TP 7-212, 233; includes church camps (\$90k in FY05).

**Legal reference: Art. TP Sec. 7-203**

The Chesapeake Bay Foundation      No reliable estimate  
 Note: Total tax expenditures for historical societies, museums, etc. is \$180k in FY05.

**Legal reference: Art. TP Sec. 7-204**

Religious organizations      4.0      6.2      6.2      6.3  
 Note: Not including religious schools and colleges (\$1.1m in FY05) & camps (\$90k).

<b><u>STATE PROPERTY TAX (Continued)</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art TP Sec. 7-205</b>				
Community water systems			No reliable estimate	
<b>Legal reference: Art. TP Sec. 7-206</b>				
Continuing care facilities for the aged			No reliable estimate	
<b>Legal reference: Art. TP Sec. 7-207</b>				
Exclusion of \$6000 of assessed value for blind and surviving spouses			No reliable estimate	
<b>Legal reference: Art. TP Sec. 7-208</b>				
Disabled veterans and surviving spouses	0.4	0.8	0.8	0.8
<b>Legal reference: Art. TP Sec. 7-209</b>				
Volunteer fire companies	0.2	0.2	0.3	0.3
<b>Legal reference: Art. TP Sec. 7-210,11</b>				
Federal government property	8.1	12.8	13.1	13.1
Local government property	15.4	24.6	26.0	26.0
State government property	5.9	9.4	10.8	10.8
Property used for heating/cooling of state owned/occupied property	---	---	---	---
Note: No revenue loss; properties potentially affected are already tax exempt.				
<b>Legal reference: Art. TP Sec. 7-214</b>				
Historical societies and war memorials	0.1	0.1	0.1	0.1
<b>Legal reference: Art. TP Sec. 7-215</b>				
Housing authorities			No reliable estimate	

<b><u>STATE PROPERTY TAX (Continued)</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art. TP Sec. 7-234</b>				
Veterans' organizations	0.1	0.2	0.4	0.4
<b>Legal reference: Art. TP Sec. 7-299</b>				
Miscellaneous property tax exemptions. Note: Includes property of foreign governments, fairgrounds, etc.	0.5	0.8	1.9	2.0
<b>Legal reference: Art. TP Sec. 7-303</b>				
Landing areas at privately owned, public use airports Note: Tax expenditure is under \$5,000 annually	No reliable estimate/negligible			
<b>Legal reference: Art. TP Sec. 9-105</b>				
Homestead property tax credit for properties with assessment increases over 10% Note: Local governments will forego apx \$152m in FY05 under this program.	0.5	3.1	9.5	14.8
<b>Total: State Special Funds</b>	<b>40.1</b>	<b>65.1</b>	<b>77.1</b>	<b>82.6</b>

Millions of Dollars

**PUBLIC SERVICE CO. FRANCHISE TAX**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 8-401**

Exemption for Internet services

No reliable estimate

**Tax Credits for:**

**Legal reference: Art. TG Sec. 8-406**

Purchase of MD-mined coal

14.4      15.0      15.0      20.0

Rehabilitating historic/heritage structures

Note: all commercial projects limited to \$25m in 2004, then converted to a grant program.

No reliable estimate      ---

**Legal reference: Art. TG Sec. 8-407**

Telephone lifeline service

0.4      0.4      0.4      0.4

**Legal reference: Art. TG Sec. 8-410**

Expenses for wages/child care for hiring qualified low-income employees

Note: Effective for persons hired through 7/1/06.

No reliable estimate

**Legal reference: Art. TG Sec. 8-411**

Job creation

Note: Program sunsets 7/1/10.

No reliable estimate

**Legal reference: Art. TG Sec. 8-412**

Donations to non-profit neighborhood revitalization projects

No reliable estimate

**Legal reference: Art. TG Sec. 8-413**

Expenses for hiring qualified disabled employees

Note: Effective for persons hired through 6/30/06.

No reliable estimate

	Millions of Dollars			
<b><u>PUBLIC SERVICE CO. FRANCHISE TAX (Continued)</u></b>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Legal reference: Art. TG Sec. 8-415</b>				
Expenses for work-based learning programs Note: Sunsets 12/31/03.		No reliable estimate		0.0
Expenses for employer-paid long-term care insurance premiums		No reliable estimate		
<b>Legal reference: Art. TG Sec 8-417</b>				
Sales to large industrial customers for production activity	2.2	2.2	2.2	2.2
	_____	_____	_____	_____
<b>Total: State General Funds</b>	<b>17.0</b>	<b>17.6</b>	<b>17.6</b>	<b>22.6</b>

<b><u>SALES AND USE TAX</u></b>	Millions of Dollars			
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<b>Exemptions or exclusions for:</b>				
<b>Legal reference: Art. TG Sec. 11-101</b>				
The "core value" of used truck parts exchanged for remanufactured parts	0.1	0.1	0.1	0.1
Expense reimbursements while providing taxable detective resources	0.2	0.2	0.2	0.2
Separately-stated Admissions & Amusement tax charges	0.1	0.1	0.1	0.1
<b>Legal reference: Art. TG Sec. 11-104</b>				
40% of the purchase price for retail sales of new mobile homes	1.1	1.3	1.3	1.4
<b>Legal reference: Art. TG Sec. 11-201</b>				
Sales for agricultural purposes or of agricultural products	57.9	61.0	64.3	67.8
Merchandise sold for less than a quarter through bulk vending machines	0.2	0.2	0.2	0.2
<b>Legal reference: Art. TG Sec. 11-202</b>				
Cylinder demurrages charges	0.5	0.6	0.6	0.6
<b>Legal reference: Art. TG Sec. 11-204</b>				
Sales to cemetery companies	No reliable estimate/negligible			
Sales to credit unions	0.3	0.3	0.3	0.4
Sales to charitable organizations	48.1	49.3	50.8	52.3
Sales for fund raising to benefit schools/students	0.4	0.5	0.5	0.5
Sales to educational organizations	13.0	13.3	13.7	14.2
Sales under \$500 to non profit senior citizens' organizations	No reliable estimate			
Sales to fire, rescue, and ambulance companies	1.5	1.5	1.5	1.6

Millions of Dollars

**SALES AND USE TAX (Continued)**

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Sales by hospital thrift shops	0.1	0.1	0.1	0.1
Sales by State mental hospital gift shops	0.0	0.0	0.0	0.0
Note: There are no gift shops in these institutions				
Facilities operated under MD Vending Program for the Blind on military bases	No reliable estimate			
Note: Expected revenue cost is under \$15,000 annually				
Sales to certain out-of-state non-profit organizations	No reliable estimate			
Sales by religious organizations	4.8	5.2	5.3	5.5
Sales to religious organizations	10.3	10.6	10.9	11.3
<b>Legal reference: Art. TG Sec. 11-205</b>				
Sales of US, Maryland & POW/MIA flags	No reliable estimate			
<b>Legal reference: Art. TG Sec. 11-206</b>				
Sales of crabs and seafood for consumption off premises	1.5	1.5	1.6	1.6
Sales of food at schools	10.0	10.5	10.8	11.2
Sales of food for consumption off premises	336.9	351.1	363.1	375.4
Sales of food to support fire, rescue and ambulance companies	0.1	0.1	0.1	0.1
Sales of food on vehicles engaged in interstate commerce	No reliable estimate			
Note: It is the opinion of the Comptroller that such sales would be exempt under the U.S. Constitution				
Sales of certain "healthy" foods sold through vending machines	0.4	0.4	0.4	0.5
Sales of food by religious organizations	5.6	5.6	5.6	5.6

Millions of Dollars

**SALES AND USE TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

Sales of food to support veterans' organizations      1.3      1.3      1.3      1.4

Food delivered for immediate consumption by a non-profit vendor      No reliable estimate/negligible  
 Note: Less than \$30,000 annually

**Legal reference: Art. TG Sec. 11-207**

Residential sales of electricity to a non-profit planned retirement community      0.2      0.2      0.2      0.2

Fuel rate adjustment charges on sales of electricity, etc. used in the common areas of residential condominiums      No reliable estimate/negligible  
 Note: Less than \$30,000 annually.

Residential sales of fuel, electricity, steam, natural or artificial gas, etc.      155.7      158.9      162.1      165.4

**Legal reference: Art. TG Sec. 11-208**

Sales of film or tape used in television broadcasting      No reliable estimate  
 Note: One taxpayer involved.

Sales of marine equipment or machinery for ocean going vessels      0.5      0.5      0.6      0.7

Sales of vehicles used in interstate commerce      15.7      16.2      16.7      17.2

**Legal reference: Art. TG Sec. 11-209**

Casual and isolated sales      No reliable estimate

Certain transfers of business property      No reliable estimate

Millions of Dollars

**SALES AND USE TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 11-210**

Sales of tangible personal property used predominantly in a production activity      102.0      102.6      103.0      105.3

Sales of certain bakery equipment

No reliable estimate

Note: Probably under \$25,000 annually.

Sales of certain telecommunications machinery & equipment to enable digital broadcasting

0.3      0.2      0.1      0.0

Note: Expected to total \$1.7m over FY00-05; sunsets 1/1/08..

Sales of machinery and utilities used to produce bituminous concrete

0.8      0.8      0.8      0.8

**Legal reference: Art. TG Sec. 11-211**

Sales of medicine, medical supplies and health aids

71.7      76.2      81.0      86.1

**Legal reference: Art. TG Sec. 11-212**

Sales of wood products and fuel for mining purposes

No reliable estimate

Sales of diesel fuel used in coal mine reclamation

No reliable estimate/negligible

Note: Less than \$20,000 annually.

**Legal reference: Art. TG Sec. 11-213**

Sale of used mobile homes

0.8      0.9      0.9      0.9

**Legal reference: Art. TG Sec 11-214**

Use of nonresident personal property

No reliable estimate

Sales of precious metal coins or bullion over \$1k

0.7      0.7      0.7      0.7

Millions of Dollars

**SALES AND USE TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TG Sec. 11-215**

Sales and printing of free newspapers	2.5	2.5	2.6	2.7
Sales of out-of-state direct mail advertising materials	2.7	2.8	2.9	3.0
Sales of photographic and artistic materials used in publication	9.6	9.2	8.9	8.8
Sales of government documents, publications, etc.	1.4	0.6	1.0	1.0

**Legal reference: Art. TG Sec. 11-216**

Reciprocal exemption for sales of tangible personal property to nonprofit organizations for use in another state  
 Note: Revenue loss is included in exemptions under TG Sec. 11-204.

No reliable estimate

**Legal reference: Art. TG Sec. 11-217**

Certain sales for research and development purposes	9.0	9.2	9.4	9.7
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**Legal reference: Art. TG Sec. 11-218**

Sales of seafood harvesting equipment	1.5	1.6	1.6	1.6
Sales of fuel or repair parts for commercial vessels	No reliable estimate			

**Legal reference: Art. TG Sec. 11-219**

Optional computer software maintenance contracts	3.8	4.3	5.0	5.7
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**Legal reference: Art. TG Sec. 11-220**

Sales to the State and its political subdivisions	213.1	219.4	226.0	232.8
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**Legal reference: Art. TG Sec. 11-221**

Long-term motor vehicle leases	17.6	18.5	19.6	20.8
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Millions of Dollars

**SALES AND USE TAX (Continued)**

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Sales of motor fuel subject to the motor fuel or motor carrier tax	240.0	277.0	323.9	330.3
Sales of motor vehicles, except house/office trailers,subject to the motor vehicle excise tax	655.9	705.4	744.2	785.2
Sales of admissions subject to the Admissions & Amusement tax	44.5	46.8	45.0	47.0
Sales of materials taxed under other laws	No reliable estimate			
Sales of vessels subject to the boat excise tax	27.4	30.9	33.1	35.4
Sales of certain communications services subject to the federal excise tax	61.8	59.9	59.2	58.5
Sales of rentals of motion pictures subject to the Admissions & Amusement tax	No reliable estimate			
Sales of items taxed in another state	No reliable estimate			
Note: Exemption may be constitutionally required				
<b>Legal reference: Art. TG Sec. 11-222</b>				
Sales of testing equipment to be transferred to U.S. Government	No reliable estimate			
<b>Legal reference: Art. TG Sec. 11-223</b>				
Sales of buses for use in public transportation systems	0.8	1.1	1.1	1.1
<b>Legal reference: Art. TG Sec. 11-224</b>				
Sales of water through pipes	25.3	26.1	26.9	27.7
<b>Legal reference: Art. TG Sec. 11-225</b>				
Sales of certain computer programs	3.9	4.3	4.8	5.3
<b>Legal reference: Art. TG Sec. 11-226</b>				
Sales of certain energy efficient appliances	No reliable estimate			
Note: Sunsets 7/1/04.				

Millions of Dollars

**SALES AND USE TAX (Continued)**

FY 03      FY 04      FY 05      FY 06

Sales of multifuel pellet stoves designed to burn agricultural field corn.  
Note: expected to cost about \$25,000 annually.

No reliable estimate/negligible

**Legal reference: Art. TG Sec. 11-227**

Sales of property or services used in film production activity

1.0      0.9      0.9      1.0

**Legal reference: Art. TG Sec. 11-229**

Sales of power to operate machinery used to produce snow for commercial purposes  
Note: Probably under \$10,000 annually

No reliable estimate/negligible

**Total: State General Funds**

**2,164.6      2,292.5      2,415.0      2,507.0**

*Total on page iv, Statistical Summary of Tax Expenditures by Tax, excludes following which are included in above total.*

**Expense reimbursements while providing taxable detective resources      -0.2      -0.2      -0.2      -0.2**

**Separately stated Admissions & Amusement tax charges.      -0.1      -0.1      -0.1      -0.1**

**Sales of government documents, publications, etc.      -1.4      -0.6      -1.0      -1.0**

**Sales to the State and its political subdivisions      -213.1      -219.4      -226.0      -232.8**

**Long-term motor vehicle leases      -17.6      -18.5      -19.6      -20.8**

**Sales of motor fuel subject to the motor fuel or motor carrier tax      -240.0      -277.0      -323.9      -330.3**

**Sales of motor vehicles, except house/office trailers, subject to motor vehicle excise tax      -655.9      -705.4      -744.2      -785.2**

**Sales of vessels subject to the boat excise tax      -27.4      -30.9      -33.1      -35.4**

**Sales of certain communications services subject to the federal excise tax      -61.8      -59.9      -59.2      -58.5**

**Sales of buses for use in public transportation systems      -0.8      -1.1      -1.1      -1.1**

Millions of dollars

**TOBACCO TAX**

FY 03      FY 04      FY 05      FY 06

**Legal Reference: Art. TG Sec. 12-104**

Exemption from the tobacco tax for:

Cigarettes brought into the state in small quantities

No reliable estimate

Other tobacco products brought into the state in small quantities

No reliable estimate

Cigarettes for sale at post exchanges and commissaries

2.2 No reliable estimate

Other tobacco products for sale at post exchanges and commissaries

No reliable estimate

**Total**

**2.2 No reliable estimate**

Millions of Dollars

**MOTOR VEHICLE REGISTRATION FEES**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TR Sec. 13-903**

**Exemption from registration fees for:**

Fire and rescue vehicles	0.2	0.2	0.3	0.3
Vehicles owned by U.S., Maryland or local governments	2.0	2.0	3.8	3.8

**Miscellaneous Exemptions for:**

Vehicles owned by disabled veterans Note: Under \$50,000 annually.	No reliable estimate			
American Legion's "40-8 box car"	No reliable estimate			
Vehicles owned by the Red Cross	No reliable estimate			
Fire buff canteen wagons	No reliable estimate			
Reciprocal exemptions for out-of-state law enforcement vehicles	No reliable estimate			
School vehicles owned by religious organizations	No reliable estimate			
Civil Air Patrol vehicles	No reliable estimate			
Vehicles owned by veterans' organizations	No reliable estimate			
Total: Miscellaneous exemptions	<u>0.3</u>	<u>0.3</u>	<u>0.8</u>	<u>0.7</u>
<b>Total</b>	<b>2.5</b>	<b>2.5</b>	<b>4.9</b>	<b>4.8</b>

Distribution:

Net State Special Funds	1.7	1.7	3.4	3.3
Local Governments	0.8	0.8	1.5	1.5

Millions of Dollars

**PROPERTY TRANSFER TAX**

FY 03      FY 04      FY 05      FY 06

**Legal reference: Art. TP Sec. 13-203**

**Exemptions from state transfer tax for:**

Tax rate halved for first time Maryland home buyers      12.8      16.0      17.0      16.1

Miscellaneous Exemptions:

**Legal reference: Art. TP Sec. 13-207**

Conversions of foreign entities to LLCs

Corporate or partnership conveyances

Mergers, consolidations or transfers from partnerships to LLCs

Transfers from Class I railroad carriers to wholly-owned LLCs  
 Note: One-time impact in FY 00 or FY 01 estimated at apx \$100k.

Transfers of corporate property between related corporations

Transfers upon conversion of jt ventures or sole proprietorships to an LLC

Transfers of supplemental, prev recorded instruments/deeds for prior contract of sale

Transfers between spouses, former spouses or relatives

Transfers to governments or public agencies

Transfers for cooperative housing corporations

Judgments, orders of satisfaction or participation agreements

Land installment contracts, options to purchase real prop or short-term leases

**Total: State Special Funds**      **12.8**      **16.0**      **17.0**      **16.1**