

**MARYLAND**  
**Tax Expenditures Report**  
**Fiscal Year 2016**

Presented to the Governor and General Assembly  
by the Department of Budget and Management  
February 2015

**Lawrence J. Hogan, Jr., Governor**  
**Boyd K. Rutherford, Lieutenant Governor**  
**David R. Brinkley, Secretary**



**MARYLAND**  
DEPARTMENT OF  
BUDGET & MANAGEMENT

*LAWRENCE J. HOGAN, JR.*  
Governor

*BOYD K. RUTHERFORD*  
Lieutenant Governor

*DAVID R. BRINKLEY*  
Secretary

February 27, 2015

The Honorable Lawrence J. Hogan, Jr.  
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 2013 - 2016, 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. Special thanks go to David Van Remoortere of the Bureau of Revenue Estimates and Meredith Decker and Aaron Barker of the Office of Budget Analysis. Without their hard work and careful analysis, this report would not be possible.

Sincerely,



Marc Nicole  
Director  
Office of Budget Analysis

cc: Secretary David R. Brinkley

| <b>Statistical Summary</b>          |   |                |                |                |                |
|-------------------------------------|---|----------------|----------------|----------------|----------------|
| <b>Tax Expenditures by Function</b> |   |                |                |                |                |
| <b>(millions of dollars)</b>        |   |                |                |                |                |
|                                     |   |                |                |                |                |
|                                     |   | <b>FY 13</b>   | <b>FY 14</b>   | <b>FY 15</b>   | <b>FY 16</b>   |
| <b>I.</b>                           | <b>Structural Tax Expenditures</b>          |                |                |                |                |
|                                     | Income Tax Personal Exemption               | 652.7          | 644.9          | 651.3          | 657.9          |
|                                     | Income Tax Standard Deduction               | 135.3          | 133.4          | 134.7          | 136.1          |
|                                     | <b>Total - Structural Tax Expenditures</b>  | <b>788.0</b>   | <b>778.3</b>   | <b>786.1</b>   | <b>793.9</b>   |
| <b>II.</b>                          | <b>Categorical Tax Expenditures</b>         |                |                |                |                |
|                                     | Agriculture                                 | 191.9          | 198.1          | 209.9          | 220.4          |
|                                     | Business                                    | 312.6          | 308.6          | 309.0          | 313.8          |
|                                     | Charity                                     | 351.2          | 346.7          | 356.9          | 364.0          |
|                                     | Education                                   | 79.7           | 78.4           | 80.5           | 83.0           |
|                                     | Elderly                                     | 411.5          | 399.6          | 403.6          | 407.7          |
|                                     | Employment-related                          | 181.2          | 164.7          | 173.6          | 183.9          |
|                                     | Environment                                 | 5.5            | 4.7            | 4.6            | 4.6            |
|                                     | Families                                    | 1,151.8        | 1,183.8        | 1,207.6        | 1,228.2        |
|                                     | Fire and Rescue                             | 2.9            | 4.3            | 4.4            | 4.4            |
|                                     | Handicapped and Disabled                    | 0.3            | 0.3            | 0.3            | 0.3            |
|                                     | Housing                                     | 753.2          | 769.6          | 782.9          | 796.7          |
|                                     | Interstate Commerce                         | 16.3           | 16.3           | 17.0           | 17.7           |
|                                     | Medical and Health                          | 542.3          | 544.7          | 570.1          | 595.2          |
|                                     | Poverty                                     | 229.3          | 226.2          | 226.8          | 228.9          |
|                                     | Religious                                   | 39.1           | 39.6           | 40.1           | 41.5           |
|                                     | Veterans and Military                       | 12.7           | 12.7           | 12.9           | 13.1           |
|                                     | Volunteer and Nonprofit                     | 5.0            | 5.0            | 5.5            | 5.6            |
|                                     | Miscellaneous                               | 505.6          | 560.8          | 544.2          | 548.2          |
|                                     | <b>Total - Categorical Tax Expenditures</b> | <b>4,792.3</b> | <b>4,864.2</b> | <b>4,950.1</b> | <b>5,057.2</b> |
| <b>III.</b>                         | <b>Incidental Tax Expenditures</b>          |                |                |                |                |
|                                     | Administrative                              | 67.2           | 68.3           | 68.4           | 68.4           |
|                                     | Double Taxation                             | 1,942.9        | 1,999.9        | 2,089.0        | 2,152.0        |
|                                     | Reciprocal Exemptions                       | 15.6           | 52.0           | 52.4           | 52.7           |
|                                     | Fuel for Non-transportation Uses            | 2.2            | 2.2            | 2.2            | 2.2            |
|                                     | Governments                                 | 478.9          | 484.4          | 506.4          | 527.6          |
|                                     | <b>Total - Incidental Tax Expenditures</b>  | <b>2,506.8</b> | <b>2,606.7</b> | <b>2,718.4</b> | <b>2,802.9</b> |
|                                     | <b>Total - All Tax Expenditures</b>         | <b>8,087.0</b> | <b>8,249.3</b> | <b>8,454.5</b> | <b>8,654.0</b> |

Note: Totals may not add due to rounding.

| <b>Statistical Summary</b>  |  |                      |                |                |                |
|---|--|----------------------|----------------|----------------|----------------|
| <b>Categorical Tax Expenditures by Tax</b>  |  |                      |                |                |                |
| <b>(millions of dollars)*</b>   |  |                      |                |                |                |
|   |  |                      |                |                |                |
|   |  | <b>FY 13</b>         | <b>FY 14</b>   | <b>FY 15</b>   | <b>FY 16</b>   |
| <b>I.</b>   | <b>Individual Income Tax</b>                 |                      |                |                |                |
|   | Itemized Deductions                          | 1,233.9              | 1,229.5        | 1,257.8        | 1,285.2        |
|   | Subtractions                                 | 454.3                | 443.8          | 448.7          | 453.0          |
|   | Credits                                      | 264.9                | 264.6          | 268.7          | 271.0          |
|   | Elderly and Blind Exemptions                 | 29.7                 | 29.7           | 30.0           | 30.3           |
|   | <b>Total - Individual Income Tax</b>         | <b>1,982.8</b>       | <b>1,967.6</b> | <b>2,005.1</b> | <b>2,039.5</b> |
| <b>II.</b>  | <b>Other Taxes</b>                           |                      |                |                |                |
|   | Sales & Use Tax                              | 1,989.6              | 2,033.1        | 2,102.8        | 2,171.4        |
|   | Corporation Income Tax**                     | 361.5                | 402.2          | 368.3          | 366.9          |
|   | Insurance Premiums Tax                       | 135.6                | 133.1          | 136.7          | 140.1          |
|   | State Property Tax                           | 138.0                | 133.5          | 136.2          | 136.7          |
|   | Motor Vehicle Titling Tax**                  | 116.7                | 119.2          | 120.3          | 121.6          |
|   | Inheritance Taxes                            | 47.4                 | 52.1           | 54.2           | 56.5           |
|   | Property Transfer Tax                        | 10.8                 | 11.6           | 12.4           | 13.4           |
|   | Public Service Company Franchise Tax         | 3.8                  | 5.9            | 7.8            | 4.8            |
|   | Motor Vehicle Fuel Tax**                     | 3.3                  | 3.3            | 3.3            | 3.3            |
|   | Motor Vehicle Registration Fees**            | 2.6                  | 2.4            | 2.4            | 2.4            |
|   | Boat Titling Tax                             | 1.2                  | 1.1            | 1.2            | 1.3            |
|   | Alcoholic Beverage Taxes                     | 0.1                  | 0.1            | 0.1            | 0.1            |
|   | Tobacco Tax                                  | No reliable estimate |                |                |                |
|   | <b>Total - Other Taxes</b>                   | <b>2,810.5</b>       | <b>2,897.6</b> | <b>2,945.6</b> | <b>3,018.4</b> |
|   | <b>Total - Categorical Tax Expenditures*</b> | <b>4,792.3</b>       | <b>4,864.2</b> | <b>4,950.1</b> | <b>5,057.2</b> |
| * Excludes structural tax expenditures (income tax regular personal exemptions and standard deduction) and incidental tax expenditures (for example, exemptions for governments). |  |                      |                |                |                |
| ** Local governments bear a portion of this foregone revenue.   |  |                      |                |                |                |
| Note: Totals may not add due to rounding.   |  |                      |                |                |                |

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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 62 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 delivered through refunds or credits, one can measure the foregone revenue with some precision. In other cases, the tax expenditure involves an activity that is exempt from both taxation and reporting requirements, and one must use outside sources of data to estimate the volume. For many provisions, there is simply no basis for a reliable estimate.

It is important to note that, at this time, for most items, FY 2015 and FY 2016 represent estimates based on economic trends or changes in statute, not on actual taxes or reporting data collected in those years.

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 in this report measure the difference between existing tax collections and what collections would be without the tax expenditures. Thus, the cost to the state from each tax expenditure is estimated as the revenue that the state would collect 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**

For a variety of reasons, the revenue effect of repealing two or more tax expenditures simultaneously may be more or less than the sum of the individual tax expenditure estimates.

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 one tax expenditure 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 that would increase these deductions would also reduce income tax revenues. The estimates in this report do not include the effects from these interactions.

### **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. Data was received from the Maryland Insurance Administration, the Maryland Department of Transportation, the State Department of Assessments and Taxation, the Department of Natural Resources, the Department of Business and Economic Development, and the Maryland Energy Administration. The Bureau of Revenue assists with the sales tax, the individual and corporation income taxes and the property transfer tax, and the Department of Budget and Management prepares the balance of estimates from other data sources.

## 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 most tangible goods, as well as 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.

### 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 2013 – 2016**

**I. Structural Tax Expenditures**

|   | Millions of Dollars |              |              |              |
|---|---------------------|--------------|--------------|--------------|
|   | FY 13               | FY 14        | FY 15        | FY 16        |
| Income tax personal exemptions<br>Legal reference: Art. TG Sec. 10-211<br>Note: Local effect is \$403.8 million in FY 2015, \$407.9 million in FY 2016.         | 652.7               | 644.9        | 651.3        | 657.9        |
| Individual income tax standard deduction<br>Legal reference: Art. TG Sec. 10-217<br>Note: Local effect is \$83.5 million in FY 2015, \$84.4 million in FY 2016. | 135.3               | 133.4        | 134.7        | 136.1        |
| <b>Total:</b>   | <b>788.0</b>        | <b>778.3</b> | <b>786.1</b> | <b>793.9</b> |

**II. Categorical Tax Expenditures**  
**1. Agriculture and Fisheries**

|  | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| Corporate income tax subtraction for conservation tillage equipment<br>Legal reference: Art. TG Sec. 10-308  |                     | No reliable estimate |       |       |
| Corporate income tax subtraction for reforestation and timber stand improvement<br>Legal reference: Art. TG Sec. 10-308  | 0.0                 | 0.0                  | 0.0   | 0.0   |
| Corporate income tax subtraction for manure spreading equipment<br>Legal reference: Art. TG Sec. 10-308  |                     | No reliable estimate |       |       |
| Exemption from the inheritance tax for payment deferral for qualified agricultural property<br>Legal reference: Art. TG Sec. 7-307   |                     | No reliable estimate |       |       |
| Refund of aviation fuel tax used for agricultural purposes<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |       |       |
| Refund of fuel tax for fuel used for agricultural purposes<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue. | 0.1                 | 0.1                  | 0.1   | 0.1   |
| Personal income tax subtraction for conservation tillage equipment<br>Legal reference: Art. TG Sec. 10-208   |                     | No reliable estimate |       |       |
| Personal income tax subtraction for donated farm products<br>Legal reference: Art. TG Sec. 10-208  |                     | No reliable estimate |       |       |
| Personal income tax subtraction for reforestation and timber stand improvement<br>Legal reference: Art. TG Sec. 10-208   |                     | No reliable estimate |       |       |
| Personal income tax credit up to \$500 for the purchase of aquaculture oyster floats<br>Legal reference: Art. TG Sec. 10-724   | 0.2                 | 0.1                  | 0.1   | 0.1   |
| Exemption from the sales tax of sales for agricultural purposes and of agricultural products<br>Legal reference: Art. TG Sec. 11-201   | 186.7               | 193.0                | 204.6 | 215.0 |

**1. Agriculture and Fisheries (Continued)**

|   | Millions of Dollars |              |                      |              |
|---|---------------------|--------------|----------------------|--------------|
|   | FY 13               | FY 14        | FY 15                | FY 16        |
| Exemption from the sales tax of sales of crabs and seafood for consumption off-premises<br>Legal reference: Art. TG Sec. 11-206                   | 2.5                 | 2.5          | 2.6                  | 2.6          |
| Exemption from the sales tax of sales of seafood harvesting equipment<br>Legal reference: Art. TG Sec. 11-218                                     | 2.4                 | 2.4          | 2.5                  | 2.6          |
| Exemption from the sales tax of sales of multifuel pellet stoves designed to burn agricultural field corn<br>Legal reference: Art. TG Sec. 11-226 |                     |              | No reliable estimate |              |
| Exemption of farm equipment from vehicle title requirements<br>Legal reference: Art. TR Sec. 13-102   |                     |              | No reliable estimate |              |
| <b>Total:</b>   | <b>191.9</b>        | <b>198.1</b> | <b>209.9</b>         | <b>220.4</b> |

| 2. Business  | Millions of Dollars              |       |       |       |
|--|----------------------------------|-------|-------|-------|
|  | FY 13                            | FY 14 | FY 15 | FY 16 |
| Exclusion of the value of trade-ins from the boat tax<br>Legal reference: Art. NR Sec. 8-716   | 1.1                              | 1.0   | 1.1   | 1.2   |
| Corporate income tax subtraction for dividends for domestic corporations claiming foreign tax credits<br>Legal reference: Art. TG Sec. 10-307                            | 30.0                             | 32.4  | 26.0  | 25.8  |
| Corporate income tax subtraction for dividends of domestic international sales corporation and foreign subsidiary<br>Legal reference: Art. TG Sec. 10-307                | No reliable estimate             |       |       |       |
| Corporate income tax subtraction for dividends from related foreign corporations<br>Legal reference: Art. TG Sec. 10-307   | 83.8                             | 55.8  | 63.5  | 63.8  |
| Corporate income tax subtraction for exempt-interest dividends paid by regulated investment companies<br>Legal reference: Art. TG Sec. 10-308                            | No reliable estimate             |       |       |       |
| Corporate income tax subtraction for wage expenses disallowed under federal targeted jobs credit<br>Legal reference: Art. TG Sec. 10-308                                 | No reliable estimate             |       |       |       |
| Corporate income tax gain/loss adjustment for utility company stranded costs<br>Legal reference: Art. TG Sec. 10-309. Subtraction last claimed in TY03 at \$8.6 million. | 0.0                              | 0.0   | 0.0   | 0.0   |
| Enterprise zone tax credit on corporate income tax<br>Legal reference: Art. TG Sec. 10-702   | 0.2                              | 0.2   | 0.2   | 0.2   |
| Personal income tax credit for job creation in Regional Institution Strategic Enterprise (RISE) Zones<br>Legal reference: Art. TG Sec. 10-702                            | Included in corporate income tax |       |       |       |
| Corporate income tax credit for job creation in Regional Institution Strategic Enterprise (RISE) Zones<br>Legal reference: Art. TG Sec. 10-702                           | 0.0                              | 0.0   | 0.0   | 0.1   |

| 2. Business (Continued)  | Millions of Dollars |       |       |                      |
|--|---------------------|-------|-------|----------------------|
|  | FY 13               | FY 14 | FY 15 | FY 16                |
| Corporate income tax credit for purchases of Maryland-mined coal<br>Legal reference: Art. TG Sec. 10-704.1   | 0.0                 | 0.0   | 0.0   | 0.0                  |
| Corporate income tax credit for qualified R&D expenses<br>Legal reference: Art. TG Sec. 10-721   | 8.0                 | 8.0   | 9.0   | 9.0                  |
| Corporate income tax credit for cellulosic ethanol technology R&D<br>Legal reference: Art. TG Sec. 10-726  | 0.0                 | 0.0   | 0.0   | 0.0                  |
| Corporate income tax credit for bio-heating oil for use in space or water heating<br>Legal reference: Art. TG Sec 10-727<br>Note: Sunsets June 30, 2018.   | 0.0                 | 0.0   | 0.0   | 0.0                  |
| Corporate income tax credit for qualified film production entities<br>Legal reference: Art. TG Sec 10-730<br>Note: Credit entirely claimed against corporate income tax. FY 2015 credit is \$7.5 million, supplemented by \$7.5 million in grants. FY 2016 is proposed at \$6.8 million. | 7.5                 | 25.0  | 7.5   | 6.8                  |
| Corporate income tax credit for employer costs of security clearance<br>Legal reference: Art. TG Sec. 10-732<br>Note: Statutorily capped at \$2.0 million for all eligible companies. Credit split between personal and corporate income tax.  | -                   | 1.5   | 1.5   | 1.5                  |
| Corporate income tax credit for cybersecurity investment<br>Legal reference: Proposed Art. TG Sec. 10-733<br>Note: Credit split between corporate and individual income tax. Appropriated at \$1.5 million in FY 2015 and proposed at \$1.5 million in FY 2016.                          | -                   | 0.1   | 1.5   | 1.5                  |
| Refund for aviation fuel dispensed to aircraft by an aircraft manufacturing company located in the State<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.                                     | 0.1                 | 0.1   | 0.1   | 0.1                  |
| Personal income tax subtraction for provision of targeted jobs<br>Legal reference: Art. TG Sec. 10-208   |                     |       |       | No reliable estimate |

**2. Business (Continued)**

|   | Millions of Dollars  |       |       |       |
|---|----------------------|-------|-------|-------|
|   | FY 13                | FY 14 | FY 15 | FY 16 |
| Enterprise Zone tax credit on personal income taxes<br>Legal reference: Art. TG Sec. 10-702   | 0.0                  | 0.1   | 0.1   | 0.1   |
| Personal income tax credit for cogenerators' purchase of MD-mined coal<br>Legal reference: Art. TG Sec. 10-704.1<br>Note: Corporations take all credits against franchise tax.  | 0.0                  | 0.0   | 0.0   | 0.0   |
| Personal income tax credit for qualified R&D expenses<br>Legal reference: Art. TG Sec. 10-721<br>Note: Sunsets July 1, 2021.  | 0.1                  | 0.1   | 0.1   | 0.1   |
| Personal income tax credit for cellulosic ethanol technology R&D<br>Legal reference: Art. TG Sec. 10-726<br>Note: No credits claimed.   | 0.0                  | 0.0   | 0.0   | 0.0   |
| Personal income tax credit for bio-heating oil for use in space or water heating<br>Legal reference: Art. TG Sec 10-727<br>Note: Effective July 1, 2008. Sunsets June 30, 2018.   | No reliable estimate |       |       |       |
| Personal income tax credit for qualified film production entities<br>Legal reference: Art. TG Sec 10-730<br>Note: Credit entirely claimed against corporate income tax. FY 2015 credit is \$7.5 million, supplemented by \$7.5 million in grants. FY 2016 is proposed at \$6.8 million. | 0.0                  | 0.0   | 0.0   | 0.0   |
| Personal income tax credit for employer costs of security clearance<br>Legal reference: Art. TG Sec. 10-732<br>Note: Statutorily capped at \$2.0 million for all eligible companies. Credit split between personal and corporate income tax.  | -                    | 0.5   | 0.5   | 0.5   |
| Corporate income tax credit for first-year leases of small businesses performing security-based contracting<br>Legal reference: Art. TG Sec. 10-732   | -                    | -     | 1.0   | 1.0   |
| Individual income tax credit for first-year leases of small businesses performing security-based contracting<br>Legal reference: Art. TG Sec. 10-732  | -                    | -     | 0.9   | 0.9   |

**2. Business (Continued)**

|   | Millions of Dollars                             |       |       |       |
|---|---|-------|-------|-------|
|   | FY 13   | FY 14 | FY 15 | FY 16 |
| Personal income tax credit for cybersecurity investment<br>Legal reference: Proposed Art. TG Sec. 10-733<br>Note: Credit split between corporate and individual income tax. Appropriated at \$1.5 million in FY 2015 and proposed at \$1.5 million in FY 2016.    | Included in Corporate Income Tax                |       |       |       |
| One Maryland Economic Development tax credit against the insurance premium tax for certain economic development projects<br>Legal reference : Art. Ins Sec.6-119  | Included in Corporate and Individual Income Tax |       |       |       |
| Property used for heating/cooling of state owned/occupied property<br>Legal reference: Art. TP Sec. 7-210,11<br>Note: No revenue loss; properties potentially affected are already tax exempt.  | 0.0   | 0.0   | 0.0   | 0.0   |
| Exemption from the property tax of landing areas at privately owned, public use airports<br>Legal reference: Art. TP Sec. 7-303<br>Note: Tax expenditure is under \$5,000 annually.   | Negligible                                      |       |       |       |
| Exemption from the public service company franchise tax of internet services<br>Legal reference: Art. TG Sec. 8-401   | No reliable estimate                            |       |       |       |
| Public service company franchise tax credit for purchase of MD-mined coal<br>Legal reference: Art. TG Sec. 8-406<br>Note: Capped at \$2.5 million for FY 2013, \$4.5 million for FY 2014, \$6 million in FY 2015. Begin phase out in FY 2016, cap at \$3 million. | 2.5   | 4.1   | 6.0   | 3.0   |
| Public service company franchise tax credit for sales to large industrial customers for production activity<br>Legal reference: Art. TG Sec 8-417   | 1.0   | 1.5   | 1.5   | 1.5   |
| Property tax credit for the Urban Enterprise Zone Tax Credit<br>Legal reference: Art. TP Sec 9-103  | 17.0  | 13.7  | 14.4  | 16.3  |
| Property tax credit for the BRAC Zone Tax Credit<br>Legal reference: Art. TP Sec 5-105  | 0.2   | 0.8   | 0.7   | 0.8   |



**2. Business (Continued)**

|  | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| Exemption from the sales tax for the "core value" of used truck parts exchanged for remanufactured parts<br>Legal reference: Art. TG Sec. 11-101                 | 0.1                 | 0.1                  | 0.1   | 0.1   |
| Exemption from the sales tax of sales to cemetery companies<br>Legal reference: Art. TG Sec. 11-204  |                     | No reliable estimate |       |       |
| Exemption from the sales tax of sales to credit unions<br>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<br>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<br>Legal reference: Art. TG Sec. 11-210          | 98.3                | 98.5                 | 103.0 | 106.7 |
| Exemption from the sales tax of sales of certain bakery equipment<br>Legal reference: Art. TG Sec. 11-210<br>Note: Estimated at under \$25,000 annually.         |                     | No reliable estimate |       |       |
| Exemption from the sales tax of sales of machinery and utilities used to produce bituminous concrete<br>Legal reference: Art. TG Sec. 11-210                     | 0.3                 | 0.3                  | 0.3   | 0.3   |
| Exemption from the sales tax of sales of wood products for mining purposes<br>Legal reference: Art. TG Sec. 11-212   |                     | No reliable estimate |       |       |
| Exemption from the sales tax of sales of diesel fuel used in coal mine reclamation<br>Legal reference: Art. TG Sec. 11-212<br>Note: Less than \$20,000 annually. |                     | No reliable estimate |       |       |
| Exemption from the sales tax of the use of nonresidential personal property<br>Legal reference: Art. TG Sec. 11-214  |                     | No reliable estimate |       |       |

**2. Business (Continued)**

|  | Millions of Dollars  |       |       |       |
|--|----------------------|-------|-------|-------|
|  | FY 13                | FY 14 | FY 15 | FY 16 |
| Exemption from the sales tax of sales of precious metal coins or bullion over \$1,000<br>Legal reference: Art. TG Sec. 11-214                          | 2.7                  | 2.9   | 3.0   | 3.0   |
| Exemption from the sales tax for sales and printing of free newspapers<br>Legal reference: Art. TG Sec. 11-215   | 3.8                  | 3.8   | 4.0   | 4.2   |
| Exemption from the sales tax for sales of out-of-state direct mail advertising materials<br>Legal reference: Art. TG Sec. 11-215                       | 4.4                  | 4.4   | 4.6   | 4.9   |
| Exemption from the sales tax of sales of photographic and artistic materials used in publication<br>Legal reference: Art. TG Sec. 11-215               | 11.5                 | 11.6  | 12.2  | 12.8  |
| Exemption from the sales tax of certain sales for R&D purposes<br>Legal reference: Art. TG Sec. 11-217   | 21.1                 | 21.1  | 22.1  | 22.9  |
| Exemption from the sales tax of sales of fuel or repair parts for commercial vessels<br>Legal reference: Art. TG Sec. 11-218                           | No reliable estimate |       |       |       |
| Exemption from the sales tax of optional computer software maintenance contracts<br>Legal reference: Art. TG Sec. 11-219                               | 7.3                  | 7.4   | 7.8   | 8.2   |
| Exemption from the sales tax of sales of certain computer programs<br>Legal reference: Art. TG Sec. 11-225   | 2.3                  | 2.3   | 2.4   | 2.5   |
| Exemption from the sales tax of sales of property or services used in film production activity<br><br>Legal reference: Art. TG Sec. 11-227             | 0.6                  | 0.6   | 0.7   | 0.7   |
| Exemption from the sales tax of sales of power to operate equipment for producing snow for commercial purposes<br>Legal reference: Art. TG Sec. 11-229 | No reliable estimate |       |       |       |
| Exemption from the sales tax of sales of space at corporate training centers<br>Legal reference: Art. TG Sec. 11-231                                   | 0.4                  | 0.4   | 0.4   | 0.4   |

**2. Business (Continued)**

|  | Millions of Dollars |       |       |                      |
|--|---------------------|-------|-------|----------------------|
|  | FY 13               | FY 14 | FY 15 | FY 16                |
| Exemption from the titling tax for registered passenger buses<br>Legal reference: Art. TR Sec. 13-810  |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Exemption from the titling tax for registered truck tractors<br>Legal reference: Art. TR Sec. 13-810   |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Exemption from the property transfer tax for conversion of foreign entities to LLCs<br>Legal reference: Art. TP Sec 13-207   |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Exemption from the transfer tax for corporate or partnership conveyances<br>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<br>Legal reference: Art. TP Sec. 13-207                             |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Exemption from the transfer tax for transfers of corporate property between related corporations<br>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<br>Legal reference: Art. TP Sec. 13-207                 |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Exemption from the transfer tax for transfers between parent business entity and subsidiary or among wholly owned subsidiaries<br>Legal reference: Art. TP Sec. 12-108 |                     |       |       |                      |
|  |                     |       |       | No reliable estimate |
| Credit against corporate income tax for qualified expenditures at wineries and vineyards<br>Legal reference: Art. TG Sec. 10-735                                       | -                   | -     | 0.5   | 0.5                  |

**2. Business (Continued)**

|   | Millions of Dollars              |              |              |              |
|---|----------------------------------|--------------|--------------|--------------|
|   | FY 13                            | FY 14        | FY 15        | FY 16        |
| Credit against individual income tax for qualified expenditures at wineries and vineyards<br>Legal reference: Art. TG Sec. 10-735   | Included in corporate income tax |              |              |              |
| Corporate income tax credit for biotechnology investment<br>Legal reference: Art. TG Sec. 10-725<br>Note: Credit split between corporate and individual income tax. Cost depends on appropriation: \$8 million for FY 2013, \$10 million for FY 2014, \$12 million for FY 2015. Proposed FY 2016 appropriation of \$12 million. | 1.2                              | 1.5          | 1.8          | 1.8          |
| Individual income tax credit for biotechnology investment<br>Legal reference: Art. TG Sec 10-725<br>Note: Credit split between corporate and individual income tax. Cost depends on appropriation: \$8 million for FY 2013, \$10 million for FY 2014, \$12 million for FY 2015. Proposed FY 2016 appropriation of \$12 million. | 6.8                              | 8.5          | 10.2         | 10.2         |
| <b>Total:</b>   | <b>312.6</b>                     | <b>308.6</b> | <b>309.0</b> | <b>313.8</b> |

**3. Charity**

|   | Millions of Dollars |                      |              |              |
|---|---------------------|----------------------|--------------|--------------|
|   | FY 13               | FY 14                | FY 15        | FY 16        |
| Exemption from the boat tax of vessels purchased by charitable organizations<br>Legal reference: Art. NR Sec. 8-716<br>Note: Estimated at less than \$30,000 annually.  |                     | Negligible           |              |              |
| Refund of the fuel tax to the Red Cross<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |              |              |
| Personal income tax deduction for charitable contributions<br>Legal reference: Art. TG Sec. 10-204<br>Note: Local effect is \$153.9 million in FY 2016.   | 247.6               | 242.0                | 246.6        | 248.3        |
| Exemption from the sales tax of sales to charitable organizations<br>Legal reference: Art. TG Sec. 11-204   | 103.6               | 104.7                | 110.3        | 115.7        |
| Exemption from registration fees for vehicles owned by the Red Cross<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016. |                     | No reliable estimate |              |              |
| Exemption from the titling tax of Red Cross Vehicles<br>Legal reference: Art. TR Sec. 13-810  |                     | No reliable estimate |              |              |
| <b>Total:</b>   | <b>351.2</b>        | <b>346.7</b>         | <b>356.9</b> | <b>364.0</b> |

| 4. Education  | Millions of Dollars  |       |       |       |
|---|----------------------|-------|-------|-------|
|   | FY 13                | FY 14 | FY 15 | FY 16 |
| Corporate income tax credit for student work-based learning programs<br>Legal reference: Art. TG Sec. 10-711<br>Note: Sunset on June 30, 2013.  | 0.1                  | -     | -     | -     |
| Personal income tax subtraction for amounts contributed to prepaid tuition plans<br>Legal reference: Art. TG Sec. 10-207  | No reliable estimate |       |       |       |
| Personal income tax subtraction for contributions to investment accounts<br>Legal Reference: Art. TG Sec. 10-208<br>Note: Applies to the Maryland College Investment Plan and to the Maryland Broker-Dealer College Investment Plan. Capped at \$2,500 per beneficiary. As of January 2015, the College Savings Plan of Maryland has not implemented the aforementioned plan. | 0.0                  | 0.0   | 0.0   | 0.2   |
| Personal income tax credit for student work-based learning programs.<br>Legal reference: Art. TG Sec. 10-711<br>Note: Sunset June on 30, 2013.  | Negligible           | -     | -     | -     |
| Personal income tax credit for expenses incurred by classroom teachers for advanced education<br>Legal reference: Art. TG Sec. 10-717   | 6.4                  | 4.7   | 4.7   | 4.7   |
| Insurance premiums tax credit for student work-based learning programs<br>Legal reference: Art. INS Sec. 6-118<br>Note: Sunset on June 30, 2013.  | No reliable estimate |       | -     | -     |
| Exemption from the property tax of property for educational uses<br>Legal reference: Art. TP Sec. 7-202   | 26.3                 | 26.0  | 26.2  | 26.5  |
| Public service company franchise tax credit for student work-based learning programs<br>Legal reference: Art. TG Sec. 8-415<br>Note: Sunset on June 30, 2013  | No reliable estimate |       | -     | -     |
| Exemption from the sales tax of certain fund raising sales to benefit schools/students<br>Legal reference: Art. TG Sec. 11-204  | 1.3                  | 1.3   | 1.4   | 1.5   |

**4. Education (Continued)**

|   | Millions of Dollars |                      |             |             |
|---|---------------------|----------------------|-------------|-------------|
|   | FY 13               | FY 14                | FY 15       | FY 16       |
| Exemption from the sales tax of sales to educational organizations<br>Legal reference: Art. TG Sec. 11-204                  | 12.1                | 12.2                 | 12.8        | 13.5        |
| Exemption from the sales tax of sales of food at Schools, Colleges and Universities<br>Legal reference: Art. TG Sec. 11-206 | 23.4                | 23.9                 | 24.5        | 25.2        |
| Back to school clothing and footwear sales tax exemption.<br>Legal reference: Art. TG Sec. 11-228                           | 10.2                | 10.3                 | 10.9        | 11.4        |
| Exemption from the titling tax of buses used for public school transportation<br>Legal reference: Art. TR Sec. 13-810       |                     | No reliable estimate |             |             |
| Exemption from the titling tax of vehicles owned by qualified private schools<br>Legal reference: Art. TR Sec. 13-810       |                     | No reliable estimate |             |             |
| <b>Total:</b>   | <b>79.7</b>         | <b>78.4</b>          | <b>80.5</b> | <b>83.0</b> |

**5. Elderly**

|   | Millions of Dollars |                      |              |              |
|---|---------------------|----------------------|--------------|--------------|
|   | FY 13               | FY 14                | FY 15        | FY 16        |
| Personal income tax subtraction for federally-taxed social security and railroad retirement benefits<br>Legal reference: Art. TG Sec. 10-207<br>Note: Local effect is \$130.5 million in FY 2016. | 214.0               | 206.4                | 208.5        | 210.5        |
| Personal income tax pension exclusion<br>Legal reference: Art. TG Sec. 10-209<br>Note: Local effect is \$102.9 million in FY 2016.  | 167.0               | 162.7                | 164.3        | 166.0        |
| Additional personal income tax exemptions for the blind and elderly<br>Legal reference: Art. TG Sec. 10-211<br>Note: Local effect is \$18.8 million in FY 2016.                                   | 29.7                | 29.7                 | 30.0         | 30.3         |
| Exemption from the property tax of nonprofit housing for the elderly<br>Legal reference: Art. TP Sec. 7-202   | 0.5                 | 0.5                  | 0.5          | 0.6          |
| Exemption from property tax of continuing care facilities for the aged<br>Legal reference: Art. TP Sec. 7-206   |                     | No reliable estimate |              |              |
| Exemption from the sales tax of sales under \$500 to nonprofit senior citizens' orgs<br>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<br>Legal reference: Art. TG Sec. 11-207   | 0.3                 | 0.3                  | 0.3          | 0.3          |
| <b>Total:</b>   | <b>411.5</b>        | <b>399.6</b>         | <b>403.6</b> | <b>407.7</b> |



| 6. Employment-related  | Millions of Dollars  |       |       |       |
|--|----------------------|-------|-------|-------|
|  | FY 13                | FY 14 | FY 15 | FY 16 |
| Corporate income tax credit for job creation (Job Creation Tax Credit)<br>Legal reference: Art. TG Sec. 10-704.4<br>Note: Sunsets January 1, 2020.                                       | 0.2                  | 0.2   | 0.2   | 0.2   |
| Corporate income tax credit for businesses that create new jobs<br>Legal reference: Art. TG Sec. 10-704.8  | 0.0                  | 0.0   | 0.2   | 0.2   |
| Corporate income tax credit for One Maryland project/startup costs<br>Legal reference: Art. TG Sec. 10-714   | 3.5                  | 3.8   | 4.7   | 4.8   |
| Personal income tax itemized deduction for job expenses<br>Legal reference: Art. TG Sec. 10-204  | 150.2                | 132.8 | 140.6 | 150.4 |
| Personal income tax subtraction for pickup contributions for pension and retirement systems<br><br>Legal reference: Art. TG Sec. 10-207  | No reliable estimate |       |       |       |
| Personal income tax subtraction for employment-related household and dependent care expenses<br>Legal reference: Art. TG Sec. 10-208<br>Note: Local effect is \$15.7 million in FY 2016. | 25.4                 | 25.3  | 25.3  | 25.3  |
| Personal income tax credit for job creation (Job Creation Tax Credit)<br>Legal reference: Art. TG Sec. 10-704.4<br>Note: Sunsets January 1, 2020.  | 0.1                  | 0.1   | 0.1   | 0.5   |
| Personal income tax credit for businesses that create new jobs<br>Legal reference: Art. TG Sec. 10-704.8   | 0.3                  | 0.6   | 0.6   | 0.6   |
| Personal income tax credit for One Maryland project/startup costs<br>Legal reference: Art. TG Sec. 10-714  | 1.5                  | 1.7   | 1.7   | 1.7   |

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

|  | Millions of Dollars |                      |              |              |
|--|---------------------|----------------------|--------------|--------------|
|  | FY 13               | FY 14                | FY 15        | FY 16        |
| Insurance premiums tax credit for job creation.<br>Legal reference: Art. INS Sec. 6-114  | 0.0                 | 0.0                  | 0.0          | 0.0          |
| Insurance premiums tax credit for businesses that create new jobs<br>Legal reference: Art. INS Sec. 6-116                                      |                     | No reliable estimate |              |              |
| Public service company franchise tax credit for job creation<br>Legal reference: Art. TG Sec. 8-411  |                     | No reliable estimate |              |              |
| Subtraction for civil rights violation noneconomic damages<br>Legal reference: Art. TG Sec. 10-207<br>Note: Fiscal estimate from SB 639 (2013) | 0.0                 | 0.2                  | 0.2          | 0.2          |
| <b>Total:</b>  | <b>181.2</b>        | <b>164.7</b>         | <b>173.6</b> | <b>183.9</b> |

**7. Environment**

|   | Millions of Dollars |       |                      |       |
|---|---------------------|-------|----------------------|-------|
|   | FY 13               | FY 14 | FY 15                | FY 16 |
| Corporate income tax credit for employer-provided commuter benefits<br>Legal reference: Art. TG Sec. 10-715   | 0.1                 | 0.1   | 0.1                  | 0.1   |
| Corporate credit for electricity produced from certain qualified energy resources<br>Legal reference: Art. TG Sec 10-720  | 1.2                 | 1.2   | 1.2                  | 1.2   |
| Corporate income tax credit for "green buildings" construction and rehabilitation costs<br>Legal reference: Art. TG Sec. 10-722<br>Note: Claimed entirely against the personal income tax | -                   | -     | -                    | -     |
| Corporate income tax credit for Electric Vehicle Recharging Equipment<br>Legal reference: Art. TG Sec. 10-729; repealed by chs. 359 and 360, § 1, effective July 1, 2014                  | 0.0                 | 0.0   | -                    | -     |
| Personal income tax subtraction for grants under the Solar Energy Grant Program<br>Legal reference: Art. TG Sec. 10-207<br>Note: HB 590 (2007).   |                     |       | Negligible           |       |
| Personal income tax subtraction for cost of manure spreading equipment<br>Legal reference: Art. TG Sec. 10-208  |                     |       | No reliable estimate |       |
| Personal income tax subtraction for certain sewage disposal systems<br>Legal reference: Art. TG Sec. 10-208   | 0.0                 | 0.0   | 0.0                  | 0.0   |
| Personal income tax subtraction for conservation and management program expenses<br>Legal reference: Art. TG Sec. 10-208  | 0.0                 | 0.0   | 0.0                  | 0.0   |
| Personal income tax credit for employer-provided commuter benefits<br>Legal reference: Art. TG Sec. 10-715  | 0.1                 | 0.1   | 0.1                  | 0.1   |
| Individual income tax credits for electricity produced from qualified energy resources<br>Legal reference: Art. TG Sec. 10-720  | 0.0                 | 0.1   | 0.1                  | 0.1   |

**7. Environment (Continued)**

|   | Millions of Dollars |                       |       |       |
|---|---------------------|-----------------------|-------|-------|
|   | FY 13               | FY 14                 | FY 15 | FY 16 |
| Personal income tax credit for "green buildings" construction and rehabilitation costs<br>Legal reference: Art. TG Sec. 10-722  | 0.2                 | 0.7                   | 0.7   | 0.7   |
| Personal income tax credit for easements conveyed to the MD Environmental Trust or MD Agricultural Land Preservation Foundation<br>Legal reference: Art. TG Sec. 10-723       | 1.0                 | 0.9                   | 1.0   | 1.0   |
| Personal income tax credit for Electric Vehicle Recharging Equipment<br>Legal reference: Art. TG Sec. 10-729; repealed by chs. 359 and 360, § 1, effective July 1, 2014       | 0.3                 | 0.3                   | -     | -     |
| Insurance premiums tax credit for employer-provided commuter benefits<br>Legal reference: Art. INS Sec. 6-120<br>Note: Average \$61,000 per year between FY 2003 and FY 2008. |                     | Negligible            |       |       |
| Exemption from the sales tax of sales of machinery and equipment used to produce "Energy Star" windows and entry doors<br>Legal reference: Art. TG Sec. 11-210                | 0.3                 | 0.3                   | 0.3   | 0.3   |
| Exemption from the sales tax of sales of certain energy-efficient appliances<br>Legal reference: Art. TG Sec. 11-226  |                     | No reliable estimate  |       |       |
| Exemption from the sales tax of geothermal, wind or solar energy equipment<br>Legal reference: Art. TG Sec. 11-230  | 0.3                 | 0.4                   | 0.4   | 0.4   |
| Exemption from the property tax of residential wind energy equipment and solar energy property<br>Legal reference: Art. TP Sec. 7-242   |                     | No reliable estimate. |       |       |

**7. Environment (Continued)**

|  | Millions of Dollars                      |            |            |            |
|--|--|------------|------------|------------|
|  | FY 13                                    | FY 14      | FY 15      | FY 16      |
| Exemption from the motor vehicle titling tax for electric vehicles<br>Legal reference: Art. TR Sec. 13-815 | 2.1                                      | 0.6        | 0.6        | 0.6        |
| Individual income tax credit for oyster shell recycling<br>Legal reference: Art. TG Sec. 10-724.1          | 0.0                                      | 0.1        | 0.1        | 0.1        |
| Corporate income tax credit for oyster shell recycling<br>Legal reference: Art. TG Sec. 10-724.1           | Included in individual income tax credit |            |            |            |
| <b>Total:</b>  | <b>5.5</b>                               | <b>4.7</b> | <b>4.6</b> | <b>4.6</b> |

**8. Families**

|   | Millions of Dollars |       |       |                      |
|---|---------------------|-------|-------|----------------------|
|   | FY 13               | FY 14 | FY 15 | FY 16                |
| Exemption from the alcoholic beverage excise tax for family produced wine for personal use or entry into an exhibition<br>Legal reference: Art. TG Sec. 5-104           |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |
| Exemption from the inheritance tax for small estates.<br>Legal reference: Art. TG Sec. 7-203  |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |
| Exemption from the inheritance tax of \$500 for grave maintenance<br>Legal reference: Art. TG Sec. 7-203  |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |
| Exemption from the inheritance tax of life insurance benefits<br>Legal reference: Art. TG Sec. 7-203  |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |
| Exemption from the inheritance tax of property passed to lineal beneficiaries or siblings<br>Legal reference: Art. TG Sec. 7-203  | 46.4                | 50.8  | 52.7  | 54.8                 |
| Exemption from the inheritance tax of property passed to domestic partners<br>Legal reference: Art. TG Sec. 7-203   | 1.0                 | 1.0   | 1.0   | 1.0                  |
| Exemption from the inheritance tax for family farms qualifying as farmland<br>Legal reference: Art. TP Sec. 8-209   |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |
| Exemption from the property transfer tax for transfers made from estates with no consideration and to and from trusts<br>Legal reference: Art. TP Sec 12-108 and 13-107 |                     |       |       |                      |
|   |                     |       |       | No reliable estimate |

**8. Families (Continued)**

|   | Millions of Dollars |                      |       |       |
|---|---------------------|----------------------|-------|-------|
|   | FY 13               | FY 14                | FY 15 | FY 16 |
| Exemption from the property transfer tax for transfers between domestic partners, former domestic partners or relatives<br>Legal reference: Art. TP Sec 13-207  |                     | No reliable estimate |       |       |
| Personal income tax subtraction for two-income married couples<br>Legal reference: Art. TG Sec. 10-207<br>Note: Local effect is \$24.1 million in FY 2016.  | 38.1                | 38.1                 | 38.5  | 38.9  |
| Certain gross income of child included in parents income<br>Legal reference: Art. TG Sec. 10-208  |                     | No reliable estimate |       |       |
| Personal income tax credit for child and dependent care expenses<br>Legal reference: Art. TG Sec. 10-716  | 9.2                 | 9.2                  | 9.3   | 9.4   |
| Homestead property tax credit for properties with assessment increases over 10%<br>Legal reference: Art. TP Sec. 9-105<br>Note: Local governments forego about 16 times the State credits. See SB 520, HB 199 (2010). | 2.3                 | 1.1                  | 0.5   | 0.6   |
| Homeowners' property tax credit<br>Legal reference: Art. TP Sec. 9-104; Art. TG Sec. TP Sec. 9-102  | 62.6                | 61.6                 | 64.5  | 61.9  |
| Renters' property tax relief<br>Legal reference: Art. TP Sec. 9-104; Art. TG Sec. TP Sec. 9-102   | 2.0                 | 2.4                  | 2.4   | 2.7   |
| Exemption from the sales tax for food consumed off premises<br>Legal reference: Art. TG Sec. 11-206   | 618.2               | 632.6                | 648.8 | 666.0 |
| Exemption from the sales tax of fuel rate adjustment charges on sales of electricity, etc. used in the common areas of residential condominiums<br>Legal reference: Art. TG Sec. 11-207                               | 0.6                 | 0.5                  | 0.6   | 0.6   |

| <b>8. Families (Continued)</b>   | Millions of Dollars |                      |                |                |
|--|---------------------|----------------------|----------------|----------------|
|  | FY 13               | FY 14                | FY 15          | FY 16          |
| Exemption from the sales tax of sales of fuel electricity, steam, natural or artificial gas, etc. for residential use<br>Legal reference: Art. TG Sec. 11-207  | 371.5               | 386.3                | 389.0          | 391.9          |
| Exemption from the transfer tax for transfers between spouses, former spouses or relatives<br>Legal reference: Art. TP Sec. 13-207   |                     | No reliable estimate |                |                |
| Exemption from the sales tax for parent-teacher organizations and other nonprofits internal to elementary and secondary schools<br>Legal reference: Art. TG Sec. 11-204; fiscal estimate from HB232 (2013) | 0.0                 | 0.2                  | 0.2            | 0.2            |
| Individual income tax subtraction for unreimbursed expenses of foster parents<br>Legal reference: Art. TG Sec. 10-208  | 0.0                 | 0.0                  | 0.2            | 0.3            |
| <b>Total:</b>  | <b>1,151.8</b>      | <b>1,183.8</b>       | <b>1,207.6</b> | <b>1,228.2</b> |



**9. Fire and Rescue**

|  | Millions of Dollars                  |            |            |            |
|--|--------------------------------------|------------|------------|------------|
|  | FY 13                                | FY 14      | FY 15      | FY 16      |
| Personal income tax subtraction for income from fire and ambulance length-of-service awards<br>Legal reference: Art. TG Sec. 10-207  | No reliable estimate                 |            |            |            |
| Personal income tax subtraction for qualifying volunteer emergency service personnel<br>Legal reference: Art. TG Sec. 10-208<br>Note: Local effect is \$1.2 million in FY 2016.  | 0.5                                  | 1.9        | 2.0        | 1.9        |
| Exemption from the property tax of volunteer fire companies<br>Legal reference: Art. TP Sec. 7-209   | 0.5                                  | 0.5        | 0.5        | 0.5        |
| Exemption from the sales tax of sales to fire, rescue and ambulance companies<br>Legal reference: Art. TG Sec. 11-204  | 1.6                                  | 1.6        | 1.7        | 1.8        |
| Exemption from the sales tax of sales of food to support fire, rescue and ambulance companies<br>Legal reference: Art. TG Sec. 11-206  | 0.1                                  | 0.1        | 0.1        | 0.1        |
| Refund of fuel tax for fuel used in fire and rescue vehicles<br>Legal reference: Art. TG Sec. 13-901   | 0.1                                  | 0.1        | 0.1        | 0.1        |
| Exemption of vehicles owned by volunteer fire and rescue companies from vehicle registration fees<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016. | Included in Miscellaneous Exemptions |            |            |            |
| Exemption of fire buff canteen wagons from vehicle registration fees<br>Legal reference: Art. TR Sec. 13-903   | No reliable estimate                 |            |            |            |
| Exemption from the titling tax of fire engines and fire department apparatus<br>Legal reference: Art. TR Sec. 13-810   | No reliable estimate                 |            |            |            |
| <b>Total:</b>  | <b>2.9</b>                           | <b>4.3</b> | <b>4.4</b> | <b>4.4</b> |

| 10. Handicapped and Disabled   | Millions of Dollars              |                      |            |            |
|--|----------------------------------|----------------------|------------|------------|
|  | FY 13                            | FY 14                | FY 15      | FY 16      |
| Personal income tax subtraction for disability payments to police and firefighters<br>Legal reference: Art. TG Sec. 10-207   |                                  | No reliable estimate |            |            |
| Personal income tax subtraction for adoption expenses of special-needs children<br>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<br>Legal reference: Art. TG Sec. 10-208                  |                                  | No reliable estimate |            |            |
| Personal income tax credit for wages/child care/transportation for employees with disabilities<br>Legal reference: Art. TG Sec. 10-704.7                             | Included in Corporate Income Tax |                      |            | -          |
| Insurance premiums tax credit for hiring disabled persons<br>Legal reference: Art. INS Sec. 6-115  |                                  | No reliable estimate |            |            |
| Exclusion of \$15,000 of assessed value for blind and surviving spouses<br>Legal reference: Art. TP Sec. 7-207<br>Note: Revenue loss is less than \$40,000 annually. | 0.0                              | 0.0                  | 0.0        | 0.0        |
| Public service company franchise tax credit for telephone lifeline service<br>Legal reference: Art. TG Sec. 8-407  | 0.3                              | 0.3                  | 0.3        | 0.3        |
| Public service company franchise tax credit for hiring disabled persons<br>Legal reference: Art. TG Sec. 8-413   |                                  | No reliable estimate |            |            |
| Exemption from the titling tax of buses for transporting persons with disabilities<br>Legal reference: Art. TR Sec. 13-810   |                                  | No reliable estimate |            |            |
| <b>Total:</b>  | <b>0.3</b>                       | <b>0.3</b>           | <b>0.3</b> | <b>0.3</b> |

| 11. Housing   | Millions of Dollars  |              |              |              |
|---|----------------------|--------------|--------------|--------------|
|   | FY 13                | FY 14        | FY 15        | FY 16        |
| Personal income tax deduction for home mortgage interest<br>Legal reference: Art. TG Sec. 10-204<br>Note: Local effect is \$338.1 million in FY 2016. | 517.7                | 534.6        | 539.9        | 545.3        |
| Personal income tax deduction for real estate taxes<br>Legal reference: Art. TG Sec. 10-204<br>Note: Local effect is \$144.8 million in FY 2016.      | 220.3                | 219.0        | 226.2        | 233.5        |
| Personal income tax credit for property tax paid on owner-occupied residences in specified neighborhoods<br>Legal reference: Art. TG Sec. 10-707      | 0.2                  | 0.2          | 0.2          | 0.2          |
| Exemption of Housing Authorities from the property tax<br>Legal reference: Art. TP Sec. 7-215   | 2.9                  | 2.8          | 2.9          | 2.9          |
| Sales tax exclusion of 40% of the purchase price for retail sales of new mobile homes<br>Legal reference: Art. TG Sec. 11-104                         | 1.1                  | 1.1          | 1.1          | 1.1          |
| Exemption from the sales tax of sales of used mobile homes<br>Legal reference: Art. TG 11-213   | 0.3                  | 0.3          | 0.3          | 0.3          |
| Property transfer tax rate halved for first time Maryland homebuyers<br>Legal reference: Art. TP Sec. 13-203  | 10.8                 | 11.6         | 12.4         | 13.4         |
| Exemption from the transfer tax for cooperative housing corporations<br>Legal reference: Art. TP Sec. 13-207  | No reliable estimate |              |              |              |
| <b>Total:</b>   | <b>753.2</b>         | <b>769.6</b> | <b>782.9</b> | <b>796.7</b> |

**12. Interstate Commerce**

|   | Millions of Dollars |             |             |                      |
|---|---------------------|-------------|-------------|----------------------|
|   | FY 13               | FY 14       | FY 15       | FY 16                |
| Excise tax exemption for alcoholic beverages sold or delivered in the course of interstate commerce<br>Legal reference: Art. TG Sec. 5-104                    |                     |             |             | No reliable estimate |
| Exemption from the sales tax of sales of food on vehicles engaged in interstate commerce<br>Legal reference: Art. TG Sec. 11-206                              |                     |             |             | No reliable estimate |
| Exemption from the sales tax of sales of film or tape used in television broadcasting<br>Legal reference: Art. TG Sec. 11-208<br>Note: One taxpayer involved. | 0.6                 | 0.6         | 0.6         | 0.7                  |
| Exemption from the sales tax of sales of marine equipment or machinery for ocean going vessels<br>Legal reference: Art. TG Sec. 11-208                        | 0.8                 | 0.8         | 0.8         | 0.9                  |
| Exemption from the sales tax of sales of vehicles used in interstate commerce<br>Legal reference: Art. TG Sec. 11-208   | 14.9                | 14.9        | 15.6        | 16.1                 |
| <b>Total:</b>   | <b>16.3</b>         | <b>16.3</b> | <b>17.0</b> | <b>17.7</b>          |

| 13. Medical and Health  | Millions of Dollars |       |                      |       |
|---|---------------------|-------|----------------------|-------|
|   | FY 13               | FY 14 | FY 15                | FY 16 |
| Exemption from the excise tax for wine or spirits bought by a hospital for medicinal purposes<br>Legal reference: Art. TG Sec. 5-104  |                     |       | No reliable estimate |       |
| Corporate income tax subtraction for elevator handrails in health care facilities<br>Legal reference: Art. TG Sec. 10-308   |                     |       | No reliable estimate |       |
| Corporate income tax credit for employer-paid long-term care insurance premiums<br>Legal reference: Art. TG Sec. 10-710<br>Note: Less than \$6,000 annually claimed to date.                    |                     |       | Negligible           |       |
| Individual income tax credit for employer-paid long-term care insurance premiums<br>Legal reference: Art. TG Sec. 10-710  | 0.0                 | 0.0   | 0.0                  | 0.0   |
| Corporate income tax credit for practitioners in Health Enterprise Zones<br>Legal reference: Art. TG Sec. 10-731<br>Note: Funds for these credits come from the Health Enterprise Reserve Fund. | 3.0                 | 3.0   | 3.0                  | 3.0   |
| Personal income tax deduction for medical expenses<br>Legal reference: Art. TG Sec. 10-204<br>Note: Local effect is \$61.3 million in FY 2016.  | 92.8                | 92.3  | 95.6                 | 98.9  |
| Personal income tax subtraction modification for the cost of installing handrails in certain medical facilities<br>Legal reference: Art. TG Sec. 10-208   |                     |       | No reliable estimate |       |
| Personal income tax credit for eligible long-term care premiums<br>Legal reference: Art. TG Sec. 10-718   | 2.9                 | 2.9   | 2.9                  | 2.9   |

| 13. Medical and Health (Continued)   | Millions of Dollars |                      |              |              |
|--|---------------------|----------------------|--------------|--------------|
|  | FY 13               | FY 14                | FY 15        | FY 16        |
| Personal income tax credit for practitioners in Health Enterprise Zones<br>Legal reference: Art. TG Sec. 10-731<br>Note: Funds for these credits come from the Health Enterprise Reserve Fund.   | 1.0                 | 1.0                  | 1.0          | 1.0          |
| Exemption of non-profit health service plans from the insurance premiums tax<br>Legal reference: Art. INS Sec. 6-101<br>Note: Non-profit health service plans pay at least 2% of premiums to support specific state projects (for example, the Senior Prescription Drug Assistance Program) in lieu of premium tax payments. | 24.5                | 22.9                 | 22.8         | 22.7         |
| Insurance premiums tax credit for employer-paid long-term care insurance premiums<br>Legal reference: Art. INS Sec. 6-117  |                     | No reliable estimate |              |              |
| Exemption of nonprofit hospitals and health facilities from the property tax<br>Legal reference: Art. TP Sec. 7-202  | 7.0                 | 7.0                  | 7.3          | 7.4          |
| Public service company franchise tax credit for employer-paid long-term care insurance premiums<br>Legal reference: Art. TG Sec. 8-415   |                     | No reliable estimate |              |              |
| Exemption from the sales tax of sales of medicine, medical supplies and health aids<br>Legal reference: Art. TG Sec. 11-211  | 411.1               | 415.2                | 437.0        | 458.6        |
| Exemption from the titling tax for hearing and vision screening vehicles<br>Legal reference: Art. TR Sec. 13-810   |                     | No reliable estimate |              |              |
| Deduction against estate tax for health insurance costs of spouse<br>Legal reference: Art. TG Sec. 7-309; fiscal effect from HB1031 (2013)   | 0.0                 | 0.4                  | 0.5          | 0.7          |
| <b>Total:</b>  | <b>542.3</b>        | <b>544.7</b>         | <b>570.1</b> | <b>595.2</b> |

| <b>14. Poverty</b>  | Millions of Dollars |              |              |              |
|---|---------------------|--------------|--------------|--------------|
|   | FY 13               | FY 14        | FY 15        | FY 16        |
| Corporate income tax credit for wages/child care/transportation for employees with disabilities | 0.0                 | 0.0          | 0.0          | 0.0          |
| Legal reference: Art. TG Sec. 10-704.7  |                     |              |              |              |
| Non-Refundable Earned Income Tax Credit   | 84.1                | 82.1         | 82.1         | 82.1         |
| Refundable Earned Income Tax Credit   | 107.2               | 106.1        | 106.7        | 108.8        |
| Legal reference: Art. TG Sec. 10-704  |                     |              |              |              |
| Personal income tax credit for persons with below poverty level incomes                         | 38.0                | 38.0         | 38.0         | 38.0         |
| Legal reference: Art. TG Sec. 10-709  |                     |              |              |              |
| Note: Local effect is \$23.6 million in FY 2016.  |                     |              |              |              |
| <b>Total:</b>   | <b>229.3</b>        | <b>226.2</b> | <b>226.8</b> | <b>228.9</b> |

**15. Religious**

|  | Millions of Dollars |             |             |                      |
|--|---------------------|-------------|-------------|----------------------|
|  | FY 13               | FY 14       | FY 15       | FY 16                |
| Exemption from the excise tax for wine bought by a religious organization for sacramental purposes<br>Legal reference: Art. TG Sec. 5-104  |                     |             |             | No reliable estimate |
| Exemption of religious organizations from the property tax<br>Legal reference: Art. TP Sec. 7-204  | 11.4                | 11.5        | 10.8        | 10.9                 |
| Exemption from the sales tax of sales by religious organizations<br>Legal reference: Art. TG Sec. 11-204   | 4.9                 | 4.9         | 5.2         | 5.5                  |
| Exemption from the sales tax of sales to religious organizations<br>Legal reference: Art. TG Sec. 11-204   | 14.9                | 15.0        | 15.8        | 16.6                 |
| Exemption from the sales tax of sales of food by religious organizations<br>Legal reference: Art. TG Sec. 11-206   | 7.9                 | 8.1         | 8.3         | 8.5                  |
| Exemption from registration fees for school vehicles owned by religious organizations<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016. |                     |             |             | No reliable estimate |
| Exemption from the titling tax for school vehicles owned by religious organizations<br>Legal reference: Art. TR Sec. 13-810  |                     |             |             | No reliable estimate |
| <b>Total:</b>  | <b>39.1</b>         | <b>39.6</b> | <b>40.1</b> | <b>41.5</b>          |



**16. Veterans and Military**

|  | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| Personal income tax subtraction for certain military retirement income<br>Legal reference: Art. TG Sec. 10-207   | 9.3                 | 9.2                  | 9.2   | 9.2   |
| Personal income tax subtraction for overseas military pay<br>Legal reference: Art. TG Sec. 10-207  |                     | No reliable estimate |       |       |
| Abatement of income tax for US military and civilian employees killed as a result of combat or terrorism<br>Legal reference: Art. TG Sec. 13-908<br>Note: Less than \$30,000 annually claimed to date.   |                     | Negligible           |       |       |
| Exemption of disabled veterans and surviving spouses from the property tax<br>Legal reference: Art. TP Sec. 7-208  | 1.6                 | 1.7                  | 1.8   | 1.9   |
| Exemption from the sales tax of sales of food to support veterans' organizations<br>Legal reference: Art. TG Sec. 11-206   | 1.7                 | 1.8                  | 1.8   | 1.9   |
| Exemption from the sales tax for sales to veterans' organizations<br>Legal reference: Art. TG Sec. 11-204  | 0.1                 | 0.1                  | 0.1   | 0.1   |
| Exemption from registration fees for Civil Air Patrol vehicles<br>Legal reference: Art. TR Sec. 13-903   |                     | No reliable estimate |       |       |
| Exemption from registration fee for vehicles owned by veterans' organizations<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016. |                     | No reliable estimate |       |       |

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

|  | Millions of Dollars |             |             |                      |
|--|---------------------|-------------|-------------|----------------------|
|  | FY 13               | FY 14       | FY 15       | FY 16                |
| Exemption from registration fees for vehicles owned by disabled veterans<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016.  |                     |             |             | Negligible           |
| Exemption from registration fees for the American Legion's "40-8 box car"<br>Legal reference: Art. TR Sec. 13-903<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016. |                     |             |             | No reliable estimate |
| Exemption from the titling tax of Civil Air Patrol vehicles<br>Legal reference: Art. TR Sec. 13-810<br>Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016.               |                     |             |             | No reliable estimate |
| Exemption from the titling tax of vehicles owned by veterans' organizations<br>Legal reference: Art. TR Sec. 13-810  |                     |             |             | No reliable estimate |
| Exemption from the tobacco tax of cigarettes for sale at post exchanges and commissaries<br><br>Legal reference: Art. TG Sec. 12-104   |                     |             |             | No reliable estimate |
| Exemption from the tobacco tax of other tobacco products for sale at post exchanges and commissaries<br>Legal reference: Art. TG Sec. 12-104   |                     |             |             | No reliable estimate |
| <b>Total:</b>  | <b>12.7</b>         | <b>12.7</b> | <b>12.9</b> | <b>13.1</b>          |

| 17. Volunteer and Nonprofit  | Millions of Dollars |       |                      |       |
|--|---------------------|-------|----------------------|-------|
|  | FY 13               | FY 14 | FY 15                | FY 16 |
| Corporate income tax credit for neighborhood and community assistance contributions<br>Legal reference: Art. TG Sec. 10-704.6  | 0.1                 | 0.1   | 0.1                  | 0.1   |
| Refund of fuel tax to state-funded nonprofit transit systems for the elderly, disabled or poor<br><br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue. | 0.6                 | 0.6   | 0.6                  | 0.6   |
| Exemption from the inheritance tax for property that passes to qualified nonprofit organizations<br>Legal reference: Art. TG Sec. 7-203  |                     |       | No reliable estimate |       |
| Financial institution franchise tax credit for donations to nonprofit neighborhood revitalization projects<br>Legal reference: Art. TG Sec. 8-215  |                     |       | No reliable estimate |       |
| Exemption of fraternal beneficiary corporations from the insurance premiums tax<br>Legal reference: Art. INS Sec. 6-101  | 1.9                 | 1.8   | 1.9                  | 2.0   |
| Insurance premiums tax credit for donations to nonprofit neighborhood revitalization projects<br><br>Legal reference: Art. INS Sec. 6-105  |                     |       | No reliable estimate |       |
| Exemption of nonprofit cemetery and mausoleum property from the property tax<br>Legal reference: Art. TP Sec. 7-201  | 0.2                 | 0.2   | 0.2                  | 0.2   |
| Exemption of lodges, trade and civic associations, clubs and other nonprofit organizations from the property tax<br>Legal reference: Art. TP Sec. 7-202<br>Note: Includes charitable organizations, church societies and clubs.                | 0.6                 | 0.6   | 0.6                  | 0.6   |
| Exemption of youth camps from the property tax<br>Legal reference: Art. TP Sec. 7-202<br>Note: Additional legal references: TP 7-212, 233.   | 0.2                 | 0.2   | 0.2                  | 0.2   |

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

|   | Millions of Dollars  |            |            |            |
|---|----------------------|------------|------------|------------|
|   | FY 13                | FY 14      | FY 15      | FY 16      |
| Exemption of the Chesapeake Bay Foundation from the property tax<br>Legal reference: Art. TP Sec. 7-203<br>Note: Revenue loss is less than \$30,000 annually. | Negligible           |            |            |            |
| Exemption of community water systems from the property tax<br>Legal reference: Art. TP Sec. 7-205   | No reliable estimate |            |            |            |
| Exemption of historical societies and war memorials from the property tax<br>Legal reference: Art. TP Sec. 7-214  | 0.6                  | 0.7        | 0.7        | 0.7        |
| Exemption of veterans' organizations from the property tax<br>Legal reference: Art. TP Sec. 7-234   | 0.5                  | 0.5        | 0.5        | 0.5        |
| Public service company franchise tax credit for donations to nonprofit neighborhood revitalization projects<br>Legal reference: Art. TG Sec. 8-412            | No reliable estimate |            |            |            |
| Individual income tax subtraction for unreimbursed mileage of certain volunteers<br>Legal reference: Art. TG Sec. 10-208                                      | No reliable estimate |            |            |            |
| Exemption from the sales tax for food delivered for immediate consumption by a non-profit vendor<br>Legal reference: Art. TG Sec. 11-206                      | 0.3                  | 0.3        | 0.3        | 0.4        |
| Individual income tax credit for donation to permanent endowment fund at a community foundation<br>Legal reference: Art. TG 10-736                            | 0.0                  | 0.0        | 0.2        | 0.2        |
| Corporate income tax credit for donation to permanent endowment fund at a community foundation<br>Legal reference: Art. TG 10-736                             | 0.0                  | 0.0        | 0.2        | 0.2        |
| <b>Total:</b>   | <b>5.0</b>           | <b>5.0</b> | <b>5.5</b> | <b>5.6</b> |

| 18. Miscellaneous  | Millions of Dollars |       |                      |       |
|--|---------------------|-------|----------------------|-------|
|  | FY 13               | FY 14 | FY 15                | FY 16 |
| Exemption from the excise tax of alcoholic beverages under a non-beverage permit<br>Legal reference: Art. TG Sec. 5-104  | 0.1                 | 0.1   | 0.1                  | 0.1   |
| Miscellaneous exemptions from the boat tax<br>Legal reference: Art. NR Sec. 8-716  | 0.1                 | 0.1   | 0.1                  | 0.1   |
| Corporate income tax subtraction for profit on sale of MD state or local bonds<br>Legal reference: Art. TG Sec. 10-307   |                     |       | No reliable estimate |       |
| Corporate income tax subtraction for state tax-exempt interest from mutual funds<br>Legal reference: Art. TG Sec. 10-307 |                     |       | No reliable estimate |       |
| Corporate income tax subtraction for income from state relocation assistance<br>Legal reference: Art. TG Sec. 10-307     |                     |       | No reliable estimate |       |
| 'Delaware Holding Company' (DHL) subtraction<br>Legal reference: Art. TG Sec. 10-308                                     | 62.1                | 72.8  | 61.6                 | 61.2  |
| Various corporate income tax subtractions, not separately estimated<br>Legal reference: Art. TG Sec. 10-307,308          | 159.5               | 195.2 | 179.5                | 179.0 |
| Corporate income tax credit for rehabilitating historic/heritage structures<br>Legal reference: Art. TG Sec. 10-704.5    | 0.7                 | 1.0   | 1.0                  | 0.9   |
| Exemption from the fuel tax for diesel fuel used in vessels<br>Legal reference: Art. TG Sec. 9-303                       | 2.4                 | 2.4   | 2.4                  | 2.4   |
| Exemption from the inheritance tax of income accrued on probate assets<br>Legal reference: Art. TG Sec. 7-203            |                     |       | No reliable estimate |       |
| Exemption from the inheritance tax of recovered Holocaust assets<br>Legal reference: Art. TG Sec. 7-203                  |                     |       | No reliable estimate |       |

**18. Miscellaneous (Continued)**

|   | Millions of Dollars |                      |       |       |
|---|---------------------|----------------------|-------|-------|
|   | FY 13               | FY 14                | FY 15 | FY 16 |
| Various personal income tax deductions, not otherwise classified<br>Legal reference: Art. TG Sec. 10-204<br>Note: Local effect is \$5.5 million in FY 2016. | 5.3                 | 8.8                  | 8.8   | 8.8   |
| Personal income tax subtraction for income from state relocation assistance<br>Legal reference: Art. TG Sec. 10-207   |                     | No reliable estimate |       |       |
| Personal income tax subtraction for income related to recovered Holocaust assets<br>Legal reference: Art. TG Sec. 10-207                                    |                     | No reliable estimate |       |       |
| Personal income tax subtraction for artwork donated by professional artists<br>Legal reference: Art. TG Sec. 10-208   |                     | No reliable estimate |       |       |
| Miscellaneous personal income tax subtraction modifications<br>Legal reference: Art. TG Sec. 10-207,208   |                     | No reliable estimate |       |       |
| Personal income tax credit for rehabilitating historic/heritage structures<br>Legal reference: Art. TG Sec. 10-704.5  | 3.2                 | 4.5                  | 4.5   | 4.1   |
| Personal income tax credit for contributions for neighborhood and community assistance<br>Legal reference: Art. TG Sec. 10-704.6                            | 0.9                 | 0.9                  | 0.9   | 0.9   |
| Exemption of annuities from the insurance premiums tax<br>Legal reference: Art. INS Sec. 6-103  | 106.0               | 103.9                | 107.5 | 111.3 |
| Insurance premiums tax credit for rehabilitating historic/heritage structures<br>Legal reference: Art. INS Sec. 6-105                                       | 3.2                 | 4.5                  | 4.5   | 4.1   |

| 18. Miscellaneous (Continued)   | Millions of Dollars  |       |       |       |
|---|----------------------|-------|-------|-------|
|   | FY 13                | FY 14 | FY 15 | FY 16 |
| Miscellaneous property tax exemptions.<br>Legal reference: Art. TP Sec. 7-299<br>Note: Includes property of foreign governments, fairgrounds, solar energy devices, etc.  | 2.0                  | 2.1   | 1.9   | 1.9   |
| Public service company franchise tax credit for rehabilitating historic/heritage structures<br>Legal reference: Art. TG Sec. 8-406  | No reliable estimate |       |       |       |
| Exemption from the sales tax of sales by State mental hospital gift shops<br>Legal reference: Art. TG Sec. 11-204<br>Note: There are no gift shops in these institutions  | 0.0                  | 0.0   | 0.0   | 0.0   |
| Exemption from the sales tax of sales by hospital thrift shops<br>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<br>Legal reference: Art. TG Sec. 11-204<br>Note: Estimated revenue cost is under \$15,000 annually. | Negligible           |       |       |       |
| Exemption from the sales tax of sales of US, Maryland and POW/MIA flags<br>Legal reference: Art. TG Sec. 11-205   | No reliable estimate |       |       |       |
| Exemption from the sales tax of sales of certain "snack" and "healthy" foods sold through vending machines<br>Legal reference: Art. TG Sec. 11-206  | 7.4                  | 7.6   | 7.8   | 8.0   |
| Exemption from the sales tax of sales of water through pipes<br>Legal reference: Art. TG Sec. 11-224  | 35.4                 | 35.7  | 36.1  | 36.5  |
| Miscellaneous motor vehicle registration fee exemptions, including fire and rescue vehicles<br>Legal reference: Art. TR Sec. 13-903   | 2.6                  | 2.4   | 2.4   | 2.4   |
| Credit of vehicle titling tax for out-of-state sales or excise tax paid by persons moving to Maryland<br>Legal reference: Art. TR Sec. 13-809   | 4.5                  | 4.3   | 4.3   | 4.4   |

| 18. Miscellaneous (Continued)   | Millions of Dollars |              |                      |              |
|---|---------------------|--------------|----------------------|--------------|
|   | FY 13               | FY 14        | FY 15                | FY 16        |
| Excluding the value of trade-ins for the motor vehicle excise tax<br>Legal reference: Art.TR Sec. 13-810  | 110.1               | 114.3        | 115.4                | 116.6        |
| Exemption from the transfer tax for judgments, orders of satisfaction or participation agreements<br>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<br>Legal reference: Art. TP Sec. 13-207 |                     |              | No reliable estimate |              |
| Estate tax exclusion - conservation easements<br>Legal reference: Art.TG Sec. 7-203   |                     |              | No reliable estimate |              |
| Income tax subtraction for discharge of student loan debt due to disability or death<br>Legal reference: Art. TG Sec. 10-207                                | 0.0                 | 0.0          | 0.5                  | 0.5          |
| Individual income tax credit for registration of tractor-trailers<br>Legal reference: Art. TG Sec. 10-734   | -                   | -            | 0.8                  | 0.9          |
| Corporate income tax credit for registration of tractor-trailers<br>Legal reference: Art. TG Sec. 10-734  | -                   | -            | 4.0                  | 4.0          |
| <b>Total:</b>   | <b>505.6</b>        | <b>560.8</b> | <b>544.2</b>         | <b>548.2</b> |



### III. Incidental Tax Expenditures

#### 1. Administrative Exemptions

|   | Millions of Dollars |                      |             |             |
|---|---------------------|----------------------|-------------|-------------|
|   | FY 13               | FY 14                | FY 15       | FY 16       |
| Corporate income tax subtraction for state or local income tax refunds<br>Legal reference: Art. TG Sec. 10-307  |                     | No reliable estimate |             |             |
| Personal income tax subtraction for taxable refunds<br>Legal reference: Art. TG Sec. 10-207   | 66.1                | 67.2                 | 67.2        | 67.2        |
| Exemption from the alcoholic beverages excise tax for small quantities brought into the state for personal use<br>Legal reference: Art. TG Sec. 5-104 |                     | No reliable estimate |             |             |
| Exemption from the inheritance tax for bequests under \$1,000<br>Legal reference: Art. TG Sec. 7-203  |                     | No reliable estimate |             |             |
| Exemption from the sales tax for sales through bulk vending machines.<br>Legal reference: Art. TG Sec. 11-201   | 1.1                 | 1.1                  | 1.2         | 1.2         |
| Exemption from the sales tax of casual and isolated sales<br>Legal reference: Art. TG Sec. 11-209   |                     | No reliable estimate |             |             |
| Exemption from the tobacco tax for cigarettes brought into the state in small quantities<br>Legal reference: Art. TG Sec. 12-104                      |                     | No reliable estimate |             |             |
| Exemption from the tobacco tax for other tobacco products brought into the state in small quantities<br>Legal reference: Art. TG Sec. 12-104          |                     | No reliable estimate |             |             |
| <b>Total:</b>   | <b>67.2</b>         | <b>68.3</b>          | <b>68.4</b> | <b>68.4</b> |

| 2. Double Taxation  | Millions of Dollars |                      |       |       |
|---|---------------------|----------------------|-------|-------|
|   | FY 13               | FY 14                | FY 15 | FY 16 |
| Exemption from the boat tax of vessels titled to a licensed dealer for resale, rental, or leasing purposes<br>Legal reference: Art. NR Sec. 8-716 | 0.6                 | 0.6                  | 0.6   | 0.6   |
| Corporate income tax subtraction for gross receipts subject to the public service company franchise tax<br>Legal reference: Art. TG Sec. 10-307   |                     | No reliable estimate |       |       |
| Personal income tax subtraction for Keogh Plan withdrawals taxed at time of deposit<br>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<br>Legal reference: Art. TG Sec. 10-207              |                     | No reliable estimate |       |       |
| Personal income tax credit for tax paid to another state<br>Legal reference: Art. TG Sec. 10-703  | 243.7               | 236.1                | 238.5 | 240.8 |
| Exemption from the sales tax of separately-stated sales subject to the admissions and amusement tax<br>Legal reference: Art. TG Sec.11-101        | 0.2                 | 0.2                  | 0.2   | 0.2   |
| Exemption from the sales tax for expense reimbursement while providing taxable detective services<br>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 and amusement tax<br>Legal reference: Art. TG Sec. 11-221                    | 68.2                | 68.8                 | 69.5  | 70.2  |
| Exemption from the sales tax of certain communications services subject to the federal excise tax<br>Legal reference: Art. TG Sec. 11-221         | 76.1                | 76.2                 | 79.7  | 82.5  |
| Exemption from the sales tax of motor fuels subject to the motor fuel or motor carrier tax<br>Legal reference: Art. TG Sec. 11-221                | 650.9               | 657.4                | 692.0 | 726.1 |

| 2. Double Taxation (Continued)   | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| Exemption from the sales tax of motor vehicles, except house or office trailers, subject to the motor vehicle excise tax<br>Legal reference: Art. TG Sec. 11-221                           | 794.8               | 855.1                | 901.4 | 922.3 |
| Exemption from the sales tax of trade-in allowance when leasing a vehicle<br>Legal reference: Art. TG Sec. 11-221<br>Note: Included in exemption for value of trade-ins                    | 0.0                 | 0.0                  | 0.0   | 0.0   |
| Exemption from the sales tax of long-term motor vehicle leases<br>Legal reference: Art. TG Sec. 11-221   | 22.5                | 22.7                 | 23.9  | 25.1  |
| Exemption from the sales tax of the rental of motion pictures subject to the admissions and amusement tax<br>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<br>Legal reference: Art. TG Sec. 11-221  | 18.3                | 18.7                 | 18.5  | 18.7  |
| Exemption from the sales tax of sales of materials taxed under other laws<br>Legal reference: Art. TG Sec. 11-221  |                     | No reliable estimate |       |       |
| Exemption from the titling tax of mobile homes over 35 ft.<br>Legal reference: Art. TR Sec. 13-810<br>Note: Mobile homes over 35 ft., when installed on sites, are taxed as real property. |                     | No reliable estimate |       |       |

**2. Double Taxation (Continued)**

|  | Millions of Dollars |                      |                |                |
|--|---------------------|----------------------|----------------|----------------|
|  | FY 13               | FY 14                | FY 15          | FY 16          |
| Exemption from the titling tax of vehicles purchased for short-term rental purposes<br>Legal reference: Art. TR Sec. 13-810  | 67.4                | 63.9                 | 64.5           | 65.2           |
| Exemption from the titling tax for leased vehicles purchased by the lessee<br>Legal reference: Art. TR Sec. 13-810   |                     | No reliable estimate |                |                |
| Exemption from the titling tax for vehicles transferred into an inter vivos trust if transferor is the beneficiary<br>Legal reference: Art. TR Sec. 13-810                 |                     | No reliable estimate |                |                |
| Exemption from the transfer tax for transfers of supplemental, previously recorded instruments or deeds for prior contract of sale<br>Legal reference: Art. TP Sec. 13-207 |                     | No reliable estimate |                |                |
| <b>Total:</b>  | <b>1,942.9</b>      | <b>1,999.9</b>       | <b>2,089.0</b> | <b>2,152.0</b> |

### 3. Reciprocal Exemptions

|  | Millions of Dollars  |       |       |       |
|--|----------------------|-------|-------|-------|
|  | FY 13                | FY 14 | FY 15 | FY 16 |
| Credit against the boat tax for excise tax paid in another state by commercial fishers<br>Legal reference: Art. NR Sec. 8-716  | 0.2                  | 0.1   | 0.2   | 0.2   |
| Reciprocal exemption from inheritance tax for personal property of nonresident decedents<br><br>Legal reference: Art. TG Sec. 7-203  | No reliable estimate |       |       |       |
| Refund of fuel tax for fuel taxed in another state<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.                 | 5.3                  | 5.4   | 5.4   | 5.4   |
| Exemption from the fuel tax for fuel sold for export from the state<br>Legal reference: Art. TG Sec. 9-303<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue. | 10.1                 | 46.5  | 46.8  | 47.0  |
| Exemption from the sales tax of sales to certain out-of-state non-profit organizations<br>Legal reference: Art. TG Sec. 11-204   | No reliable estimate |       |       |       |
| Sales tax exemption for sales of tangible personal property to nonprofit organizations for use in another state<br>Legal reference: Art. TG Sec. 11-216  | No reliable estimate |       |       |       |
| Exemption from the sales tax of sales of items taxed in another state<br>Legal reference: Art. TG Sec. 11-221  | No reliable estimate |       |       |       |

**3. Reciprocal Exemptions (Continued)**

Reciprocal exemption from registration fees for out-of-state law enforcement vehicles  
Legal reference: Art. TR Sec. 13-903  
Note: Included in miscellaneous and other registration fee exemptions, all of which are estimated to be \$2.4 million in FY 2016.

Reciprocal exemption from the titling tax for out-of-state law enforcement vehicles  
Legal reference: Art. TR Sec. 13-810

**Total:**

| Millions of Dollars |              |              |                      |
|---------------------|--------------|--------------|----------------------|
| <u>FY 13</u>        | <u>FY 14</u> | <u>FY 15</u> | <u>FY 16</u>         |
|                     |              |              | No reliable estimate |
|                     |              |              | No reliable estimate |
| <b>15.6</b>         | <b>52.0</b>  | <b>52.4</b>  | <b>52.7</b>          |

**4. Fuel Used for Non-transportation Purposes**

|   | Millions of Dollars |                      |            |            |
|---|---------------------|----------------------|------------|------------|
|   | FY 13               | FY 14                | FY 15      | FY 16      |
| Partial refund of fuel tax for fuel delivery vehicles<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |            |            |
| Partial refund of fuel tax for fuel used by concrete mixers.<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.  | 0.4                 | 0.4                  | 0.4        | 0.4        |
| Partial refund of fuel tax on fuel used by solid waste compactors<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.   | 0.2                 | 0.2                  | 0.2        | 0.2        |
| Partial refund of fuel tax used by well drillers.<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |            |            |
| Partial refund of fuel used by agricultural spreaders<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |            |            |
| Refund of fuel tax for fuel used in engines installed permanently at fixed locations<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.  | 1.5                 | 1.5                  | 1.5        | 1.5        |
| Refund of fuel tax on fuel lost in fire or collision.<br>Legal reference: Art. TG Sec. 13-901   |                     | No reliable estimate |            |            |
| Refund of fuel tax paid for fuel used for commercial purposes other than operation of motor vehicles on public highways<br>Legal reference: Art. TG Sec. 13-901<br>Note: Principally for marine uses; of this total, 9.6% would be distributed to local governments in FY 2016 as Highway User Revenue. | 0.1                 | 0.1                  | 0.1        | 0.1        |
| <b>Total:</b>   | <b>2.2</b>          | <b>2.2</b>           | <b>2.2</b> | <b>2.2</b> |

**5. Governments**

|  | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| Exemption from the boat tax of vessels purchased by the State or its subdivisions<br>Legal reference: Art. NR Sec. 8-716   |                     | Negligible           |       |       |
| Excise tax exemption for alcoholic beverage sales on federal reservations<br>Legal reference: Art. TG Sec. 5-104   | 0.1                 | 0.1                  | 0.1   | 0.1   |
| Personal income tax subtraction for dividends and interest from U.S. obligations<br>Legal reference: Art. TG Sec. 10-207<br>Note: Local effect is \$10.7 million in FY 2016.   | 16.7                | 17.3                 | 17.3  | 17.3  |
| Corporate income tax subtraction for interest on US government obligations<br>Legal reference: Art. TG Sec. 10-307   | 9.2                 | 9.3                  | 9.6   | 9.6   |
| Exemption from the inheritance tax for property passing to the State or its subdivisions<br>Legal reference: Art. TG Sec. 7-203  |                     | No reliable estimate |       |       |
| Refund of fuel tax for fuel used by the federal government<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.                     | 0.6                 | 0.6                  | 0.6   | 0.6   |
| Refund of fuel tax for fuel used to operate local government bus systems<br>Legal reference: Art. TG Sec. 13-901<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue.       | 1.0                 | 1.0                  | 1.0   | 1.0   |
| Exemption from the fuel tax for fuel purchased by the State or its subdivisions<br>Legal reference: Art. TG Sec. 9-303<br>Note: 9.6% of this would be distributed to local governments in FY 2016 as Highway User Revenue. | 7.5                 | 8.5                  | 8.6   | 8.6   |
| Personal income tax subtraction for employer provided official police/fire vehicles<br>Legal reference: Art. TG Sec. 10-207  |                     | No reliable estimate |       |       |



**5. Governments (Continued)**

|  | Millions of Dollars |       |       |                      |
|--|---------------------|-------|-------|----------------------|
|  | FY 13               | FY 14 | FY 15 | FY 16                |
| Personal income tax subtraction for profits on sale of Maryland State or local bonds<br>Legal reference: Art. TG Sec. 10-207                             |                     |       |       | No reliable estimate |
| Personal income tax subtraction for distributions and dividends from mutual funds attributable to US obligations<br>Legal reference: Art. TG Sec. 10-207 |                     |       |       | No reliable estimate |
| Exemption of federal government property from the property tax<br>Legal reference: Art. TP Sec. 7-210,11   | 13.3                | 13.5  | 13.7  | 13.9                 |
| Exemption of local government property from the property tax<br>Legal reference: Art. TP Sec. 7-210,11   | 15.4                | 15.6  | 15.8  | 16.0                 |
| Exemption of state government property from the property tax<br>Legal reference: Art. TP Sec. 7-210,11   | 9.6                 | 9.5   | 9.5   | 9.5                  |
| Exemption from the sales tax of sales of government documents, publications, etc.<br>Legal reference: Art. TG Sec. 11-215                                | 4.2                 | 4.2   | 4.4   | 4.6                  |
| Exemption from the sales tax of sales to the State and its subdivisions<br>Legal reference: Art. TG Sec. 11-220  | 391.1               | 395.0 | 415.8 | 436.3                |
| Exemption from the sales tax of sales of testing equipment to be transferred to the federal government<br>Legal reference: Art. TG Sec. 11-222           |                     |       |       | No reliable estimate |

**5. Governments (Continued)**

|  | Millions of Dollars |              |                      |              |
|--|---------------------|--------------|----------------------|--------------|
|  | FY 13               | FY 14        | FY 15                | FY 16        |
| Exemption from the sales tax of sales of buses for use in public transportation systems<br>Legal reference: Art. TG Sec. 11-223        | 1.3                 | 1.3          | 1.4                  | 1.4          |
| Exemption from registration fees of vehicles owned by the federal, State, or local governments<br>Legal reference: Art. TR Sec. 13-903 | 8.9                 | 8.5          | 8.6                  | 8.7          |
| Exemption from the titling tax of vehicles owned by the federal government<br>Legal reference: Art. TR Sec. 13-102                     |                     |              | No reliable estimate |              |
| Exemption from the titling tax of vehicles owned by the State and its subdivisions<br>Legal reference: Art. TR Sec. 13-810             |                     |              | No reliable estimate |              |
| Exemption from the titling tax of vehicles owned by the US and used in an investigation<br>Legal reference: Art. TR Sec. 13-810        |                     |              | No reliable estimate |              |
| Exemption from the transfer tax of transfers to governments or public agencies<br>Legal reference: Art. TP Sec. 13-207                 |                     |              | No reliable estimate |              |
| <b>Total:</b>  | <b>478.9</b>        | <b>484.4</b> | <b>506.4</b>         | <b>527.6</b> |

**Detail of Tax Expenditures**

**By Tax**

**Fiscal Years 2013 – 2016**

**ALCOHOLIC BEVERAGE TAX**

Millions of Dollars

|   | <u>FY 13</u> | <u>FY 14</u>         | <u>FY 15</u> | <u>FY 16</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  | 0.1          | 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 |              |              |
| 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>0.2</b>   | <b>0.2</b>           | <b>0.2</b>   | <b>0.2</b>   |
| <b><i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i></b> |              |                      |              |              |
| <b>Alcoholic beverage sales on federal reservations</b>   | <b>-0.1</b>  | <b>-0.1</b>          | <b>-0.1</b>  | <b>-0.1</b>  |
| <b>Total on page iv:</b>  | <b>0.1</b>   | <b>0.1</b>           | <b>0.1</b>   | <b>0.1</b>   |

**EXCISE TAX ON VESSELS**

|  | Millions of Dollars |            |            |            |
|--|---------------------|------------|------------|------------|
|  | FY 13               | FY 14      | FY 15      | FY 16      |
| <b>Legal reference: Art. NR Sec. 8-716</b>   |                     |            |            |            |
| <b>Exemption from the boat tax for:</b>  |                     |            |            |            |
| Excludes the value of trade-ins  | 1.1                 | 1.0        | 1.1        | 1.2        |
| Vessels purchased by charitable organizations  |                     | Negligible |            |            |
| Note: Estimated at less than \$30,000 annually.  |                     |            |            |            |
| Vessels purchased by State or its subdivisions   |                     | Negligible |            |            |
| Vessels titled to a licensed dealer for resale, rental, or leasing purposes                                  | 0.6                 | 0.6        | 0.6        | 0.6        |
| Miscellaneous boat tax exemptions  | 0.1                 | 0.1        | 0.1        | 0.1        |
| <b>Credit against the boat tax for:</b>  |                     |            |            |            |
| Excise tax paid in another state by commercial fishers   | 0.2                 | 0.1        | 0.2        | 0.2        |
| <b>Total: State Special Funds</b>  | <b>2.0</b>          | <b>1.8</b> | <b>2.0</b> | <b>2.1</b> |
| <i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i> |                     |            |            |            |
| Vessels purchased by the State or its subdivisions   | 0.0                 | 0.0        | 0.0        | 0.0        |
| Vessels titled to a licensed dealer for resale, rental, or leasing purposes                                  | -0.6                | -0.6       | -0.6       | -0.6       |
| Excise tax paid in another state   | -0.2                | -0.1       | -0.2       | -0.2       |
| <b>Total on page iv:</b>   | <b>1.2</b>          | <b>1.1</b> | <b>1.2</b> | <b>1.3</b> |

**CORPORATION INCOME TAX**

|   | Millions of Dollars |                      |              |              |
|---|---------------------|----------------------|--------------|--------------|
|   | <u>FY 13</u>        | <u>FY 14</u>         | <u>FY 15</u> | <u>FY 16</u> |
| <b>Legal reference: Art. TG Sec. 10-307</b>                         |                     |                      |              |              |
| <b>Corporate income tax subtractions for:</b>                       |                     |                      |              |              |
| Dividends for domestic corporations claiming foreign tax credits    | 30.0                | 32.4                 | 26.0         | 25.8         |
| Dividends from affiliated domestic international sales corporations |                     | No reliable estimate |              |              |
| Dividends of related foreign corporations                           | 83.8                | 55.8                 | 63.5         | 63.8         |
| Gross receipts subject to the public service company franchise tax  |                     | No reliable estimate |              |              |
| Interest on U.S. obligations  | 9.2                 | 9.3                  | 9.6          | 9.6          |
| Profit on sale or exchange of Maryland state or local bonds         |                     | No reliable estimate |              |              |
| Income from State relocation and assistance payments                |                     | No reliable estimate |              |              |
| State or local income tax refunds                                   |                     | No reliable estimate |              |              |
| State tax-exempt interest from mutual funds                         |                     | No reliable estimate |              |              |
| <br>  |                     |                      |              |              |
| <b>Legal reference: Art. TG Sec. 10-308</b>                         |                     |                      |              |              |
| <b>Corporate income tax subtractions for:</b>                       |                     |                      |              |              |
| 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 |              |              |
| Elevator handrails in health care facilities                        |                     | No reliable estimate |              |              |
| Exempt-interest dividends paid by regulated investment companies    |                     | No reliable estimate |              |              |
| Delaware Holding Company' (DHL) subtraction                         | 62.1                | 72.8                 | 61.6         | 61.2         |
| Various subtraction modifications not separately estimated          | 159.5               | 195.2                | 179.5        | 179.0        |
| <br>  |                     |                      |              |              |
| <b>Legal reference: Art. TG Sec. 10-309</b>                         |                     |                      |              |              |
| Gain/loss adjustment on utility company stranded costs              | 0.0                 | 0.0                  | 0.0          | 0.0          |
| Note: Subtraction last claimed in TY03 at \$8.6 million.            |                     |                      |              |              |

**CORPORATION INCOME TAX (Continued)**

|  | Millions of Dollars |            |       |       |
|--|---------------------|------------|-------|-------|
|  | FY 13               | FY 14      | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 10-702</b>                                |                     |            |       |       |
| <b>Corporate income tax credits for:</b>                                   |                     |            |       |       |
| Enterprise zone - credit for wages paid                                    | 0.2                 | 0.2        | 0.2   | 0.2   |
| Regional Institution Strategic Enterprise Zone - credit for wages paid     | 0.0                 | 0.0        | 0.0   | 0.1   |
| <b>Legal reference: Art. TG Sec. 10-704</b>                                |                     |            |       |       |
| Credit for purchase of Maryland-mined coal                                 | 0.0                 | 0.0        | 0.0   | 0.0   |
| Note: Corporations take all credits against franchise tax.                 |                     |            |       |       |
| Credit for wages paid to qualified employees (Job Creation Tax Credit)     | 0.2                 | 0.2        | 0.2   | 0.2   |
| Note: Sunsets January 1, 2020.   |                     |            |       |       |
| Credit for rehabilitating historic/heritage structures                     | 0.7                 | 1.0        | 1.0   | 0.9   |
| Credit for neighborhood and community assistance contributions             | 0.1                 | 0.1        | 0.1   | 0.1   |
| Credit for wages/child care/transportation for employees with disabilities | 0.0                 | 0.0        | 0.0   | -     |
| Credit for businesses that create new jobs                                 | 0.0                 | 0.0        | 0.2   | 0.2   |
| <b>Legal reference: Art. TG Sec 10-710</b>                                 |                     |            |       |       |
| Credit for employer-paid long-term care insurance premiums                 |                     |            |       |       |
| Note: Less than \$6,000 annually claimed to date.                          |                     |            |       |       |
|  |                     | Negligible |       |       |
| <b>Legal reference: Art. TG Sec. 10-711</b>                                |                     |            |       |       |
| Credit for student work-based learning programs                            | 0.1                 | -          | -     | -     |
| Note: Sunset on June 30, 2013.   |                     |            |       |       |
| <b>Legal reference: Art. TG Sec 10-714</b>                                 |                     |            |       |       |
| Credit for One Maryland project/start-up costs.                            | 3.5                 | 3.8        | 4.7   | 4.8   |

| <b>CORPORATION INCOME TAX (Continued)</b>   | Millions of Dollars                      |       |       |       |
|---|--|-------|-------|-------|
|   | FY 13                                    | FY 14 | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec 10-715</b><br>Credit for employer-provided commuter benefits  | 0.1                                      | 0.1   | 0.1   | 0.1   |
| <b>Legal reference: Art. TG Sec 10-720</b><br>Credit for electricity produced from certain qualified energy resources   | 1.2                                      | 1.2   | 1.2   | 1.2   |
| <b>Legal reference: Art. TG Sec 10-721</b><br>Credit for qualified R&D expenses   | 8.0                                      | 8.0   | 9.0   | 9.0   |
| <b>Legal reference: Art. TG Sec 10-722</b><br>Credit for "green buildings" construction and rehabilitation costs<br>Note: Credit claimed entirely against individual income tax   | -  | -     | -     | -     |
| <b>Legal reference: Art. TG Sec. 10-724.1</b><br>Corporate income tax credit for oyster shell recycling   | Included in individual income tax credit |       |       |       |
| <b>Legal reference: Art. TG Sec. 10-725</b><br>Credit for biotechnology Investment<br>Note: Credit split between corporate and individual income tax. Cost depends on appropriation: \$8 million for FY 2013, \$10 million for FY 2014, \$12 million for FY 2015. Proposed FY 2016 appropriation of \$12 million. | 1.2                                      | 1.5   | 1.8   | 1.8   |
| <b>Legal reference: Art. TG Sec. 10-726</b><br>Credit for cellulosic ethanol technology R&D   | 0.0                                      | 0.0   | 0.0   | 0.0   |
| <b>Legal reference: Art. TG Sec 10-727</b><br>Credit for bio-heating oil for use in space or water heating<br>Note: Sunsets June 30, 2018.  | 0.0                                      | 0.0   | 0.0   | 0.0   |
| <b>Legal reference: Art. TG Sec. 10-729</b><br>Credit for electric vehicle recharging equipment<br>Note: Repealed effective July 1, 2014.   | 0.3                                      | 0.3   | -     | -     |



| <b>CORPORATION INCOME TAX (Continued)</b>   | Millions of Dollars |       |       |       |
|---|---------------------|-------|-------|-------|
|   | FY 13               | FY 14 | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 10-730</b><br>Credit for qualified film production entities<br>Note: Credit entirely claimed against corporate income tax. FY 2015 credit is \$7.5 million, supplemented by \$7.5 million in grants. FY 2016 is proposed at \$6.8 million. | 7.5                 | 25.0  | 7.5   | 6.8   |
| <b>Legal reference: Art. TG Sec. 10-731</b><br>Credit for practitioners in Health Enterprise Zones<br>Note: Funds for these credits come from the Health Enterprise Reserve Fund.   | 3.0                 | 3.0   | 3.0   | 3.0   |
| <b>Legal reference: Art. TG Sec. 10-732</b><br>Credit for employer costs for security clearance<br>Note: Statutorily capped at \$2.0 million for all eligible companies. Credit split between personal and corporate income tax.  | -                   | 1.5   | 1.5   | 1.5   |
| Corporate income tax credit for first-year leases of small businesses performing security-based contracting   | -                   | -     | 1.0   | 1.0   |
| <b>Legal reference: Art. TG Sec. 10-733</b><br>Credit for cybersecurity investment<br>Note: Credit split between corporate and individual income tax. Appropriated at \$1.5 million in FY 2015 and proposed at \$1.5 million in FY 2016.                                    | -                   | 0.10  | 1.5   | 1.5   |
| <b>Legal reference: Art. TG Sec. 10-734</b><br>Corporate income tax credit for registration of tractor-trailers   | -                   | -     | 4.0   | 4.0   |
| <b>Legal reference: Art. TG Sec. 10-735</b><br>Credit against corporate income tax for qualified expenditures at wineries and vineyards   | -                   | -     | 0.5   | 0.5   |
| <b>Legal reference: Art. TG Sec. 10-736</b><br>Tax credit for donation to endowment fund at a community foundation  | -                   | -     | 0.2   | 0.2   |

| <b>CORPORATION INCOME TAX (Continued)</b>  | Millions of Dollars |              |              |              |
|--|---------------------|--------------|--------------|--------------|
|  | FY 13               | FY 14        | FY 15        | FY 16        |
| <b>Total:</b>  | <b>370.7</b>        | <b>411.5</b> | <b>377.9</b> | <b>376.5</b> |
| Distribution:  |                     |              |              |              |
| State General Funds portion due to HEIF law (9.15% of gross revenue)   | 33.9                | 37.7         | 34.6         | 34.4         |
| State Special Funds - Higher Education Investment Fund (6% of gross revenue)                                 | 22.2                | 24.7         | 22.7         | 22.6         |
| Subtotal:  | 314.5               | 349.2        | 320.7        | 319.5        |
| State General Funds (80.5% of net after above distribution)  | 253.2               | 281.1        | 258.1        | 257.2        |
| State Special Funds - Transportation Trust Fund (19.5% of net after above distribution)                      | 61.3                | 68.1         | 62.5         | 62.3         |
| <b>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</b> |                     |              |              |              |
| <b>Interest on U.S. Obligations</b>  | <b>-9.2</b>         | <b>-9.3</b>  | <b>-9.6</b>  | <b>-9.6</b>  |
| <b>Total on page iv:</b>   | <b>361.5</b>        | <b>402.2</b> | <b>368.3</b> | <b>366.9</b> |
| Local Governments (Highway User Revenues)  | 6.1                 | 6.5          | 6.0          | 6.0          |

**INHERITANCE TAXES**

Millions of Dollars  
FY 13      FY 14      FY 15      FY 16

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

**Exemption from the inheritance tax for:**

|   |      |                      |      |      |
|---|------|----------------------|------|------|
| Property passed to lineal beneficiaries and siblings                | 46.4 | 50.8                 | 52.7 | 54.8 |
| Bequests under \$1000   |      | No reliable estimate |      |      |
| Small estates   |      | 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 |      |      |
| Estate tax exclusion - Conservation Easements                       |      | No reliable estimate |      |      |
| Property passed to domestic partners                                | 1.0  | 1.0                  | 1.0  | 1.0  |
| Recovered Holocaust assets  |      | No reliable estimate |      |      |

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

|                                     |  |                      |  |  |
|-------------------------------------|--|----------------------|--|--|
| Family farms qualifying as farmland |  | No reliable estimate |  |  |
|-------------------------------------|--|----------------------|--|--|

**Legal reference: Art. TG Sec. 7-307**

|  |  |                      |  |  |
|--|--|----------------------|--|--|
| Payment deferral for qualified agricultural property |  | No reliable estimate |  |  |
|--|--|----------------------|--|--|

**Legal reference: Art. TG Sec. 7-309**

|   |     |     |     |     |
|---|-----|-----|-----|-----|
| Deduction against estate tax for health insurance costs of spouse | 0.0 | 0.4 | 0.5 | 0.7 |
|---|-----|-----|-----|-----|

|                                    |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|
| <b>Total: State General Funds:</b> | <b>47.4</b> | <b>52.1</b> | <b>54.2</b> | <b>56.5</b> |
|------------------------------------|-------------|-------------|-------------|-------------|

**MOTOR VEHICLE FUEL TAX**

Millions of Dollars

|  | <u>FY 13</u> | <u>FY 14</u>         | <u>FY 15</u> | <u>FY 16</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 dispensed to aircraft by aircraft manufacturing companies located in the State | 0.1          | 0.1                  | 0.1          | 0.1          |
| Fuel used by Red Cross   |              | No reliable estimate |              |              |
| Fuel used in fire and rescue vehicles  | 0.1          | 0.1                  | 0.1          | 0.1          |
| Fuel used by U.S. Government   | 0.6          | 0.6                  | 0.6          | 0.6          |
| Fuel used to operate bus systems of local governments  | 1.0          | 1.0                  | 1.0          | 1.0          |
| Partial refund for fuel used by fuel delivery vehicles                                       |              | No reliable estimate |              |              |
| Partial refund for fuel used by concrete mixers  | 0.4          | 0.4                  | 0.4          | 0.4          |
| Partial refund for fuel used by solid waste compactors                                       | 0.2          | 0.2                  | 0.2          | 0.2          |
| Partial refund for fuel used by well drillers  |              | No reliable estimate |              |              |
| Partial refund for fuel used by agricultural spreaders                                       |              | No reliable estimate |              |              |
| Fuel used in engines installed permanently at fixed locations                                | 1.5          | 1.5                  | 1.5          | 1.5          |
| Fuel lost in fire or collision   |              | No reliable estimate |              |              |
| 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  | 5.3          | 5.4                  | 5.4          | 5.4          |
| Fuel used by state-funded nonprofit transit systems for the elderly, disabled or poor        | 0.6          | 0.6                  | 0.6          | 0.6          |
| <b>Legal reference: Art. TG Sec. 9-303</b>   |              |                      |              |              |
| <b>Exemption from the fuel tax for:</b>  |              |                      |              |              |
| Fuel bought by State government or local sub-divisions                                       | 7.5          | 8.5                  | 8.6          | 8.6          |
| Diesel fuel used in vessels  | 2.4          | 2.4                  | 2.4          | 2.4          |
| Fuel sold for export from the state  | 10.1         | 46.5                 | 46.8         | 47.0         |

| <b>MOTOR VEHICLE FUEL TAX (Continued)</b>   | Millions of Dollars |             |             |             |
|---|---------------------|-------------|-------------|-------------|
|   | FY 13               | FY 14       | FY 15       | FY 16       |
| <b>Total:</b>   | <b>30.0</b>         | <b>67.4</b> | <b>67.9</b> | <b>68.2</b> |
| Distribution:   |                     |             |             |             |
| State General Funds   | 0.0                 | 0.0         | 0.0         | 0.0         |
| State Special Funds - Transportation Trust Fund   | 26.4                | 60.7        | 61.5        | 62.5        |
| State Special Funds - Chesapeake 2010 Fund  | 0.5                 | 1.1         | 1.0         | 0.9         |
| State Special Funds - Waterway Improvement Fund   | 0.1                 | 0.2         | 0.2         | 0.2         |
| Local Governments (Highway User Revenues)   | 2.9                 | 5.5         | 5.2         | 4.5         |
| <b><i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i></b> |                     |             |             |             |
| Fuel used by U.S. Government  | -0.6                | -0.6        | -0.6        | -0.6        |
| Fuel used to operate bus systems of local governments   | -1.0                | -1.0        | -1.0        | -1.0        |
| Partial refund for fuel used by concrete mixers   | -0.4                | -0.4        | -0.4        | -0.4        |
| Partial refund for fuel used by solid waste compactors  | -0.2                | -0.2        | -0.2        | -0.2        |
| Fuel used in engines installed permanently at fixed locations   | -1.5                | -1.5        | -1.5        | -1.5        |
| 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   | -5.3                | -5.4        | -5.4        | -5.4        |
| Fuel sold for export from the state   | -10.1               | -46.5       | -46.8       | -47.0       |
| Fuel bought by State government or local sub-divisions  | -7.5                | -8.5        | -8.6        | -8.6        |
| <b><i>Total on page iv:</i></b>   | <b>3.3</b>          | <b>3.3</b>  | <b>3.3</b>  | <b>3.3</b>  |

**INDIVIDUAL INCOME TAX****Local loss is roughly 62% of the State loss**

Millions of Dollars

|  | FY 13 | FY 14                | FY 15 | FY 16 |
|--|-------|----------------------|-------|-------|
| <b>Legal reference: Art.TG Sec. 10-204</b>   |       |                      |       |       |
| <b>Itemized deductions for:</b>  |       |                      |       |       |
| Charitable contributions   | 247.6 | 242.0                | 246.6 | 248.3 |
| Mortgage interest  | 517.7 | 534.6                | 539.9 | 545.3 |
| Real estate taxes  | 220.3 | 219.0                | 226.2 | 233.5 |
| Medical expenses   | 92.8  | 92.3                 | 95.6  | 98.9  |
| Job expenses   | 150.2 | 132.8                | 140.6 | 150.4 |
| Other itemized deductions  | 5.3   | 8.8                  | 8.8   | 8.8   |
| <b>Legal reference: Art. TG Sec. 10-207</b>  |       |                      |       |       |
| <b>Subtraction modifications for:</b>  |       |                      |       |       |
| Taxable Refunds  | 66.1  | 67.2                 | 67.2  | 67.2  |
| Dividends and interest from U.S. obligations   | 16.7  | 17.3                 | 17.3  | 17.3  |
| Individual federally taxed social security/railroad retirement benefits              | 214.0 | 206.4                | 208.5 | 210.5 |
| Two-income married couples   | 38.1  | 38.1                 | 38.5  | 38.9  |
| Grants under the Solar and Geothermal Tax Incentive Grant Program                    |       | Negligible           |       |       |
| Note: HB 590 (2007).   |       |                      |       |       |
| Distribution to a beneficiary of accumulated income on which fiduciary has paid tax  |       | No reliable estimate |       |       |
| Distributions and dividends from mutual funds attributed to US obligations           |       | 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 |       |       |
| Personal income tax subtraction for income from state relocation assistance          |       | No reliable estimate |       |       |
| Pickup contributions for pension and retirement systems                              |       | No reliable estimate |       |       |
| Overseas military pay  |       | No reliable estimate |       |       |
| Military retirement income   | 9.3   | 9.2                  | 9.2   | 9.2   |
| Amounts contributed to prepaid tuition plans   |       | No reliable estimate |       |       |
| Income related to recovered Holocaust assets   |       | No reliable estimate |       |       |
| Other miscellaneous subtractions   |       | No reliable estimate |       |       |
| Income tax subtraction for discharge of student loan debt due to disability or death | -     | -                    | 0.5   | 0.5   |
| Subtraction for civil rights violation noneconomic damages                           | -     | 0.2                  | 0.2   | 0.2   |

**INDIVIDUAL INCOME TAX (Continued)**

|   | Millions of Dollars |                      |       |       |
|---|---------------------|----------------------|-------|-------|
|   | FY 13               | FY 14                | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 10-208</b>   |                     |                      |       |       |
| <b>Subtraction modifications for:</b>   |                     |                      |       |       |
| Employment-related household and dependent care expenses  | 25.4                | 25.3                 | 25.3  | 25.3  |
| Adoption expenses for special-needs children  |                     | No reliable estimate |       |       |
| Expenses of providing human or mechanical readers for blind persons   |                     | No reliable estimate |       |       |
| 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 emergency service personnel   | 0.5                 | 1.9                  | 2.0   | 1.9   |
| 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 spreading equipment   |                     | No reliable estimate |       |       |
| Contributions to investment accounts  | 0.0                 | 0.0                  | 0.0   | 0.2   |
| Note: Applies to the Maryland College Investment Plan and to the Maryland Broker-Dealer College Investment Plan. Capped at \$2,500 per beneficiary. As of January 2015, the College Savings Plan of Maryland has not implemented the aforementioned plan. |                     |                      |       |       |
| Personal income tax subtraction for certain sewage disposal systems.  | 0.0                 | 0.0                  | 0.0   | 0.0   |
| Conservation and management program expenses  |                     | No reliable estimate |       |       |
| Individual income tax subtraction for unreimbursed expenses of foster parents   | 0.0                 | 0.0                  | 0.2   | 0.3   |
| <b>Legal reference: Art. TG Sec. 10-209</b>   |                     |                      |       |       |
| <b>Subtraction modifications for:</b>   |                     |                      |       |       |
| Pension income  | 167.0               | 162.7                | 164.3 | 166.0 |
| <b>Legal reference: Art. TG Sec. 10-211</b>   |                     |                      |       |       |
| <b>Personal Exemptions:</b>   |                     |                      |       |       |
| Additional exemptions for the blind and elderly   | 29.7                | 29.7                 | 30.0  | 30.3  |
| Personal Exemptions   | 652.7               | 644.9                | 651.3 | 657.9 |
| <b>Legal reference: Art. TG Sec. 10-217</b>   |                     |                      |       |       |
| <b>Standard Deduction:</b>  |                     |                      |       |       |
| Standard Deduction  | 135.3               | 133.4                | 134.7 | 136.1 |

**INDIVIDUAL INCOME TAX (Continued)**

|  | Millions of Dollars              |                                  |       |       |
|--|----------------------------------|----------------------------------|-------|-------|
|  | FY 13                            | FY 14                            | FY 15 | FY 16 |
| <b>Tax Credits:</b>  |                                  |                                  |       |       |
| <b>Legal reference: Art. TG Sec. 10-702</b>  |                                  |                                  |       |       |
| Wages paid in enterprise zone  | 0.0                              | 0.1                              | 0.1   | 0.1   |
| Wages paid in Regional Institution Strategic Enterprise Zone                         |                                  | Included in corporate income tax |       |       |
| <b>Legal reference: Art. TG Sec. 10-703</b>  |                                  |                                  |       |       |
| Taxes paid by resident to another state  | 243.7                            | 236.1                            | 238.5 | 240.8 |
| <b>Legal reference: Art. TG Sec. 10-704</b>  |                                  |                                  |       |       |
| Non-Refundable Earned Income Tax Credit  | 84.1                             | 82.1                             | 82.1  | 82.1  |
| Refundable Earned Income Tax Credit  | 107.2                            | 106.1                            | 106.7 | 108.8 |
| Note: State credit is refundable in certain cases.                                   |                                  |                                  |       |       |
| Credit for purchase of Maryland-mined coal   | 0.0                              | 0.0                              | 0.0   | 0.0   |
| Note: Corporations take all credits against franchise tax.                           |                                  |                                  |       |       |
| Credit for wages paid to qualified employees (Job Creation Tax Credit)               | 0.1                              | 0.1                              | 0.1   | 0.5   |
| Note: Sunsets January 1, 2020.   |                                  |                                  |       |       |
| Credit for rehabilitating historic/heritage structures                               | 3.2                              | 4.5                              | 4.5   | 4.1   |
| Credit for neighborhood and community assistance contributions                       | 0.9                              | 0.9                              | 0.9   | 0.9   |
| Credit for wages/child care/transportation for employees with disabilities           | Included in Corporate Income Tax |                                  |       | -     |
| Credit for businesses that create new jobs   | 0.3                              | 0.6                              | 0.6   | 0.6   |
| <b>Legal reference: Art. TG Sec. 10-707</b>  |                                  |                                  |       |       |
| Credit for property tax paid on owner-occupied residences in specified neighborhoods | 0.2                              | 0.2                              | 0.2   | 0.2   |
| <b>Legal reference: Art. TG Sec. 10-709</b>  |                                  |                                  |       |       |
| Personal income tax credit for persons with below poverty level incomes              | 38.0                             | 38.0                             | 38.0  | 38.0  |
| <b>Legal reference: Art. TG Sec. 10-711</b>  |                                  |                                  |       |       |
| Credit for student work-based learning programs.                                     | Negligible                       | -                                | -     | -     |
| Note: Less than \$25,000 claimed annually. Sunset on June 30, 2013.                  |                                  |                                  |       |       |
| <b>Legal reference: Art. TG Sec. 10-714</b>  |                                  |                                  |       |       |
| Credit for One Maryland project/start-up costs.                                      | 1.5                              | 1.7                              | 1.7   | 1.7   |



| <b>INDIVIDUAL INCOME TAX (Continued)</b>   | Millions of Dollars |       |       |       |
|--|---------------------|-------|-------|-------|
|  | FY 13               | FY 14 | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 10-715</b><br>Credit for cost of providing employee commuter benefits   | 0.1                 | 0.1   | 0.1   | 0.1   |
| <b>Legal reference: Art. TG Sec. 10-716</b><br>Credit for child and dependent care expenses  | 9.2                 | 9.2   | 9.3   | 9.4   |
| <b>Legal reference: Art. TG Sec. 10-717</b><br>Credit for expenses for classroom teacher advanced education                                      | 6.4                 | 4.7   | 4.7   | 4.7   |
| <b>Legal reference: Art. TG Sec. 10-718</b><br>Credit for eligible long-term care premiums   | 2.9                 | 2.9   | 2.9   | 2.9   |
| <b>Legal reference: Art. TG Sec. 10-720</b><br>Credit for electricity produced from qualified energy resources                                   | 1.2                 | 1.2   | 1.2   | 1.2   |
| <b>Legal reference: Art. TG Sec. 10-721</b><br>Credit for qualified R&D expenses<br>Note: Sunsets July 1, 2021.                                  | 0.1                 | 0.1   | 0.1   | 0.1   |
| <b>Legal reference: Art. TG Sec. 10-722</b><br>Credit for "green buildings" construction and rehabilitation costs                                | 0.2                 | 0.7   | 0.7   | 0.7   |
| <b>Legal Reference: Art. TG Sec. 10-723</b><br>Credit for easements conveyed to the MD Environmental Trust or MD Ag Land Preservation Foundation | 1.0                 | 0.9   | 1.0   | 1.0   |
| <b>Legal reference: Art. TG Sec. 10-724</b><br>Credit for up to \$500 for the purchase of aquaculture oyster floats                              | 0.2                 | 0.1   | 0.1   | 0.1   |
| <b>Legal reference: Art. TG Sec. 10-724.1</b><br>Individual income tax credit for oyster shell recycling   | 0.0                 | 0.1   | 0.1   | 0.1   |

**INDIVIDUAL INCOME TAX (Continued)**

|   | Millions of Dollars |       |                      |       |
|---|---------------------|-------|----------------------|-------|
|   | FY 13               | FY 14 | FY 15                | FY 16 |
| <b>Legal reference: Art. TG Sec. 10-725</b><br>Credit for biotechnology investment<br>Note: Credit split between corporate and individual income tax. Cost depends on appropriation: \$8 million for FY 2013, \$10 million for FY 2014, \$12 million for FY 2015. Proposed FY 2016 appropriation of \$12 million. | 6.8                 | 8.5   | 10.2                 | 10.2  |
| <b>Legal reference: Art. TG Sec. 10-726</b><br>Credit for cellulosic ethanol technology R&D   | 0.0                 | 0.0   | 0.0                  | 0.0   |
| <b>Legal reference: Art. TG Sec. 10-727</b><br>Credit for bio-heating oil for use in space or water heating<br>Note: Effective July 1, 2008. Sunsets June 30, 2018.   |                     |       | No reliable estimate |       |
| <b>Legal reference: Art. TG Sec. 10-729</b><br>Credit for electric vehicle recharging equipment<br>Note: Repealed effective July 1, 2014.   | 0.3                 | 0.3   | -                    | -     |
| <b>Legal reference: Art. TG Sec. 10-730</b><br>Credit for qualified film production entities<br>Note: Credit entirely claimed against corporate income tax. FY 2015 credit is \$7.5 million, supplemented by \$7.5 million in grants. FY 2016 is proposed at \$6.8 million.                                       | 0.0                 | 0.0   | 0.0                  | 0.0   |
| <b>Legal reference: Art. TG Sec. 10-731</b><br>Credit for practitioners in Health Enterprise Zones<br>Note: Funds for these credits come from the Health Enterprise Reserve Fund.   | 1.0                 | 1.0   | 1.0                  | 1.0   |
| <b>Legal reference: Art. TG Sec. 10-732</b><br>Credit for employer costs for security clearance<br>Note: Statutorily capped at \$2.0 million for all eligible companies. Credit split between personal and corporate income tax.  | -                   | 0.5   | 0.5                  | 0.5   |
| Individual income tax credit for first-year leases of small businesses performing security-based contracting  | -                   | -     | 0.9                  | 0.9   |

| <b>INDIVIDUAL INCOME TAX (Continued)</b>  | Millions of Dollars |                |                                  |                |
|---|---------------------|----------------|----------------------------------|----------------|
|   | FY 13               | FY 14          | FY 15                            | FY 16          |
| <b>Legal reference: Art. TG Sec. 10-733</b><br>Credit for cybersecurity investment<br>Note: Credit split between corporate and individual income tax. Appropriated at \$1.5 million in FY 2015 and proposed at \$1.5 million in FY 2016.        |                     |                | Included in Corporate Income Tax |                |
| <b>Legal reference: Art. TG Sec. 10-734</b><br>Individual income tax credit for registration of tractor-trailers  | -                   | -              | 0.8                              | 0.9            |
| <b>Legal reference: Art. TG Sec. 10-735</b><br>Credit against individual income tax for qualified expenditures at wineries and vineyards  |                     |                | Included in corporate income tax |                |
| <b>Legal reference: Art. TG 10-736</b><br>Individual income tax credit for donation to permanent endowment fund at a community foundation   | -                   | -              | 0.2                              | 0.2            |
| <b>Miscellaneous Provisions:</b><br><b>Legal reference: Art. TG Sec. 13-908</b><br>Abatement of income tax for U.S. military/civilian employees killed as a result of combat or terrorism<br>Note: Less than \$30,000 annually claimed to date. |                     |                | Negligible                       |                |
| <b>Total: State General Funds</b>   | <b>3,097.3</b>      | <b>3,066.5</b> | <b>3,114.2</b>                   | <b>3,158.8</b> |
| <i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i>  |                     |                |                                  |                |
| Structural Tax Expenditures   | -788.0              | -778.3         | -786.1                           | -793.9         |
| Taxable Refunds   | -66.1               | -67.2          | -67.2                            | -67.2          |
| Dividends and interest on U.S. Obligations  | -16.7               | -17.3          | -17.3                            | -17.3          |
| Taxes paid by resident to another state   | -243.7              | -236.1         | -238.5                           | -240.8         |
| <b>Total on page iv:</b>  | <b>1,982.8</b>      | <b>1,967.6</b> | <b>2,005.1</b>                   | <b>2,039.5</b> |

**INSURANCE PREMIUM TAX**

|  | Millions of Dollars  |                      |              |              |
|--|----------------------|----------------------|--------------|--------------|
|  | <u>FY 13</u>         | <u>FY 14</u>         | <u>FY 15</u> | <u>FY 16</u> |
| <b>Exemptions from the tax for:</b>  |                      |                      |              |              |
| <b>Legal reference: INS Sec. 6-101</b>   |                      |                      |              |              |
| Premiums for non-profit health service plans   | 24.5                 | 22.9                 | 22.8         | 22.7         |
| Note: Non-profit health service plans pay at least 2% of premiums to support specific state projects (for example, the Senior Prescription Drug Assistance Program) in lieu of premium tax payments. |                      |                      |              |              |
| Premium for fraternal beneficiary corporations   | 1.9                  | 1.8                  | 1.9          | 2.0          |
| <b>Legal reference: Ins. Sec. 6-103</b>  |                      |                      |              |              |
| Annuities  | 106.0                | 103.9                | 107.5        | 111.3        |
| <b>Tax credits for:</b>  |                      |                      |              |              |
| <b>Legal reference: Art. Ins. Sec. 6-105</b>   |                      |                      |              |              |
| Rehabilitating historic/heritage structures  | 3.2                  | 4.5                  | 4.5          | 4.1          |
| Donations to non-profit neighborhood revitalization projects   |                      | No reliable estimate |              |              |
| <b>Legal reference: Art. Ins. Sec. 6-114</b>   |                      |                      |              |              |
| Job creation   | 0.0                  | 0.0                  | 0.0          | 0.0          |
| <b>Legal reference: Art. Ins. Sec. 6-115</b>   |                      |                      |              |              |
| Expenses for hiring qualified disabled employees   |                      | No reliable estimate |              |              |
| <b>Legal reference: Art. Ins. Sec. 6-116</b>   |                      |                      |              |              |
| Businesses that create new jobs  |                      | No reliable estimate |              |              |
| <b>Legal reference: Art. Ins. Sec. 6-117</b>   |                      |                      |              |              |
| Expenses for employer-paid long-term care insurance premiums   |                      | No reliable estimate |              |              |
| <b>Legal reference: Art. Ins. Sec. 6-118</b>   |                      |                      |              |              |
| Expenses for student work-based learning programs  | No reliable estimate |                      | -            | -            |
| Note: Sunset on June 30, 2013.   |                      |                      |              |              |

**INSURANCE PREMIUM TAX (Continued)**

Millions of Dollars

FY 13      FY 14      FY 15      FY 16

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

Costs associated with One Maryland economic development projects.

Included in Corporate and Individual Income Tax

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

Expenses for employer-provided commuter benefits

Negligible

Note: Average \$61,000 per year between FY 2003 and FY 2008.

**Total: State General Funds**

135.6      133.1      136.7      140.1

**MOTOR VEHICLE TITLING TAX**

Millions of Dollars

FY 13      FY 14      FY 15      FY 16

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

**Exemptions from vehicle titling requirement for:**

Farm equipment

No reliable estimate

Vehicles owned by federal government

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

4.5

4.3

4.3

4.4

**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

67.4

63.9

64.5

65.2

Leased vehicles purchased by the lessee

No reliable estimate

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

| <b>MOTOR VEHICLE TITLING TAX (Continued)</b>   | Millions of Dollars |                      |              |              |
|--|---------------------|----------------------|--------------|--------------|
|  | FY 13               | FY 14                | FY 15        | FY 16        |
| 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 |              |              |
| Civil 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 |              |              |
| Excluding the value of trade-ins   | 110.1               | 114.3                | 115.4        | 116.6        |
| Miscellaneous titling tax exemptions   |                     | No reliable estimate |              |              |
| <b>Legal reference: Art. TR Sec. 13-815</b>  |                     |                      |              |              |
| <b>Exemption from the titling tax for:</b>   |                     |                      |              |              |
| Electric vehicles  | 2.1                 | 0.6                  | 0.6          | 0.6          |
| <b>Total:</b>  | <b>184.1</b>        | <b>183.1</b>         | <b>184.8</b> | <b>186.8</b> |
| Distribution:  |                     |                      |              |              |
| State General Funds  | 0.0                 | 0.0                  | 0.0          | 0.0          |
| Net State Special Funds - Transportation Trust Fund  | 171.8               | 171.3                | 172.9        | 174.8        |
| Local Governments (Highway User Revenues)  | 12.3                | 11.8                 | 11.9         | 12.0         |
| <b>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</b> |                     |                      |              |              |
| <b>Vehicles purchased for short-term rental purposes</b>   | <b>-67.4</b>        | <b>-63.9</b>         | <b>-64.5</b> | <b>-65.2</b> |
| <b>Total on page iv:</b>   | <b>116.7</b>        | <b>119.2</b>         | <b>120.3</b> | <b>121.6</b> |

**STATE PROPERTY TAX**

|  | Millions of Dollars |       |                      |       |
|--|---------------------|-------|----------------------|-------|
|  | FY 13               | FY 14 | FY 15                | FY 16 |
| <b>Exemptions for property used for or by:</b>                                 |                     |       |                      |       |
| <b>Legal reference: Art. TP Sec. 7-201</b>                                     |                     |       |                      |       |
| Nonprofit cemetery and mausoleum property                                      | 0.2                 | 0.2   | 0.2                  | 0.2   |
| <b>Legal reference: Art. TP Sec. 7-202</b>                                     |                     |       |                      |       |
| Educational uses   | 26.3                | 26.0  | 26.2                 | 26.5  |
| Nonprofit housing for the elderly  | 0.5                 | 0.5   | 0.5                  | 0.6   |
| Nonprofit hospitals and health facilities                                      | 7.0                 | 7.0   | 7.3                  | 7.4   |
| Lodges, trade and civic associations, clubs, and other nonprofit organizations | 0.6                 | 0.6   | 0.6                  | 0.6   |
| Note: Includes charitable organizations, church societies and clubs.           |                     |       |                      |       |
| Youth camps  | 0.2                 | 0.2   | 0.2                  | 0.2   |
| Note: Additional legal references: TP 7-212, 233.                              |                     |       |                      |       |
| <b>Legal reference: Art. TP Sec. 7-203</b>                                     |                     |       |                      |       |
| The Chesapeake Bay Foundation  |                     |       | Negligible           |       |
| Note: Revenue loss is less than \$30,000 annually.                             |                     |       |                      |       |
| <b>Legal reference: Art. TP Sec. 7-204</b>                                     |                     |       |                      |       |
| Religious organizations  | 11.4                | 11.5  | 10.8                 | 10.9  |
| <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 \$15,000 of assessed value for blind and surviving spouses        | 0.0                 | 0.0   | 0.0                  | 0.0   |
| Note: Revenue loss is less than \$40,000 annually.                             |                     |       |                      |       |
| <b>Legal reference: Art. TP Sec. 7-208</b>                                     |                     |       |                      |       |
| Disabled veterans and surviving spouses  | 1.6                 | 1.7   | 1.8                  | 1.9   |



| <b>STATE PROPERTY TAX (Continued)</b>   | Millions of Dollars   |       |       |       |
|---|-----------------------|-------|-------|-------|
|   | FY 13                 | FY 14 | FY 15 | FY 16 |
| <b>Legal reference: Art. TP Sec. 7-209</b><br>Volunteer fire companies  | 0.5                   | 0.5   | 0.5   | 0.5   |
| <b>Legal reference: Art. TP Sec. 7-210,11</b><br>Federal government property  | 13.3                  | 13.5  | 13.7  | 13.9  |
| Local government property   | 15.4                  | 15.6  | 15.8  | 16.0  |
| State government property   | 9.6                   | 9.5   | 9.5   | 9.5   |
| Property used for heating/cooling of state owned/occupied property  | 0.0                   | 0.0   | 0.0   | 0.0   |
| Note: No revenue loss; properties potentially affected are already tax exempt.  |                       |       |       |       |
| <b>Legal reference: Art. TP Sec. 7-214</b><br>Historical societies and war memorials  | 0.6                   | 0.7   | 0.7   | 0.7   |
| <b>Legal reference: Art. TP Sec. 7-215</b><br>Housing authorities   | 2.9                   | 2.8   | 2.9   | 2.9   |
| <b>Legal reference: Art. TP Sec. 7-234</b><br>Veterans' organizations   | 0.1                   | 0.1   | 0.1   | 0.1   |
| <b>Legal reference: Art. TP Sec. 7-242</b><br>Wind Energy Equipment and Solar energy property                                 | No reliable estimate. |       |       |       |
| <b>Legal reference: Art. TP Sec. 7-299</b><br>Miscellaneous property tax exemptions   | 2.0                   | 2.1   | 1.9   | 1.9   |
| Note: Includes property of foreign governments, fairgrounds, solar energy devices, etc.                                       |                       |       |       |       |
| <b>Legal reference: Art. TP Sec. 7-303</b><br>Landing areas at privately owned, public use airports                           | Negligible            |       |       |       |
| Note: Tax expenditure is under \$5,000 annually.  |                       |       |       |       |
| <b>Legal reference: Art. TP Sec. 9-105</b><br>Homestead property tax credit for properties with assessment increases over 10% | 2.3                   | 1.1   | 0.5   | 0.6   |
| Note: Local governments forego about 16 times the State credits. See SB 520, HB 199 (2010).                                   |                       |       |       |       |

| <b>STATE PROPERTY TAX (Continued)</b>  | Millions of Dollars |              |              |              |
|--|---------------------|--------------|--------------|--------------|
|  | FY 13               | FY 14        | FY 15        | FY 16        |
| <b>Legal reference: Art. TP Sec. 9-104; Art. TG Sec. TP Sec. 9-102</b>                                       |                     |              |              |              |
| Homeowners' Tax Credits  | 62.6                | 61.6         | 64.5         | 61.9         |
| Renters' Tax Credit  | 2.0                 | 2.4          | 2.4          | 2.7          |
| <b>Legal reference: Art. TP Sec. 9-103</b>   |                     |              |              |              |
| Urban Enterprise Zone Tax Credit   | 17.0                | 13.7         | 14.4         | 16.3         |
| <b>Legal reference: Art. ED Sec. 5-105</b>   |                     |              |              |              |
| BRAC Zone Tax Credit   | 0.2                 | 0.8          | 0.7          | 0.8          |
| <b>Total: State Special Funds</b>  | <b>176.3</b>        | <b>172.1</b> | <b>175.2</b> | <b>176.1</b> |
| <i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i> |                     |              |              |              |
| Federal government property  | -13.3               | -13.5        | -13.7        | -13.9        |
| Local government property  | -15.4               | -15.6        | -15.8        | -16.0        |
| State government property  | -9.6                | -9.5         | -9.5         | -9.5         |
| <b>Total on page iv:</b>   | <b>138.0</b>        | <b>133.5</b> | <b>136.2</b> | <b>136.7</b> |

| <b><u>PUBLIC SERVICE CO. FRANCHISE TAX</u></b>  | Millions of Dollars  |            |                      |            |
|---|----------------------|------------|----------------------|------------|
|   | FY 13                | FY 14      | FY 15                | FY 16      |
| <b>Legal reference: Art. TG Sec. 8-401</b><br>Exemption for Internet services   |                      |            | No reliable estimate |            |
| <b>Tax Credits for:</b>   |                      |            |                      |            |
| <b>Legal reference: Art. TG Sec. 8-406</b><br>Purchase of MD-mined coal.<br>Note: Capped at \$2.5 million for FY 2013, \$4.5 million for FY 2014, \$6 million in FY 2015. Begin phase out in FY 2016, cap at \$3 million. | 2.5                  | 4.1        | 6.0                  | 3.0        |
| Rehabilitating historic/heritage structures   |                      |            | No reliable estimate |            |
| <b>Legal reference: Art. TG Sec. 8-407</b><br>Telephone lifeline service  | 0.3                  | 0.3        | 0.3                  | 0.3        |
| <b>Legal reference: Art. TG Sec. 8-411</b><br>Job creation  |                      |            | No reliable estimate |            |
| <b>Legal reference: Art. TG Sec. 8-412</b><br>Donations to non-profit neighborhood revitalization projects  |                      |            | No reliable estimate |            |
| <b>Legal reference: Art. TG Sec. 8-413</b><br>Expenses for hiring qualified disabled employees  |                      |            | No reliable estimate |            |
| <b>Legal reference: Art. TG Sec. 8-415</b><br>Expenses for student work-based learning programs<br>Note: Sunset on June 30, 2013  | No reliable estimate |            | -                    | -          |
| Expenses for employer-paid long-term care insurance premiums  |                      |            | No reliable estimate |            |
| <b>Legal reference: Art. TG Sec 8-417</b><br>Sales to large industrial customers for production activity  | 1.0                  | 1.5        | 1.5                  | 1.5        |
| <b>Legal Reference: Art. TG Sec. 8-214</b><br>Financial institution franchise tax credit for donations to nonprofit neighborhood revitalization projects  |                      |            | No reliable estimate |            |
| <b>Total: State General Funds</b>   | <b>3.8</b>           | <b>5.9</b> | <b>7.8</b>           | <b>4.8</b> |

**SALES AND USE TAX**

|   | Millions of Dollars |                      |       |       |
|---|---------------------|----------------------|-------|-------|
|   | FY 13               | FY 14                | FY 15 | FY 16 |
| <b>Exemptions or exclusions for:</b>  |                     |                      |       |       |
| <b>Legal reference: Art. TG Sec. 11-101</b>   |                     |                      |       |       |
| "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 and Amusement tax charges  | 0.2                 | 0.2                  | 0.2   | 0.2   |
| <b>Legal reference: Art. TG Sec. 11-104</b>   |                     |                      |       |       |
| 40% of the purchase price for retail sales of new mobile homes  | 1.1                 | 1.1                  | 1.1   | 1.1   |
| <b>Legal reference: Art. TG Sec. 11-201</b>   |                     |                      |       |       |
| Sales for agricultural purposes or of agricultural products   | 186.7               | 193.0                | 204.6 | 215.0 |
| Sales through bulk vending machines   | 1.1                 | 1.1                  | 1.2   | 1.2   |
| <b>Legal reference: Art. TG Sec. 11-204</b>   |                     |                      |       |       |
| Sales to cemetery companies   |                     | No reliable estimate |       |       |
| Sales to credit unions  | 0.3                 | 0.3                  | 0.3   | 0.4   |
| Sales to charitable organizations   | 103.6               | 104.7                | 110.3 | 115.7 |
| Sales for fund raising to benefit schools/students  | 1.3                 | 1.3                  | 1.4   | 1.5   |
| Sales to educational organizations  | 12.1                | 12.2                 | 12.8  | 13.5  |
| Sales under \$500 to non profit senior citizens' organizations  |                     | No reliable estimate |       |       |
| Sales to fire, rescue, and ambulance companies  | 1.6                 | 1.6                  | 1.7   | 1.8   |
| 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  |                     | Negligible           |       |       |
| Note: Estimated revenue cost is under \$15,000 annually.  |                     |                      |       |       |
| Sales to certain out-of-state non-profit organizations  |                     | No reliable estimate |       |       |
| Sales to veterans' organizations  | 0.1                 | 0.1                  | 0.1   | 0.1   |
| Sales to religious organizations  | 14.9                | 15.0                 | 15.8  | 16.6  |
| Sales by religious organizations  | 4.9                 | 4.9                  | 5.2   | 5.5   |
| Exemption from the sales tax for parent-teacher organizations and other nonprofits internal to elementary and secondary schools | 0.0                 | 0.2                  | 0.2   | 0.2   |

**SALES AND USE TAX (Continued)**

|   | Millions of Dollars |       |                      |       |
|---|---------------------|-------|----------------------|-------|
|   | FY 13               | FY 14 | FY 15                | FY 16 |
| <b>Legal reference: Art. TG Sec. 11-205</b>   |                     |       |                      |       |
| Sales of US, Maryland and POW/MIA flags   |                     |       | No reliable estimate |       |
| <b>Legal reference: Art. TG Sec. 11-206</b>   |                     |       |                      |       |
| Sales of crabs and seafood for consumption off premises   | 2.5                 | 2.5   | 2.6                  | 2.6   |
| Sales of food at schools, colleges and universities   | 23.4                | 23.9  | 24.5                 | 25.2  |
| Sales of food for consumption off premises  | 618.2               | 632.6 | 648.8                | 666.0 |
| 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: Comptroller believes that such sales would be exempt under the U.S. Constitution.                         |                     |       |                      |       |
| Sales of certain "snack" and "healthy" foods sold through vending machines                                      | 7.4                 | 7.6   | 7.8                  | 8.0   |
| Sales of food by religious organizations  | 7.9                 | 8.1   | 8.3                  | 8.5   |
| Sales of food to support veterans' organizations  | 1.7                 | 1.8   | 1.8                  | 1.9   |
| Food delivered for immediate consumption by a non-profit vendor   | 0.3                 | 0.3   | 0.3                  | 0.4   |
| <b>Legal reference: Art. TG Sec. 11-207</b>   |                     |       |                      |       |
| Residential sales of electricity to a non-profit planned retirement community                                   | 0.3                 | 0.3   | 0.3                  | 0.3   |
| Fuel rate adjustment charges on sales of electricity, etc. used in the common areas of residential condominiums | 0.6                 | 0.5   | 0.6                  | 0.6   |
| Residential sales of fuel, electricity, steam, natural or artificial gas, etc.                                  | 371.5               | 386.3 | 389.0                | 391.9 |
| <b>Legal reference: Art. TG Sec. 11-208</b>   |                     |       |                      |       |
| Sales of film or tape used in television broadcasting   | 0.6                 | 0.6   | 0.6                  | 0.7   |
| Note: One taxpayer involved.  |                     |       |                      |       |
| Sales of marine equipment or machinery for ocean going vessels  | 0.8                 | 0.8   | 0.8                  | 0.9   |
| Sales of vehicles used in interstate commerce   | 14.9                | 14.9  | 15.6                 | 16.1  |
| <b>Legal reference: Art. TG Sec. 11-209</b>   |                     |       |                      |       |
| Casual and isolated sales   |                     |       | No reliable estimate |       |
| Certain transfers of business property  |                     |       | No reliable estimate |       |

| <b>SALES AND USE TAX (Continued)</b>   | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 11-210</b>  |                     |                      |       |       |
| Sales of tangible personal property used predominantly in a production activity          | 98.3                | 98.5                 | 103.0 | 106.7 |
| Sales of certain bakery equipment  |                     | No reliable estimate |       |       |
| Note: Estimated at under \$25,000 annually.  |                     |                      |       |       |
| Sales of machinery and utilities used to produce bituminous concrete                     | 0.3                 | 0.3                  | 0.3   | 0.3   |
| Sales of machinery and equipment used to produce "Energy Star" windows and entry doors   | 0.3                 | 0.3                  | 0.3   | 0.3   |
| <b>Legal reference: Art. TG Sec. 11-211</b>  |                     |                      |       |       |
| Sales of medicine, medical supplies and health aids                                      | 411.1               | 415.2                | 437.0 | 458.6 |
| <b>Legal reference: Art. TG Sec. 11-212</b>  |                     |                      |       |       |
| Sales of wood products for mining purposes   |                     | No reliable estimate |       |       |
| Sales of diesel fuel used in coal mine reclamation                                       |                     | No reliable estimate |       |       |
| Note: Less than \$20,000 annually.   |                     |                      |       |       |
| <b>Legal reference: Art. TG Sec. 11-213</b>  |                     |                      |       |       |
| Sale of used mobile homes  | 0.3                 | 0.3                  | 0.3   | 0.3   |
| <b>Legal reference: Art. TG Sec 11-214</b>   |                     |                      |       |       |
| Use of nonresident personal property   |                     | No reliable estimate |       |       |
| Sales of precious metal coins or bullion over \$1,000                                    | 2.7                 | 2.9                  | 3.0   | 3.0   |
| <b>Legal reference: Art. TG Sec. 11-215</b>  |                     |                      |       |       |
| Sales and printing of free newspapers  | 3.8                 | 3.8                  | 4.0   | 4.2   |
| Sales of out-of-state direct mail advertising materials                                  | 4.4                 | 4.4                  | 4.6   | 4.9   |
| Sales of photographic and artistic materials used in publication                         | 11.5                | 11.6                 | 12.2  | 12.8  |
| Sales of government documents, publications, etc.  | 4.2                 | 4.2                  | 4.4   | 4.6   |
| <b>Legal reference: Art. TG Sec. 11-216</b>  |                     |                      |       |       |
| Sales of tangible personal property to nonprofit organizations for use in another state. |                     | No reliable estimate |       |       |
| <b>Legal reference: Art. TG Sec. 11-217</b>  |                     |                      |       |       |
| Certain sales for R&D purposes   | 21.1                | 21.1                 | 22.1  | 22.9  |

| <b>SALES AND USE TAX (Continued)</b>   | Millions of Dollars |                      |       |       |
|--|---------------------|----------------------|-------|-------|
|  | FY 13               | FY 14                | FY 15 | FY 16 |
| <b>Legal reference: Art. TG Sec. 11-218</b>  |                     |                      |       |       |
| Sales of seafood harvesting equipment  | 2.4                 | 2.4                  | 2.5   | 2.6   |
| Sales of fuel or repair parts for commercial vessels   |                     | No reliable estimate |       |       |
| <b>Legal reference: Art. TG Sec. 11-219</b>  |                     |                      |       |       |
| Optional computer software maintenance contracts   | 7.3                 | 7.4                  | 7.8   | 8.2   |
| <b>Legal reference: Art. TG Sec. 11-220</b>  |                     |                      |       |       |
| Sales to the State and its subdivisions  | 391.1               | 395.0                | 415.8 | 436.3 |
| <b>Legal reference: Art. TG Sec. 11-221</b>  |                     |                      |       |       |
| Long-term motor vehicle leases   | 22.5                | 22.7                 | 23.9  | 25.1  |
| Sales of motor fuel subject to the motor fuel or motor carrier tax                             | 650.9               | 657.4                | 692.0 | 726.1 |
| Sales of motor vehicles, except house/office trailers, subject to the motor vehicle excise tax | 794.8               | 855.1                | 901.4 | 922.3 |
| Trade-in allowance against motor vehicle excise tax  | 110.1               | 114.3                | 115.4 | 116.6 |
| Sales of admissions subject to the Admissions and Amusement tax                                | 68.2                | 68.8                 | 69.5  | 70.2  |
| Sales of materials taxed under other laws  |                     | No reliable estimate |       |       |
| Sales of vessels subject to the boat excise tax  | 18.3                | 18.7                 | 18.5  | 18.7  |
| Sales of certain communications services subject to the federal excise tax                     | 76.1                | 76.2                 | 79.7  | 82.5  |
| Sales of rentals of motion pictures subject to the Admissions and Amusement tax                |                     | No reliable estimate |       |       |
| Sales of items taxed in another state  |                     | No reliable estimate |       |       |
| <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  | 1.3                 | 1.3                  | 1.4   | 1.4   |
| <b>Legal reference: Art. TG Sec. 11-224</b>  |                     |                      |       |       |
| Sales of water through pipes   | 35.4                | 35.7                 | 36.1  | 36.5  |
| <b>Legal reference: Art. TG Sec. 11-225</b>  |                     |                      |       |       |
| Sales of certain computer programs   | 2.3                 | 2.3                  | 2.4   | 2.5   |

**SALES AND USE TAX (Continued)**

|  | Millions of Dollars |                |                      |                |
|--|---------------------|----------------|----------------------|----------------|
|  | FY 13               | FY 14          | FY 15                | FY 16          |
| <b>Legal reference: Art. TG Sec. 11-226</b>                                      |                     |                |                      |                |
| Sales of certain energy efficient appliances                                     |                     |                | No reliable estimate |                |
| Sales of multifuel pellet stoves designed to burn agricultural field corn        |                     |                | No reliable estimate |                |
| <b>Legal reference: Art. TG Sec. 11-227</b>                                      |                     |                |                      |                |
| Sales of property or services used in film production activity                   | 0.6                 | 0.6            | 0.7                  | 0.7            |
| <b>Legal reference: Art. TG Sec. 11-228</b>                                      |                     |                |                      |                |
| Back to school clothing and footwear tax free period                             | 10.2                | 10.3           | 10.9                 | 11.4           |
| <b>Legal reference: Art. TG Sec. 11-229</b>                                      |                     |                |                      |                |
| Sales of power to operate machinery used to produce snow for commercial purposes |                     |                | No reliable estimate |                |
| <b>Legal reference: Art. TG Sec. 11-230</b>                                      |                     |                |                      |                |
| Sales of geothermal, wind or solar energy equipment                              | 0.3                 | 0.4            | 0.4                  | 0.4            |
| <b>Legal reference: Art. TG Sec. 11-231</b>                                      |                     |                |                      |                |
| Sales of space at Corporate Training Centers                                     | 0.4                 | 0.4            | 0.4                  | 0.4            |
| Note: Tax exempt per HB 855 (2010).  |                     |                |                      |                |
| <b>Total:</b>  | <b>4,128.6</b>      | <b>4,248.3</b> | <b>4,426.4</b>       | <b>4,576.8</b> |
| Distribution:  |                     |                |                      |                |
| State General Funds  | 4,128.6             | 4,248.3        | 4,426.4              | 4,576.8        |
| State Special Funds - Transportation Trust Fund                                  | 0.0                 | 0.0            | 0.0                  | 0.0            |



| <b>SALES AND USE TAX (Continued)</b>   | Millions of Dollars |                |                |                |
|--|---------------------|----------------|----------------|----------------|
|  | FY 13               | FY 14          | FY 15          | FY 16          |
| <i>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</i> |                     |                |                |                |
| Expense reimbursements while providing taxable detective resources   | -0.2                | -0.2           | -0.2           | -0.2           |
| Sales through bulk vending machines  | -1.1                | -1.1           | -1.2           | -1.2           |
| Separately-stated Admissions and Amusement tax charges.  | -0.2                | -0.2           | -0.2           | -0.2           |
| Sales of admissions subject to the Admissions and Amusement tax  | -68.2               | -68.8          | -69.5          | -70.2          |
| Sales of government documents, publications, etc.  | -4.2                | -4.2           | -4.4           | -4.6           |
| Sales to the State and its political subdivisions  | -391.1              | -395.0         | -415.8         | -436.3         |
| Long-term motor vehicle leases   | -22.5               | -22.7          | -23.9          | -25.1          |
| Sales of motor fuel subject to the motor fuel or motor carrier tax   | -650.9              | -657.4         | -692.0         | -726.1         |
| Sales of motor vehicles, except house/office trailers, subject to motor vehicle excise tax                   | -904.9              | -969.4         | -1016.8        | -1038.9        |
| Sales of vessels subject to the boat excise tax  | -18.3               | -18.7          | -18.5          | -18.7          |
| Sales of certain communications services subject to the federal excise tax                                   | -76.1               | -76.2          | -79.7          | -82.5          |
| Sales of buses for use in public transportation systems  | -1.3                | -1.3           | -1.4           | -1.4           |
| <i>Total on page iv:</i>   | <u>1,989.6</u>      | <u>2,033.1</u> | <u>2,102.8</u> | <u>2,171.4</u> |

**TOBACCO TAX**

Millions of Dollars

FY 13      FY 14      FY 15      FY 16

**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

No reliable estimate

Other tobacco products for sale at post exchanges and commissaries

No reliable estimate

**Total**

**MOTOR VEHICLE REGISTRATION FEES**

Millions of Dollars

|  | FY 13                                | FY 14       | FY 15       | FY 16       |
|--|--------------------------------------|-------------|-------------|-------------|
| <b>Legal reference: Art. TR Sec. 13-903</b>  |                                      |             |             |             |
| <b>Exemption from registration fees for:</b>   |                                      |             |             |             |
| Vehicles owned by federal, State, or local governments   | 8.9                                  | 8.5         | 8.6         | 8.7         |
| Fire and rescue vehicles   | Included in Miscellaneous Exemptions |             |             |             |
| Vehicles owned by disabled veterans  | Negligible                           |             |             |             |
| Note: Under \$50,000 annually.   |                                      |             |             |             |
| 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                 |             |             |             |
| Miscellaneous motor vehicle registration fee exemptions, including fire and rescue vehicles                  | 2.6                                  | 2.4         | 2.4         | 2.4         |
| <b>Total:</b>  | <b>11.5</b>                          | <b>10.9</b> | <b>11.0</b> | <b>11.1</b> |
| Distribution:  |                                      |             |             |             |
| State General Funds  | 2.6                                  | 1.2         | 0.0         | 0.0         |
| Net State Special Funds - Transportation Trust Fund  | 7.7                                  | 8.6         | 9.9         | 10.0        |
| Local Governments (Highway User Revenues)  | 1.2                                  | 1.0         | 1.1         | 1.1         |
| <b>Total on page iv, Statistical Summary of Categorical Tax Expenditures by Tax, excludes the following:</b> |                                      |             |             |             |
| <b>Vehicles owned by U.S., State, or local governments</b>   | <b>-8.9</b>                          | <b>-8.5</b> | <b>-8.6</b> | <b>-8.7</b> |
| <b>Total on page iv:</b>   | <b>2.6</b>                           | <b>2.4</b>  | <b>2.4</b>  | <b>2.4</b>  |

**PROPERTY TRANSFER TAX**

Millions of Dollars

FY 13      FY 14      FY 15      FY 16

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

**Exemptions from state transfer tax for:**

Tax rate halved for first time Maryland home buyers  
Miscellaneous property tax exemptions

10.8      11.6      12.4      13.4  
No reliable estimate

**Legal reference: Art. TP Sec. 12-108 and 13-107**

**Exemptions from state transfer tax for:**

Transfers made from estates with no consideration and to and from trusts

No reliable estimate

**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 of corporate property between related corporations  
Transfers upon conversion of joint ventures or sole proprietorships to an LLC

No reliable estimate  
No reliable estimate  
No reliable estimate  
No reliable estimate  
No reliable estimate

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

No reliable estimate

Transfers between spouses, former spouses or relatives

No reliable estimate

Transfers to governments or public agencies

No reliable estimate

Transfers for cooperative housing corporations

No reliable estimate

Judgments, orders of satisfaction or participation agreements

No reliable estimate

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

No reliable estimate

Transfers between domestic partners, former domestic partners or relatives

No reliable estimate

**Total: State Special Funds**

10.8      11.6      12.4      13.4