

**Potential Revenue Items for
Balancing the Fiscal 2004 Budget
(\$ in Millions)**

	<u>Annual Amount</u>
Personal Income Tax -- Rate	
Increase the top income tax rate to 6% for incomes over \$100,000, \$150,000 for joint returns	\$200.0
Rate Subtotal	\$200.0
Personal Income Tax -- Repeal Current Deductions	
Home mortgage interest deduction	\$355.0
Charitable contributions deduction	135.0
Real property tax deduction	105.0
Social Security benefits subtraction	70.0
Pension income subtraction	55.0
Deductions Subtotal	\$720.0
Corporate Income Tax*	
Provide for combined reporting and address other issues related to multi-state corporations	\$100.0
Increase the corporate income tax rate to 8%	57.0
Corporate Subtotal	\$157.0
Sales Tax -- General	
Increase sales tax rate to 6%	\$520.0
Eliminate sales tax vendor discount	22.0
Advance sales tax due date by one day	0.3
General Sales Subtotal	\$542.3
Sales Tax -- Taxation of Services	
Business services	\$600-\$700
Information services	325-385
Professional services	200-260
Transportation services	200-250
Financial services	150-230
Personal services	75-115
Repair services	50-80
Services Subtotal	\$1,600-\$2,020

Sales Tax -- Repeal Current Exemptions

Food for off-premises consumption (1% = \$56 million)	\$280.0
Residential sales of energy	145.0
Property used in manufacturing	115.0
Medical/health supplies	70.0
Sales to charitable, educational, or religious organizations	70.0
Sales for agricultural purposes	55.0
Exemptions Subtotal	\$735.0

Property/Transfer Taxes

Increase State property tax rate from 8.4 cents to approximately 14.4 cents to cover debt service	\$200.0
Enact controlling interests legislation for recordation and transfer taxes (House Bill 557 of 2002)	10.0 **
Property Tax Subtotal	\$210.0

Transportation Taxes -- Revenues

Increase the motor fuel tax by seven cents	140.0 ***
Increase the titling tax from 5% to 6%	99.0
Eliminate titling tax vendor discount	4.0
Use tire fee to support general environmental programs	2.0
Eliminate motor fuel tax vendor discount	1.4
Revenues Subtotal	\$246.4

Transportation Taxes -- Fund Transfers from the TTF

Credit corporate income tax revenues to the GF	\$95.0
Credit remaining sales tax revenues on vehicle rental revenues to the GF	20.0
Transfers Subtotal	\$115.0

Tobacco Tax

Increase the tobacco tax by 25 cents per pack	\$51.0
Eliminate tobacco tax wholesaler discount	2.0
Tobacco Subtotal	\$53.0

Health Taxes

Expand the insurance premium tax to HMOs (Senate Bill 10 of 2002)	\$40.0
Nursing home provider tax	33.0
Health Subtotal	\$73.0

Alcoholic Beverage Taxes

Double the alcoholic beverage tax rates	\$25.0
Alcoholic Beverage Subtotal	\$25.0

Tax Credits

Eliminate the Heritage Structure Rehabilitation Credit	\$50.0
Freeze the refundable earned income tax credit (EITC) at 16%	16.0 ****
Eliminate the Maryland-Mined Coal Credit	12.0
Credits Subtotal	\$78.0

Tax Administration

Accelerate collection of withholding taxes	\$14.0
Expand license clearance to DLLR, DNR, DHMH, MDE, and MVA	10.0
Require clearance before clerks issue business and other licenses	10.0
Streamline bank attachment process	10.0
Give Comptroller the authority to challenge transfer pricing for related corporations	10.0
Require withholding on out-of-state contractors	5.0
Allow Comptroller to limit withholding exemptions of tax delinquents to actual shown on prior year's return	5.0
Permit direct salary attachment for taxes other than income taxes	5.0
Lower the \$20,000 threshold for electronic funds transfer payments	2.0
Add 1% to the current minimum interest rate of 13%	2.0
Miscellaneous compliance activities for the Comptroller	2.0
Require withholding at racetracks	0.4
Administration Subtotal	\$75.4

Total Actions **\$4,830-\$5,250**

* 24% of the revenues would go to the TTF.

** \$32 million annually to local governments.

*** Assumes local distributions under the current formula and does not include increased bonding authority.

**** \$8 million reduction for fiscal 2004.