

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 765
Ways and Means

(Delegate Kaiser, *et al.*)

Maryland Tax Revision Commission

This bill establishes the Maryland Tax Revision Commission, staffed by the Department of Legislative Services (DLS). The commission must report its findings and recommendations to the Governor and General Assembly by December 1, 2021. **The bill takes effect June 1, 2020, and terminates June 30, 2022.**

Fiscal Summary

State Effect: DLS can handle staffing responsibilities for the commission with existing budgeted resources. Expense reimbursements for commission members are assumed to be minimal and absorbable with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission must:

- analyze the State's current tax systems in terms of revenue productivity and stability, efficiency, simplicity of administration, and effect on the State's economy;
- propose innovative solutions for meeting the State's projected revenue needs while recommending potential modifications to tax rates;
- identify economic activities that are either beneficial or detrimental to the State's economy and that should either be encouraged or discouraged through tax policy;

- establish a conceptual framework for evaluating current and future taxes;
- identify unused or duplicative tax credits and abatements; and
- make recommendations regarding changes to the State’s revenue structure that (1) provide for fairness in apportionment of taxes; (2) broaden the tax base; (3) make the State’s tax policy more competitive with surrounding jurisdictions; (4) encourage business growth and job creation; and (5) modernize, simplify, and increase transparency in the State’s tax code.

Current Law/Background: Taxes are the primary source of revenues in Maryland. Individual income taxes are the single largest source of revenue, followed by the sales and use tax and transportation taxes (motor fuel tax, motor carrier tax, and motor vehicle excise tax). The balance of State tax revenues is derived from the corporate income tax and other business taxes, property and property transfer taxes, tobacco and alcoholic beverage taxes, estate and inheritance taxes, and miscellaneous taxes.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller’s Office; Department of Legislative Services

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