

# Taxes, Taxes, and More Taxes

## (2008 Edition)

During the 2007 Special Session, Democrats pushed through the largest tax hike in Maryland history. Now, in the 2008 Session, they have found even more ways to take hard-earned money from working families.

If the Democrats are successful, the government would start taxing teeth whitening, laser eye surgery, body piercing, and eight other services. Consumers would be required to pay more for heating and cooling systems for their homes, tires for their cars, and premiums for their health insurance due to new taxes. Democrats have even reintroduced legislation to take the balance from gift certificates and gift cards if consumers do not use them. **With gas prices on the rise, another hike in electric rates expected this summer, and the cost of consumer goods at all-time highs, working families need relief – not more taxes.**

Following is a list of new taxes being contemplated during the 2008 Session. Names in parenthesis represent the sponsors of the respective bills.

### **Income and Consumption Taxes**

1. **State Income Tax Surcharge** – SB 1004 (Jones)
  - a) Increases the highest state income tax bracket from 5.5% to 6.5%
  - b) About \$231.8 million in new taxes expected in the first year
  
2. **State Income Tax Surcharge** - HB 737 (Elliott, et al)
  - a) Imposes a state income tax surcharge of \$1,000 per single and \$2,000 per couple for not having health care insurance, if the person's income is at least \$50,000 (\$100,000 for couples)
  - b) About \$43.2 million in new taxes expected in the first year
  
3. **Hotel Tax** - HB 178 (Barve, et al)/SB 131 (King, et al)
  - a) Authorizes municipalities to impose a maximum 2% hotel tax
  - b) Additional \$3.2 million in taxes expected per year
  
4. **Alcohol Tax Increase** - HB 904 (Gutierrez, et al)
  - a) More than doubles alcohol tax from \$1.50 to \$3.50 for distilled spirits, \$0.40 to \$1.00 for wine, and \$0.09 to \$0.25 for beer
  - b) Approximately \$43.9 million in new taxes expected in the first year
  
5. **Alcohol Tax Increase** - HB 1310 (Bronrott, et al)/ SB 562 (Madaleno, et al)
  - a) Triples alcohol tax from \$1.50 to \$4.50 for distilled spirits, \$.40 to \$1.20 for wine, and \$.09 to \$.27 for beer
  - b) Approximately \$57.5 million in new taxes in the first year

6. **Alcohol Tax Increase** - SB 232 (Forehand)
  - a) Triples alcohol tax from \$1.50 to \$4.50 for distilled spirits and \$0.40 to \$1.20 for wine, and raises the beer tax by 600%, from \$0.09 to \$0.54
  - b) Approximately \$86 million in new taxes expected in the first full year in effect
7. **Tobacco Tax Increase** – HB 1095 (Rosenberg, et al)/ SB 513 (McFadden)
  - a) Increases the tax for tobacco products other than cigarettes from 15% to 25% of the wholesale price
8. **Tobacco Paraphernalia Tax** – SB 363 (Muse)
  - a) Imposes a \$20 surcharge on the purchase of tobacco paraphernalia
9. **“Little Cigar” Tax Increase** – HB 617 (Tarrant, et al)
  - a) Redefines cigarettes to include “little cigars” so the higher cigarette tax applies to “little cigars”
  - b) About \$1.9 million in new tax revenue expected in first year
10. **Moist Snuff and “Little Cigar” Tax Increase** – SB 383 (Currie and McFadden)
  - a) Increases moist snuff tax from 15% of wholesale value to 54-cents per ounce
  - b) Redefines cigarettes to include “little cigars” so the higher cigarette tax applies to “little cigars”
  - c) About \$3.9 million in new tax revenue expected in first year
11. **Ammunition Tax** - HB 517 (Burns, et al)
  - a) Requires a new tax of 5-cents per round of encoded ammunition (in addition to the new 6% sales tax)

### **Gas and Vehicle-Related Taxes**

12. **Gas Tax Increase** – SB 567 (Garagiola, et al)
  - a) Increases the gas tax by 33% (from 23.5-cents per gallon to 31.5-cents per gallon)
  - b) Repeals the computer services tax and shifts the tax burden to gas consumers
13. **Fuel Efficiency Vehicle Surcharge** – HB 338 (Cardin, et al)
  - a) Imposes a \$250 surcharge on each new automobile if the fuel economy rating of the automobile is less than or equal to 15 miles per gallon
14. **Tire Tax** – HB 338 (Cardin, et al)
  - a) Imposes a \$10 surcharge on each tire sold other than an energy-efficient tire

### **Property Taxes**

15. **Property Tax Increase** – HB 512 (McIntosh)/ SB 302 (Conway)
  - a) Imposes an additional state property tax of \$0.02 per \$100 of assessed value for most property and \$0.05 per \$100 of assessed value for operating real property of a public utility

- b) About \$130.7 million in new taxes expected in the first year
- 16. **HVAC Tax – HB 338 (Cardin, et al)**
  - a) Imposes a \$100 surcharge on the sale of any residential heating or cooling system other than an energy-efficient heating or cooling system or solar energy property
- 17. **Building Excise Tax - HB 663 (Barve, et al)**
  - a) Authorizes municipalities to impose building excise taxes – in addition to the building excise taxes already imposed by counties
- 18. **Fertilizer Application Impact Fee - HB 466 (Kullen)**
  - a) Requires that homeowners pay a new fee of 10% of the total cost of applying fertilizer to residential land
- 19. **Recordation Tax Increase - HB 260 (Kaiser, et al)/ SB 559 (Madaleno, et al)**
  - a) Would subject indemnity mortgages to the recordation tax
  - b) Montgomery County expects \$30 million in taxes, a 30% increase over current collections
  - c) Harford County expects \$750,000 in taxes, a 4% increase over current collections
  - d) Other counties still calculating their specific increase

### **Health Care-Related Taxes**

- 20. **Health Insurance Premium Tax – HB 1093 (Morhaim)**
  - a) 50% increase in the health insurance premium tax from 2% to 3%
  - b) Additional \$20.3 million in taxes in the first year
- 21. **Mandatory Employer-Provided Health Insurance – HB 1540 (Benson, et al)**
  - a) Mandates that employers provide health insurance coverage at an expense to the employer of at least 7.5% of wages paid to employees
  - b) In the alternative, the employer will be required to pay into the state’s Health Trust Fund
- 22. **Teeth Whitening Tax – HB 614 (Ali)**
  - a) Applies the 6% sales tax to teeth whitening services
- 23. **Laser Eye Surgery Tax – HB 614 (Ali)**
  - a) Applies the 6% sales tax to laser eye surgery
- 24. **Breast Reduction or Augmentation Tax – HB 614 (Ali)**
  - a) Applies the 6% sales tax to breast reduction or augmentation services
- 25. **Rhinoplasty Tax – HB 614 (Ali)**
  - a) Applies the 6% sales tax to rhinoplasty surgery
- 26. **Face Lift Tax – HB 614 (Ali)**
  - a) Applies the 6% sales tax to face lift surgery

27. **Liposuction Tax** – HB 614 (Ali)
  - a) Applies the 6% sales tax to liposuction surgery
28. **Gastric Bypass Surgery Tax** – HB 614 (Ali)
  - a) Applies the 6% sales tax to gastric bypass surgery
29. **Laser Hair Removal Tax** – HB 614 (Ali)
  - a) Applies the 6% sales tax to laser hair removal services
30. **Tanning Services Tax** – HB 250 (Morhaim, et al)
  - a) Applies the 6% sales tax to tanning services
  - b) About \$545,600 in new tax revenue is expected in the first year
31. **Tattooing Tax** – HB 614 (Ali)
  - a) Applies the 6% sales tax to tattooing services
32. **Body Piercing Tax** – HB 614 (Ali)
  - a) Applies the 6% sales tax to body piercing services

### **Business-Related Taxes**

33. **Mixed Martial Arts Tax** – HB 795 (Reznik, et al)/ SB 649 (Conway)
  - a) Imposes a new mixed martial arts license fee of \$10 per participant, \$15 per judge, and \$25 per manager per year
  - b) Imposes a new tax on mixed martial arts admission fees of \$200 or 10% of gross receipts, whichever is greater
  - c) Imposes a new tax on mixed martial arts television charges of 10% of gross receipts
34. **Unused Gift Card Assessment** – HB 613 (Pena-Melnyk, et al)/ SB 998 (Pugh and Harrington)
  - a) Requires companies to pay unused gift certificate and gift card balances to the state government
  - b) About \$5.7 million to be collected by the government in 2009 and \$55.7 million anticipated by 2013
35. **Commercial Bank Fee Increases** – HB 752 (Chair, Economic Matters Committee)
  - a) Substantially increases fees imposed on commercial banks, including a 1000% fee increase on a new commercial bank charter examination from \$1,500 to \$15,000
36. **Clean Air Permit Fee Increase** – SB 442 (Frosh, et al)
  - a) Doubles the maximum clean air permit fee from \$25 to \$50 per ton
  - b) More than doubles the maximum fee for a single source from \$200,000 to \$500,000 and in 2010 would remove the maximum fee for a single source altogether
37. **Greenhouse Gas Emissions Fee** – HB 712 (Barve, et al)/ SB 309 (Pinsky, et al)
  - a) Authorizes a greenhouse gas emissions fee with a maximum fee of four-cents per ton of carbon dioxide equivalent emitted