



Another banner year for electronic filing

The number of Maryland tax returns filed electronically and processed by the Comptroller's Office through the end of May increased by 39 percent over the same period last year to 415,407.

Of those returns, almost 359,000 were filed electronically through commercial tax preparers. "Maryland's tax professionals have been crucial to the success of our electronic filing program," said Comptroller William Donald Schaefer.

The largest percentage growth in e-filing – 162 percent - came from taxpayers who filed online from their PCs. Almost 56,000 taxpayers filed online this year, compared with 21,000 last year.

Direct deposit popular

Through the end of May, more than 283,000 Maryland taxpayers elected to have their refunds deposited directly into their bank accounts. Direct deposit was especially popular with electronic filers, 128,639 of whom chose that option – 66 percent more than last year. Taxpayers who filed electronically and requested direct deposit usually had their refunds within 48 hours.

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Maryland joins national database for unclaimed funds

The Comptroller's Office is participating in a national database service on the World Wide Web that offers individuals and businesses a free online search of unclaimed accounts worth \$14 billion.

Visitors to www.missingmoney.com can enter their name, and find out for free if they have unclaimed money in 26 states, including Maryland. The Missing Money site includes records of 4.5 million

accounts of unclaimed funds, including 245,000 Maryland accounts, and is endorsed by the National Association of Unclaimed Property Administrators. To date, 278 visitors to the Missing Money site have found leads on unclaimed money in Maryland. The comptroller's Web site at www.marylandtaxes.com also lists more than 40,000 recently reported names of unclaimed property owners in Maryland.

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Comptroller's comments

State takes e-commerce taxation lead

Maryland is taking the lead on an e-commerce issue that's of vital importance to both state government and Maryland businesses, thanks to legislation passed by the Maryland General Assembly which I strongly supported.

The National Advisory Commission on Electronic Commerce failed to recommend a level playing field to Congress for the taxation of Internet sales, leaving it up to the states to act. The new law authorizes my office to work with other states to develop a voluntary multi-state, streamlined sales tax collection and administration system, subject to legislative approval. The simplified tax system hopes to address the concern of remote sellers that existing state and local sales tax laws are overly complex and burdensome by offering a "zero burden" system. Under the proposed system, state-certified tax agents would offer tax calculation and remittance services for Internet sellers.

Similar proposals have been introduced in legislatures across the country, and we've been meeting with representa-

tives of other interested states, in a group sponsored by the National Conference of State Legislatures, National Governors Association, Federation of Tax Administrators, and Multistate Tax Commission, to launch a pilot program.

If nothing is done, we estimate that by 2003, Maryland will lose \$148.5 million in sales tax revenue to Internet sales – untaxed sales that also put brick and mortar Maryland businesses and the thousands of people they employ at a competitive disadvantage. The sales tax is a source of revenue unique to state and local governments, and the erosion of this tax base has serious ramifications. We don't propose taxing any sales on the Internet that aren't already taxed when they take place here in Maryland. A simplified sales tax system would be a first step in dealing with the growing impact of e-commerce and ensuring a level playing field for Maryland businesses.

William Donald Schaefer

Comptroller of Maryland

Briefly noted

Expanded exemption for production activities fully phased in July 1

In 1997, the Maryland legislature broadened the definition of property used in a manufacturing process, bringing Maryland's tax treatment of manufacturers in line with that of other states and phasing in the broadened definition as a credit over two years.

Effective July 1, 2000, purchases of machinery and equipment covered by the law become exempt from the sales and use tax, and businesses no longer need to claim the credit or file for refund.

However, businesses may continue to claim any credits to which they are entitled on their sales tax reports or by filing claims for refunds. Business tax tip #9, *Sales and use tax exemptions for production activities*, describing purchases eligible for the credit and how to claim it, is available on the comptroller's Web site at www.marylandtaxes.com.

Estimated tax calculator helps quarterly filers

The 216,000 taxpayers who file quarterly estimated Maryland income tax payments are benefiting from the new interactive estimated tax calculator on the comptroller's Web site at www.marylandtaxes.com.

The new feature serves as an online worksheet for taxpayers who must file Form 502D (Declaration of Estimated Maryland and Local Income Tax).

After entering their filing status, federal adjusted gross income amount, income modifications, and other tax information, taxpayers just click a box, and their estimated tax calculation is computed automatically. The form itself can be downloaded from the Web site. Quarterly estimated payments are normally due on April 15, June 15, September 15, and

January 15 of each year and are required of taxpayers who expect to owe \$500 or more in state and local income taxes not subject to withholding.

Federal ID numbers now available from three state offices

The comptroller's taxpayer service office in Wheaton can now provide federal tax identification numbers for new businesses registering in Maryland, saving them a step in the registration process.

In a pilot project conducted with the Internal Revenue Service, the taxpayer service offices that receive the most walk-in visitors are authorized to assign federal tax identification numbers to new business applicants when they complete the Maryland combined registration application for businesses. The high traffic offices are located in Annapolis (80 Calvert Street), Baltimore (301 West Preston Street), and Wheaton (11510 Georgia Avenue). The Comptroller's Office receives approximately 5,000 business registration applications each month.

Student workers may be exempt from withholding

Employers can cut down on paperwork and have fewer payroll accounts to reconcile by encouraging summer workers to claim a special exemption on their tax withholding forms.

Workers under age 65 who expect to earn less than \$7,200 in 2000 can claim exemption from withholding of state and local income taxes on line 3 of Form MW507, the Employee's Maryland Withholding Certificate, which is available on the comptroller's Web site at www.marylandtaxes.com.

Tobacco tax regulations

Two regulations have been proposed and will become effective on May 29, 2000. The first, Regulation .08 under COMAR 03.02.02 Tobacco Tax, is a new regulation that establishes guidelines concerning the responsibility for and remittance of the tax on "other tobacco products" by wholesalers, retailers, and consumers.

This new tax on "other tobacco products" goes into effect on July 1, 2000. Regulation .07 under COMAR 03.02.03 Maryland Cigarette Sales Below Cost Act is revised to alter the method a cigarette wholesaler would use to prove a cost of doing business of less than 5% by eliminating the requirement that cigarette costs be broken out separately from total income and expenses.

Partnerships with Insurance Administration and Attorney General to help consumers

Comptroller William Donald Schaefer has formed a partnership with the Maryland Insurance Administration (MIA) to help consumers with a variety of insurance problems and concerns.

Under the new arrangement, an MIA representative will be available once a month at 17 of the Comptroller's 20 branch offices to help citizens who want to file a complaint against an insurance company, ask questions about policies, receive educational materials and publications, or report suspected insurance fraud.

The comptroller is also partnering with the Attorney General's Office to make consumer protection help more widely available. Citizens can visit any of the comptroller's branch offices to pick up consumer complaint forms.

They can file those forms with the Attorney General's Office, or personnel at our field offices can file for them. Literature on consumer issues will also be available at the branch offices.

Compliance news

U.S. Customs project update

The Comptroller's Office has collected almost \$170,000 in use tax revenue through a new program using information supplied by the United States Customs Service (see *ReveNews*, Spring 2000).

The tax is collected from Marylanders who buy items overseas and have them shipped into the state. Of the total collected to date, \$114,000 was paid on one piece of art imported from England.

Maryland law requires the five percent use tax be paid on the sales price of items brought into and used in Maryland, no matter where they were purchased, unless the goods are for resale and the buyer has a valid resale certificate.

The Comptroller's Office will be contacting businesses importing goods from overseas to alert them to any use tax responsibilities. For more information on this program, contact the Business Nexus Unit at 410-767-1582 in the Baltimore area or toll-free at 1-800-648-9638 from elsewhere in Maryland.

Federal offset brings state millions

A new federal program that allows states to offset federal tax refunds to satisfy delinquent state income tax liabilities generated more than \$3 million from 2,542 offsets beginning January 1 through the end of April.

To participate in the program, the Comptroller's Office sent notices to

delinquent taxpayers, giving them the opportunity to resolve the liability. Delinquent taxpayers who have active payment plans with the comptroller were not included in the program.

The Comptroller's Office certified 7,132 names to the federal agency handling the program. The federal government notifies taxpayers whose refunds are offset through the program. If you or your

Maryland law requires the five percent use tax be paid on the sales price of items brought into and used in Maryland, no matter where they were purchased, unless the goods are for resale and the buyer has a valid resale certificate.

clients have questions about this program, please contact the Compliance Division at 410-974-2432 in Central Maryland or 1-888-674-0016 from elsewhere.

Don't ignore matching program notices

Since January, the Comptroller's Office has sent more than 19,000 non-filer notices for tax year 1998. These notices went to taxpayers who filed a 1998 federal return with a Maryland address but not a

Maryland return for the same year.

Many of these taxpayers have not responded, and the Comptroller's Office has issued 1,118 assessments under the program. While there may be valid reasons taxpayers didn't file, they need to let the Comptroller's Office know by responding to the notice. When taxpayers don't respond to the notice, they are assessed tax based on the federal return, as well as penalty and interest.

In another match program (Federal Adjusted Gross Income Match or FAGIM), we are sending notices to taxpayers asking them to clarify income reported on the 1998 Maryland return where there is a discrepancy between Maryland and federal reported income for that year.

Taxpayers receiving either of these notices should respond immediately to resolve the issue and possibly avoid tax assessments. If you or your clients have questions about these notices, please contact us at 410-767-1966 in the Baltimore area or toll free at 1-800-648-9638 from elsewhere in Maryland.

Carnivals and circuses

The carnival and circus season means weekend work for personnel from the Special Events Unit, as they visit these events to collect admissions and amusement and sales and use tax due. Last season, they collected almost \$190,000 from 280 events.

Schaefer names Dale Hough payroll director

Comptroller William Donald Schaefer has named Howard County resident W. Dale Hough as director of the Central Payroll Bureau.

Mr. Hough, who had served as deputy director of the bureau for 19 years, replaced Edwin Greenberg,

who retired on May 1. The Central Payroll Bureau provides payroll services to more than 100,000 employees of the legislative, judicial, and executive branches of state government as well as the University of Maryland system.

New laws at a glance

Following are brief descriptions of legislation enacted by the 2000 session of the Maryland General Assembly that will have the greatest impact on laws administered by the Comptroller's Office.

Income tax

Franchise taxes. The financial institutions franchise tax and the savings and loan franchise tax are eliminated, and these businesses will be subject to the corporate income tax. Effective for tax years beginning on or after July 1, 2000. **(SB 56, Chapter 225, Acts of 2000)**

Tax credits for new or expanded business premises.

The required number of individuals a business must employ in new permanent full-time positions during a 24-month period, during which the business must also obtain and occupy the new or expanded premises, is reduced from 25 to ten for locations in counties with a population of less than 30,000. Effective July 1, 2000. **(SB 86, Chapter 501, Acts of 2000)**

Tax credit for commuter benefits.

The current credit for commuter benefits provided to employees is changed to limit the credit to amounts paid for employees who live or work in Maryland and to expand the eligible benefit to cash paid in lieu of a parking program or guaranteed ride home program. An individual or corporation may claim an income tax credit of 50 percent of the cost of providing commuter benefits to the business entity's employees, not to exceed \$30 per month, per employee. An organization that is exempt from taxation under Section 501, Article (3) or (4) of the Internal Revenue Code may apply the credit against the payment of taxes withheld. Effective beginning with tax year 2001. **(SB 244, Chapter 357, & HB 310, Chapter 356, Acts of 2000)**

Maryland research and development tax credit.

This law creates a new tax credit against personal and corporate income taxes for three percent of qualified research and development expenses up to a certain base amount. An additional credit of ten percent is permitted for expenses exceeding the base amount. Total amount of the credits approved by the Department of Business and Economic Development (DBED) for all taxpayers cannot exceed \$3,000,000 for any calendar year. To claim the credit, the taxpayer must file an amended return for the taxable year in which the expense was incurred. The credit cannot exceed the state tax liability but may be carried forward for up to 15 years or until fully used. The application for the credits must be submitted to DBED by September 15 and DBED will certify the amount of the credits approved by December 15. The credit may be claimed on returns for tax years 2000 through 2004. **(SB 309, Chapter 515, & HB 14, Chapter 516, Acts of 2000)**

Credit for steam heating.

The current credit against the corporate income tax for 60 percent of property taxes paid by a public utility on operating property in Maryland, other than operating land, used to generate electricity for sale is expanded to include property used to generate steam for sale. Effective beginning tax year 2001; provided, however, that for steam heating companies, the income tax credit allowed under Section 10-712 shall be allowed only for property tax paid for a property tax year beginning on or after July 1, 2001. **(SB 414, Chapter 526, Acts of 2000)**

Maryland mined coal tax credits.

The credit against the income tax available to public service companies for purchasing Maryland-mined coal is expanded by eliminating the 1986 base year limitation. The credit is extended to certain electricity suppliers that are not subject to the public service company franchise tax. The bill repeals the June 30, 2001, sunset date of the credit against the public service

company franchise tax. Effective beginning with tax year 2001. **(HB 729, Chapter 700, Acts of 2000)**

Long-term care insurance premium credit.

This law creates a one-time credit against the personal income tax for premiums paid for long-term care insurance covering the individual or the individual's spouse, parent, stepparent, child, or stepchild. The credit may not exceed \$500 for each insured person and may not be claimed by more than one taxpayer for the covered individual, for individuals covered by long-term care insurance before July 1, 2000, or for individuals for whom a credit was claimed in any previous year. Effective beginning with tax year 2000. **(SB 171, Chapter 242, Acts of 2000)**

Clean air incentives. This legislation creates a new credit against the personal and corporate income tax for 15% of the installed costs of solar water heating property (up to a maximum of \$2,000) and photovoltaic property (up to a maximum of \$1,000). This credit may be taken for property placed in service from July 1, 2000, through December 31, 2004.

The credit may not exceed the state tax liability after other credits (except for withholding, estimated and pass-through entity) and may not be carried over to other taxable years. A second credit is created for certain "qualified Maryland facilities" that primarily use qualified energy resources to produce electricity and that is originally placed in service any time from January 1, 2001, through December 31, 2004. A qualified facility is also a facility that produces electricity from a qualified energy resource that is co-fired with coal and begins co-firing a qualified energy resource on or after January 1, 2001, through December 31, 2004, regardless of when the original facility was placed in service. A facility that claims a tax credit under Section 45 of the Internal Revenue Code cannot take the tax credit.

The credit is equal to 0.85 cents for each kilowatt-hour of electricity produced from qualified energy resources during a specified 10-year period at a qualified Maryland facility. For a facility that produces electricity from a qualified energy resource that is co-fired with coal, the credit is reduced to 0.5 cents per kilowatt-hour. The credit cannot exceed the state tax liability, but may be carried forward for up to 10 succeeding taxable years, or until fully used. The legislation also provides for a credit against the motor vehicle excise tax for the purchase of certain electric and "hybrid vehicles." This provision will take effect on July 1, 2000. See *Sales and use tax* laws for the sales tax implications of this act. **(SB 670, Chapter 295, & HB 20, Chapter 296, Acts of 2000)**

Earned Income Credit. The phase-in from 12.5 percent to 15 percent of the percentage of the federal earned income credit used for determining the Maryland refundable credit is accelerated, becoming effective for tax year 2000. The law also authorizes each county to provide a refundable earned income credit equal to the amount that the federal EITC multiplied by three times the local income tax rate exceeds the local income tax, effective beginning with tax year 2000. **(SB 240, Chapter 510, Acts of 2000)**

Adoption expenses. Individuals may claim a \$6,000 subtraction modification for adopting a child with a special need and \$5,000 for a child without a special need. **(SB 316, Chapter 517, Acts of 2000)**

Credit for child and dependent care expenses. The current credit for child and dependent care expenses is expanded by (1) increasing the percentage of the federal credit upon which the state credit is based from 25 percent to 32.5 percent and by (2) increasing the federal adjusted gross income levels at which the credit begins to phase out from \$15,000 to \$20,000 for "married filing separately" tax status and from \$30,000 to \$40,000 for all others. Effective beginning with tax year 2001. **(SB 335, Chapter 520, Acts of 2000)**

Neighborhood Stabilization Credits – Baltimore City and Baltimore County. The current Neighborhood Stabilization Credit is expanded by permitting a second area of Baltimore County to qualify for the refundable income tax credit for a portion of property taxes paid on certain residences and by extending the expiration of the current credit to cover homes purchased until June 30, 2002. Effective beginning with tax year 2001. **(SB 348 Chapter 265, Acts of 2000)**

Neighborhood Stabilization Credits – Montgomery and Prince George's counties. The refundable credit against the state income tax for property tax paid on certain owner-occupied residential real property is expanded to a designated neighborhood stabilization area of Montgomery County for qualifying homes purchased between July 1, 2000, and June 30, 2002. Effective beginning with tax year 2001. **(HB 918, Chapter 653, Acts of 2000)** The credit is also expanded to include Prince George's County. The designated geographic areas in that county must be located in two of the following three areas: a priority funding area, a revitalization tax credit district, or an enterprise zone. Effective beginning with tax year 2001. **(HB 1009, Chapter 662, Acts of 2000)**

"Work, Not Welfare" tax credit. The current credit is modified by specifying that, for a business to qualify, employees it hires must have received temporary cash assistance from the state under the Aid to Families with Dependent Children Program or the Family Investment Program for *any* three of the 18 months before they were hired and that they were, for six months before their employment with the business, Maryland residents. Previously, employees must have received such assistance for three months before employment. The legislation made a technical correction to the credit permitted in the second year by adding transportation expenses. The definition of qualified employees with a disability is expanded to include certain veterans who were discharged or released for a service-connected disability. The first

year of the credit for disabled employees has been increased from 20 percent to 30 percent of the first \$6,000 in wages paid, bringing it into conformity with the credit allowed for qualified employment opportunity employees. Both credits are extended by two years to tax year 2005 for employees hired before July 1, 2003. The changes are effective for employees hired on or after July 1, 2000. **(HB 1015, Chapter 448, Acts of 2000)**

Elevator Handrails in Health Care Facilities. This legislation creates a subtraction modification for one hundred percent of the cost to buy and install handrails in existing elevators in health care facilities (as defined in Section 19-114 of the Health-General Article) or in other buildings where at least fifty percent of the space is used for medical purposes. Effective beginning with tax year 2000. **(HB 1103, Chapter 665, Acts of 2000)**

Fire, rescue, and emergency medical services members. The current subtraction modification for volunteer fire, rescue, and emergency medical services personnel is expanded by gradually reducing the duration of service required in volunteer organizations from 72 to 36 months. The change is phased in over four years beginning with tax year 2001. **(HB 1303, Chapter 472, Act of 2000)**

Maryland Prepaid College Trust and Maryland College Investment Plan. The name of the Maryland Higher Education Investment Program is changed to the Maryland Prepaid College Trust. The law also creates the Maryland College Investment Plan, a new plan with the same tax benefits as the Maryland Prepaid College Trust. **(HB 11, Chapter 494, Acts of 2000)**

Other taxes and fees

Tire recycling fee. The tire recycling fee that was set to expire on July 1, 2000, is reinstated; however, the amount of the fee is reduced from \$1 to 40 cents per tire.

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Effective July 1, 2000, for a period of four years. **(SB 136, Chapter 235, Acts of 2000)**

Inheritance tax. The inheritance tax will no longer apply to property passing to the following: the decedent's spouse, children and their spouses, parents, stepparents or stepchildren, grandparents, brothers and sisters, and other lineal descendants, or to a corporation if all of its stockholders consist of those persons. The repeal is effective July 1, 2000, and applies to all decedents dying on or after July 1, 2000. **(SB 1, Chapter 497, Acts of 2000)**

Estate tax – small estates. The value of an estate that can be administered as a small estate is increased from \$20,000 to \$30,000. Also, an estate valued at \$50,000 or less can also be administered as a small estate if all of the property is being transferred to a spouse. Effective July 1, 2000, applying to decedents who die on or after July 1, 2000. **(HB 322, Chapter 118, Acts of 2000)**

Estate tax – donation of a conservation easement. This law gives personal representatives, trustees, and fiduciaries the authority to donate conservation easements on property if a will or other governing instrument directs them to do so or if they have consents from everyone having an interest in the property. This expands their ability to take advantage of certain estate tax exclusions allowed under Section 2031 (c) of the Internal Revenue Code and reduce the value of the estate subject to estate taxes. Effective July 1, 2000, retroactive to donations from estates of decedents who died on or after January 1, 1998. **(HB 456, Chapter 603, Acts of 2000)**

Sales & use tax

Tax Free Week. The General Assembly has designated the week from *August 10, 2001, through August 16, 2001*, as a tax-free week for shopping in Maryland. During this week, there will be an exemption from

the sales tax for the sale of any item of clothing or footwear, excluding accessory items, if the taxable price of the individual item of clothing or footwear is less than \$100. Accessory items are not included in this exemption and are defined to include jewelry, watches, watchbands, handbags, handkerchiefs, umbrellas, scarves, ties, headbands and belt buckles. The comptroller will be providing more detailed information to both retailers and the general public on the implementation of this tax-free week in 2001. **(HB 170, Chapter 576, & SB 103, Chapter 577, Acts of 2000)**

Simplified tax system. This law authorizes the comptroller to work with other states to develop a pilot project for a voluntary multi-state, streamlined sales tax collection and administration system, subject to legislative approval. (See Comptroller's *Comments on the front page for more details*). **Effective July 1, 2000. (HB 1421, Chapter 698, Acts of 2000)**

Flags. The sale of a prisoner of war or missing in action flag honoring and remembering military personnel who have served in the Armed Services of the United States is exempt. Effective July 1, 2000. **(SB 774, Chapter 86, Acts of 2000)**

Commercial Fishing. This law expands the exemption for the sale of fuel or repair parts for a commercial fishing vessel to include vessels used for other commercial fishing purposes, such as head boats and charter fishing boats. Effective July 1, 2000. **(HB 981, Chapter 443, Acts of 2000)**

Digital Telecommunications

Equipment. The tax does not apply to the sale, from January 1, 2000, through December 31, 2007, of machinery and equipment that

1. enables a television or radio station to originate and broadcast or to receive and broadcast digital signals, and
2. was purchased to comply with or to facilitate compliance with the Telecommunications Act of 1996, Public Law 104-104, 100 Stat. 56.

Taxpayers who have paid the tax on qualifying machinery and equipment purchased from January 1, 2000, through June 30, 2000, may file for a refund of the tax. **(HB 794, Chapter 12, Acts of 2000)**

Bulk Vending Products. An exemption has been created for the sale of tangible personal property through a bulk vending machine if the taxable price is 25 cents or less. A bulk vending machine is defined as a machine that contains unsorted merchandise and, when a coin is inserted, dispenses the unsorted merchandise in approximately equal portions at random and without selection by the customer. Effective July 1, 2000. **(HB 394, Chapter 595, Acts of 2000)**

Film Production Activity. An exemption has been created for a sale of tangible personal property or a taxable service used directly in connection with a film production activity by a film producer or production company certified by the Department of Business and Economic Development. Effective July 1, 2000. **(HB 926, Chapter 432, Acts of 2000)**

Clean Energy Incentive Act. This law provides an exemption from the sales and use tax for sales of certain electric appliances that meet or exceed the applicable energy star efficiency requirements developed by the United States Environmental Protection Agency and the United States Department of Energy, including energy-efficient clothes washers, room air conditioners, and refrigerators, for certain limited periods of time.

On or before July 1, 2004, the sale of energy-efficient fuel cells that generate electricity and heat, natural gas heat pumps, electric heat pump hot water heaters, electric heat pumps, central air conditioners, and advanced natural gas water heaters will be exempt from the sales and use tax. See income tax laws for income tax credits provided by this act. **(HB 20, Chapter 296, & SB 670, Chapter 295, Acts of 2000)**

Tobacco Cessation Products.

The sale of nicotine patches, nicotine gum, or any other product intended for use as an aid in tobacco use cessation and approved by the United States Food and Drug Administration for that purpose is exempt. This codifies an administrative interpretation that the sale of these products is tax-exempt. Effective July 1, 2000. **(HB 128, Chapter 237, & SB 137, Chapter 236, Acts of 2000)**

Alcohol & tobacco tax

Regulatory relief for wineries.

In a measure proposed by the Comptroller's Office to ease regulation on Maryland's wine industry to help the industry compete and grow, Maryland wineries will be able to: (1) sell wine by the glass at the winery, (2) provide their product on a retail licensed premises for legitimate promotional activities, and (3) obtain up to twelve winery special event permits per year.

The winery special event permit will allow a winery to promote and, to a limited extent, sell their wines at fairs, festivals, farmers' markets, and similar locations where a permanent alcoholic beverage license has not been issued. Effective October 1, 2000 **(HB 414, Chapter 598, Acts of 2000)**

Cigarette packs of less than

20. Effective October 1, 2000, it will be illegal for wholesalers or retailers to sell, distribute or give away cigarettes in packs of less than 20. **(SB 6, Chapter 220, Acts of 2000)**

Advertising signs for beer.

The value of a sign advertising beer and furnished to a retail alcoholic beverages license holder by a brewer, nonresident dealer, or beer wholesaler has been increased from \$50 to \$150. However, a \$50 value limit is maintained for signs that are manufactured by beer wholesalers and are furnished to alcoholic beverage retailers. Effective October 1, 2000. **(HB 513, Chapter 613, Acts of 2000)**

Cigarette vending machines.

Tobacco products may not be sold through a vending machine unless the vending machine (1) is located in an establishment that minors are prohibited by law from entering or (2) can only be operated with a token, card or similar device obtained only from the establishment's owner or employees. Effective January 1, 2001. **(SB 271, Chapter 247, Acts of 2000)**

Hard cider defined. Effective October 1, 2000, hard cider will be treated as beer, rather than as wine, for alcoholic beverage regulation, licensing, and taxing purposes. **(SB 757, Chapter 85, Acts of 2000)**

Cigarette licenses. The authority of the comptroller to investigate applicants for cigarette business licenses has been expanded. New circumstances under which the comptroller may deny a license to an applicant, reprimand a licensee, or suspend or revoke a license include: a felony conviction, a misdemeanor conviction of a crime of moral turpitude that is directly related to the fitness of the applicant or licensee, or the failure to pay a tax due. The comptroller must grant a waiver from these provisions to any person who is licensed as of October 1, 2000, for a conviction occurring before that date. Effective October 1, 2000. **(HB 95, Chapter 97, Acts of 2000)**

Pub-breweries and micro-

breweries. A holder of a pub-brewery or micro-brewery license may have or hold a financial interest in one additional retail liquor license that is unrelated to the existing pub-brewery or micro-brewery license. Effective June 1, 2000. **(HB 967, Chapter 441, Acts of 2000)**

Motor Fuel Tax

Class "A" licenses. This law makes it possible for more major gasoline suppliers to qualify for a Class "A" dealer license. Previously, an applicant had to

be a producer or refiner of motor fuel to qualify for a Class "A" license. Now, an applicant may qualify for a Class "A" license, if the parent company meets all of the requirements for the Class "A" license. The primary benefit of the Class "A" license is that it allows for tax-free exchanges among Class "A" license-holders, an industry-wide practice. This law change will facilitate the continued sale of quality gasoline in Maryland by reputable suppliers. Effective October 1, 2000. **(HB 151, Chapter 105, Acts of 2000)**

IFTA decal fee. This law eliminates the annual \$7 fee that commercial vehicles based in Maryland pay to register under the International Fuel Tax Agreement (IFTA), effective January 1, 2001. Beginning with the issuance of decals for the 2001 registration year, there will be no fee to obtain IFTA decals. Effective January 1, 2001. **(SB 59, Chapter 36, Acts of 2000)**

Service station dealer registration and sale of gasoline

products. This law extends to October 1, 2004, the conditional prohibition that prevents the comptroller from registering a retail service station dealer who markets motor fuel through a retail service station that was altered, enlarged, or structurally modified after July 1, 1977.

The prohibition was extended because of concerns about the petroleum industry's trend towards gas-and-go facilities and away from local full-service retail service stations.

The new law also extends to September 30, 2004, a suspension of the requirement for a motor fuel producer, refiner or wholesaler who supplies retail service station dealers to extend voluntary allowances uniformly. This will allow an oil company to help a service station dealer meet competition by temporarily reducing the wholesale price of gasoline for that dealer but not offer the same discount to other dealers. This extension was deemed necessary to help protect service station dealers from predatory pricing from mass marketers. Effective October 1, 2000. **(SB 354, Chapter 521, Acts of 2000)**

State joins national “Missing Money” data base

Unclaimed funds from page 1

In yet another effort to reunite people with their missing money, the Internal Revenue Service is sending notices to 16,000 apparent unclaimed property owners on behalf of the state.

In these cases, the comptroller may not have a valid address but does have a Social Security number. IRS uses the numbers to find current addresses in their tax records and mail the notices.

An eight-page advertising supplement that appeared in 36 newspapers throughout the state in March helped more than 2,000 individuals and businesses find unclaimed funds. Among the largest claims, a St. Mary’s County resident discovered \$25,486 through the ad, while a Baltimore City resident found \$10,319.

Amnesty update

Under an unclaimed property amnesty program, recently extended to October 31, 2000 (see *ReveNews*, Spring 2000), 1,025 businesses have turned over \$767,494 in unclaimed funds to the Comptroller’s Office. Financial institutions and corporations in Maryland must report funds that have been unclaimed for five years to the Comptroller’s Office.

The amnesty program allows businesses holding unclaimed assets to turn them over to participating states and be exempted from penalties, interest, and/or fines, depending on the state. Maryland waives penalty and interest. For more information on the program, call the Unclaimed Property Unit at 410-767-1700 in the Baltimore area or 1-800-782-7383 toll-free from elsewhere.

New laws at a glance inside

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