

Tax, Toll, & Fee Increases – The Beat Goes On...

2013 Regular Session

Transportation Infrastructure Investment Act 2013 - \$132.8 mill (FY 14)

- Imposes a 1% tax collected by wholesalers on the RETAIL price of motor fuel effective July 1, 2013, increasing to 2% on January 1, 2015, and to 3% on July 1 2015.
- IF the federal government authorizes online sales tax collection, the Governor's plan dedicates those revenues to the Transportation Trust Fund. But, if federal legislation is not enacted by December 1, 2015, the 3% motor fuel tax increases to 4% on January 1, 2016 and to 5% on July 1, 2016.
- The bill indexes the excise tax on gasoline (currently 23.5 cents/gallon) to the Consumer Price Index (CPI) as of July 1 allowing it to increase automatically every year.
- Increases Vehicle Registration Fee Surcharge 26% (from \$13.50 to \$17.00)
- Indexes MTA base fares to CPI for increases every two years, and one-way zone fares and multiuse passes every five years – both starting in 2015.
- By full implementation (FY 18) will cost the taxpayers **\$685.5 million**, if not *more*.

HB 226 – Maryland Offshore Wind Energy Act of 2013

- Creates a surcharge on residential electricity customers of \$1.50/month per 1,000 Kwh used – with no cap.
- Cost to ratepayers over a 20-year period: \$1.73 BILLION

2012 Special Session

State and Local Revenue and Financing Act of 2012 - \$299.8 million (FY 13)

- Limiting Personal Exemptions on Individual Income Taxes (\$51.7 million)
- Bracket and rate changes to income taxes (\$195.6 million)
- Modifying income determination on small business trusts (effective tax year 2013)
- Eliminating telecommunication property tax credits on corporate income tax (\$9.6 million)
- Eliminate sales tax exemption on cylinder demurrage (\$700K)
- Increase tax rate on other tobacco products (\$5 million)
- Double fee for death certificates from \$12 to \$24 (\$700K)
- Increase fee to appeal driver's license suspension (\$500K)
- Apply recordation tax to indemnity mortgages (\$35.7 million)

2012 Regular Session

Budget

- **Fee Increases in FY 13 Budget**
 - Office of Health Care Quality Fees
 - ~ Ambulatory Surgical Centers – **471% increase** (from \$700 to \$4000)
 - ~ Residential Service Agencies – **100% increase** (from \$500 to \$1000)
 - ~ Assisted Living – **567% increase** (from \$150 to \$1000)
 - ~ Laboratories – **200% increase** (from \$100 to \$300)
 - ~ Abortion Surgical Centers – \$1500 (new fee)
 - Food Control Fees (*applicable to all food processing operations in the state, shellfish processing, food manufacturing, etc.*)
 - ~ Processing Facilities – **167% increase** (From \$150 to \$400)
 - ~ Food Control Fees:
 - Plan Reviews - \$400
 - Newborn Screen Fee – **43% increase** (from \$70 to \$100)

Other Tax/Fee Bills

- **HB 446– Environment – Bay Restoration Fund – Fees (Administration) = \$55 Million (FY 13)**
 - Doubles Flush Tax for Septic Users from \$30 to \$60 per year.
 - Fund is not protected from future raids.
 - Exempts areas outside of Chesapeake Bay Watershed (areas in Garrett and Lower Shore)

- **HB 987 – Stormwater Management – Watershed Protection and Restoration program (Rain Tax) ***
 - Requires specific counties or municipal corporations to establish an annual stormwater remediation fee effective July 1, 2013.
 - Jurisdictions impacted include Montgomery, Frederick, Howard, Baltimore, Harford, Anne Arundel, Charles, Prince George’s, and Carroll Counties, as well as Baltimore City.
 - The fee structure varies from jurisdiction to jurisdiction, and as of May 30, 2013, the following jurisdictions had officially set fees, or made their fee proposals public:
 - ~ **Anne Arundel County:** An “Equivalent Residential Unit” (ERU) in Anne Arundel County is equivalent to 2,800 square feet and is assessed a fee of \$85. There are however, three billing tiers within this fee system. The lowest tier is \$34 and includes residential properties, townhomes, and condominiums. The second tier is

\$85 and includes single family homes and non-residential properties. The third and highest tier is \$170 and applies to rural agriculture properties.

- ~ **Baltimore City:** The stormwater implementation fee in Baltimore is \$18 per ERU, and is levied quarterly. The City defines an ERU as 1,050 feet. The fee is also set on a three tier system, depending on the type of property. The lowest tier would pay \$12 per quarter, the middle tier is \$18 per quarter, and the upper tier is \$36 per quarter. It is estimated at this time that non-single family residential properties (multifamily residential, commercial, industrial, institutions, and non-profit/exempt orgs, and vacant land) will shoulder 67% of the total contributions to the stormwater fund. As of May 30, 2013, Baltimore City has NOT finalized its plan and the bill is still going through the City Council process.
- ~ **Baltimore County:** An ERU in Baltimore County is equivalent to 2,000 square feet. Commercial property owners are assessed the full ERU rate which is \$69. A detached single family home is assessed a fixed rate of \$39, and an attached single family home (i.e. a townhouse) has a fixed rate of \$21. Residential properties are also subject to caps.
- ~ **Carroll County:** No official release of fee proposal as of May 30.
- ~ **Charles County:** The unapproved proposal in Charles County will set the fee for each ERU each fiscal year. The proposed fee for single family residential properties and non residential ERU's is set at \$32. The proposal sets the fee for townhomes at \$16 and the fee for residential condos at \$10.56.
- ~ **Frederick County:** All eligible properties in Frederick County will pay a stormwater fee of \$0.01. This was fee was approved by the Frederick County board of Commissioners on March 7.
- ~ **Harford County:** The full rate for Harford County residents is \$7 per 500 square feet.. The rate is phased-in and residents will only pay 10% (\$0.70 per 500 square feet) in the first year. Credits are awarded (up to 100% of the fee) if the property undergoes "remediation projects" (rain barrels, planting gardens, etc.).
- ~ **Howard County:** All properties in Howard County with impervious surface will be assessed a fee of \$15 per 500 square feet of impervious surface. The county will determine the amount of impervious surface through a computer program that analyzes existing aerial photography.
- ~ **Montgomery County:** This jurisdiction already had a fee in place. The fee is \$88.40 per ERU, which is 2,406 square feet. There are multiple tiers for different kinds of property, so the rate does vary. Detached homes, townhomes, and agricultural properties have seven tiers ranging from \$29.17 to \$265.20. Commercial properties pay the rate of \$88.40 per ERU. Nonprofit organizations are capped and pay no more than \$132.60 on the lowest tier and no more than \$2,033.20 on the highest tier. There is also a phase-in plan in place for property owners who are assessed fees for the first time.
- ~ **Prince George's County:** No official release of fee proposal as of May 30.

➤ **HB 1087 – Telecommunications Companies – Universal Service Trust Fund – Surcharge (Hixson/Davis) - \$1.6 million (FY 13)**

- Expands Universal Service Trust Fund (USTF) surcharge to all telecommunications services in the state.
- Current surcharge is \$0.18/month but can be as high as \$0.45 per month.
- Previously, USTF charge only applied to landlines
- \$12 million of this special fund's fund balance has been siphoned off in BRFA's over the last 3 years.

Lest we forget...the previous tax, fee, and toll hikes over the O'Malley years...

2011 Toll Increases

"...largest package of toll increases in the state's history..." Baltimore Sun, 9/22/11

- **Key Bridge/Fort McHenry Tunnel/ Harbor Tunnel**
 - 50% increase from \$2 both ways to \$3 both ways effective November 1
 - 33% increase from \$3 both ways to \$4 both ways effective July 1, 2013
 - Total increase 100% from 2011 to 2013.
- **JFK Memorial Highway Section of I-95/Thomas J. Hatem Memorial Bridge**
 - 33% increase from \$6 to \$8 effective July 1, 2013
- **Bay Bridge**
 - 60% increase from \$2.50 to \$4 effective November 1
 - 50% increase from \$4 to \$6 effective July 1, 2013
 - Total increase 140% from 2011 to 2013
- **Harry W. Nice Bridge**
 - 33% increase from \$3 to \$4 effective November 1.
 - 50% increase from \$4 to \$6 effective July 1, 2013
 - Total increase 100% from 2011 to 2013

Tax and Fee Increases – 2011 Regular Session

Budget/BRFA

- **Taxes and Fees Increases in the FY 2012 Budget/BRFA**
 - Vehicle Titling Tax doubled \$50 to \$100
 - Vanity Plate Fee doubled from \$25 to \$50
 - Land Recording Fees – doubled \$20 to \$40
 - Birth Certificate Fees – doubled from \$12 to \$24
 - Increase in Hospital Assessments adding 2.5% to rates

- Increasing Nursing Home Tax from 4% to 5.5%
- Parole Supervision Fee – doubled from \$25 to \$50
- **New Taxes and Fees in the FY 2012 Budget/BRFA**
 - 2% Premium Tax on the Injured Worker Insurance Fund (IWIF)
 - Payroll Garnishment Fee for State Employees
 - Maryland Higher Education Commission Program Approval Fee

Other Bills With Tax and Fee Increases from 2011 Session

- HB 1196 – Increases the maximum fee imposed by Maryland Historical Trust from 1% to 3%.
- HB 362 – Increases Licensing Fees for the Home Improvement Commission by \$25 for each type of license and a new \$20 fee for all initial applications.
- HB 1213 – Increases sales tax on alcohol 50% from 6% to 9%
- SB 994
- HB 195 – Increases the licensure fee for a secondhand precious metal object dealer or pawnbroker from \$75 to \$300
- HB 1022 – Establishes a registration and renewal fee of \$1,000 for Debt Settlement Services
- HB 881 – Establishes an application fee of \$100 and a \$100 per vehicle registration fee for transporting waste kitchen grease.
- HB 523 – Requires the State Court Administrator to assess a \$100 fee for the special admission of an out-of-state attorney.

Remembering When... The 2007 Special Session The Largest Tax Increase In Maryland's History (so far anyway)

- 20% Increase in the Sales and Use Tax (From 5% to 6%)
 - Also included an expansion to Computer Service which was repealed in the '08 regular session and replaced with the "Millionaire's Tax", a 6.25% tax rate on incomes over \$1 million. The "Millionaire's Tax" sunsetted on December 31, 2010.
- 18 % Increase in the Corporate Income Tax (From 7% to 8.25%)
- 20% Increase in Vehicle Excise Tax
- 117% Increase In Vehicle Titling Fee
- 100% Increase in Cigarette Tax
- 5% Income Tax Increase on Incomes over \$150,000 (4.75% to 5%)
- 11% Income Tax Increase on Incomes over \$300,000 (4.75% to 5.25%)
- 16% Income Tax Increase on Incomes over \$500,000 (4.75% to 5.5%)