



COMPTROLLER
of MARYLAND
Serving the People

Peter Franchot
Comptroller

David F. Roose
Director

Bureau of Revenue Estimates

October 30, 2008

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21401

Honorable Thomas V. "Mike" Miller, Jr.
President, Senate of Maryland
State House
Annapolis, Maryland 21401

Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House
Annapolis, Maryland 21401

Secretary David Edgerly
Department of Business and Economic
Development
217 East Redwood Street
Baltimore, Maryland 21202

Secretary T. Eloise Foster
Department of Budget and Management
45 Calvert Street
Annapolis, Maryland 21401

Dear Governor, President, Speaker, and Secretaries:

As required by Chapter 181 (Senate Bill 458) of the 2008 Session of the General Assembly, the Comptroller's Office is reporting that the qualifying tourism tax increment is \$0 for fiscal year 2010. We have consulted with the Department of Business and Economic Development (DBED) to determine appropriate sales tax industry codes for this year's analysis and for that of future years.

In determining the sales tax industry codes that reflect revenue generated from tourism, it became clear that for most relevant codes, only a portion of the revenues resulted from tourism and tourism-related activities. The attached table shows the industry codes and the percentage of revenues from those categories that we have jointly determined are tourism-related revenues, as well as the growth in these revenues in fiscal year 2008 after adjusting for the sales tax rate increase. Since these revenues showed growth under 3% for fiscal year 2008, the qualifying tourism tax increment is \$0.

If you have any questions, please do not hesitate to contact me.

Sincerely,

David F. Roose

cc: Honorable Peter Franchot
Senator John Astle
Len Foxwell
Linda Tanton
Margot Amelia

Tourism Tax Increment

(\$ in millions)

| <u>Code</u> | <u>Description</u> | <u>FY 2008 Actual</u> | <u>FY 2008 at 5% Rate</u> | <u>Tourism Factor</u> | <u>FY 2008 Base</u> | <u>FY 2007 Base</u> | <u>Growth</u> |
|-------------|--|---------------------------|-------------------------------|---------------------------|-------------------------|-------------------------|---------------|
| 108 | Restaurants, Lunchrooms, Delicatessens w/o Beer, Wine, and Liquor License | \$262.0 | \$239.4 | 33% | \$79.8 | \$76.7 | 4.1% |
| 111 | Hotels, Motels Selling Food w/ Beer, Wine, and Liquor License | 33.4 | 30.7 | 100% | 30.7 | 28.9 | 6.1% |
| 112 | Restaurants and Night Clubs w/ Beer, Wine, and Liquor License | 185.0 | 169.3 | 33% | 56.4 | 55.1 | 2.4% |
| 306 | General Merchandise | 110.9 | 101.9 | 5% | 5.1 | 4.7 | 7.8% |
| 407 | Automobile, Bus, and Truck Rentals | 63.6 | 58.7 | 90% | 52.8 | 56.6 | -6.7% |
| 706 | Airlines - Commercial | 0.2 | 0.2 | 50% | 0.1 | 0.0 | 144.7% |
| 901 | Hotels, Motels, Apartments, Cottages | 76.8 | 70.5 | 100% | 70.5 | 65.4 | 7.8% |
| 925 | Recreation and Amusement Places | 6.2 | 5.7 | 50% | 2.8 | 2.8 | 2.5% |
| TOTAL | | \$738.1 | \$676.3 | | \$298.2 | \$290.3 | 2.7% |

Note: The sales tax rate was increased from 5% to 6% effective January 3, 2008.

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