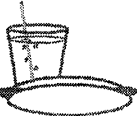


# 1930s - 1940s

**Maryland became the first state in the nation to mechanize tax processing in 1940, using IBM punched card machines.**

*In 1940, a hot dog and soda cost about 15 cents.*



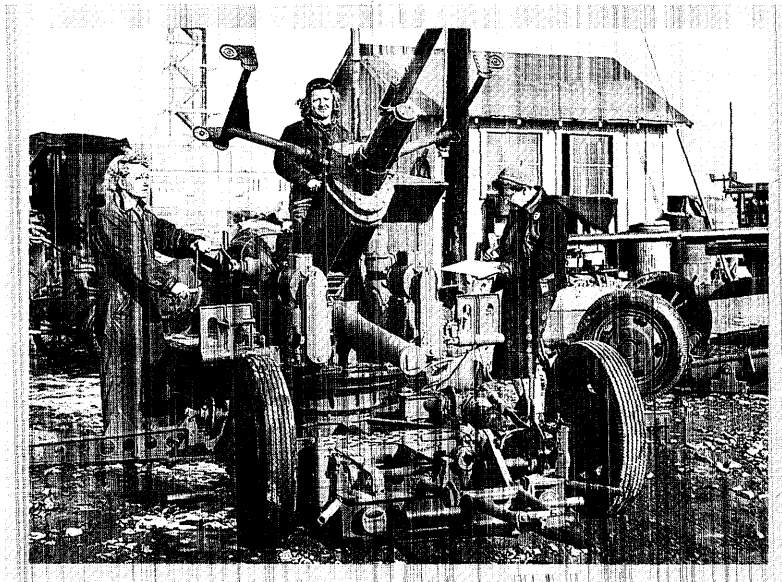
*Real incomes in Maryland rose an average of 50% during the war years.*

Maryland's income tax appeared at a time when Marylanders sorely needed the revenue.

The lingering Depression of the 1930s prompted Maryland's legislature to pass several social and welfare laws to ease hardships. To increase revenue, Maryland's state income tax was proposed by a state constitutional amendment 60 years ago in 1937. The Maryland legislature enacted

During the war years, Maryland industries like Bendix, Glenn L. Martin and Westinghouse marshalled armies of workers to build everything from delayed-action fuses to B-26 bombers.

The State Comptroller's Office lent a hand to "Rosie the Riveter" in 1943 by opening its first taxpayer service field office in Dundalk, near the Baltimore shipyards where skilled employees



**Hundreds of thousands of Maryland workers like Ethel Smith, Margaret Russell and Ruth Smith helped to build the Allied defense arsenal - and Maryland's revenue picture - during World War II. Photo courtesy of the Maryland State Archives, News American Collection, MSA SC 2117-383**

cranked out Liberty ships and other sea vessels for the Allied cause.

In 1947, faced with a desperate need for revenue to pay for services and projects delayed by the war, the General Assembly imposed a 2% tax on retail sales. The new sales tax required the comptroller to

the first state income tax law two years later.

During the first filing season, 110,240 taxpayers paid approximately \$1 million in state income taxes. The average bill: \$9.92.

Income tax revenues increased tenfold by the time America entered World War II, reaching \$10.4 million in fiscal year 1942.

develop detailed regulations, identify hundreds of taxable items and issue 49,507 licenses in the six weeks before the July 1, 1947 effective date.

The sales tax exceeded its first-year estimates by generating \$23.6 million and eventually became the state's second largest source of general fund revenue.