

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

House Bill 621 (Delegate Bates)  
 Ways and Means

Corporations and Associations - Filing Fees

This bill reduces the annual filing fee, from \$300 to \$100, for the following business entities with a personal property tax assessment of less than \$50,000: (1) a Maryland or foreign corporation; (2) a Maryland or foreign limited liability company (LLC); (3) limited liability partnership (LLP) or limited partnership (LP); (4) a business trust; and (5) a real estate investment trust (REIT).

Fiscal Summary

**State Effect:** General fund revenue from annual reports filed with the State Department of Assessments and Taxation (SDAT) could decrease by approximately \$35.6 million in FY 2006. The revenue decrease in future years reflects a 3% overall economic growth. Expenditures would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	(\$35,629,600)	(\$36,685,400)	(\$37,773,000)	(\$38,893,200)	(\$40,047,000)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$35,629,600)	(\$36,685,400)	(\$37,773,000)	(\$38,893,200)	(\$40,047,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

Analysis

**Current Law:** The fee for filing an annual report of these business entities is \$300.

**Background:** The Budget Reconciliation and Financing Act of 2004 (Chapter 430) established the \$300 filing fee for the annual report of a business trust. Previously, there was no fee for filing this document. The Budget Reconciliation and Financing Act of 2003 (Chapter 203) established the \$300 filing fees for remainder of these annual reports. Previously, the filing fee for a Maryland or foreign corporation was \$100. The filing fee for the annual report of a REIT was previously \$25. There was no fee to file the annual report of an LLC, LLP, LP, or business trust.

**State Revenues:** In 2004, SDAT processed 189,832 annual reports. It is estimated that of those, 173,023 were from a firm with a personal property tax assessment of less than \$50,000. Most annual reports are filed between April 15 and June 15. Because annual report filings with SDAT come from a variety of business sectors, it is assumed that the growth in filings would closely approximate overall economic growth at about 3%. It is further assumed that 90% of new businesses would have personal property tax assessments of less than \$50,000. Based on these facts and assumptions, general fund revenues could decrease by approximately \$35,629,600 in fiscal 2006 and by \$40,047,000 in fiscal 2010.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 22, 2005  
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