

SENATE BILL 590

Q1

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CF HB 480

By: **The President (By Request – Administration) and Senators Bates, Eckardt, Edwards, Hershey, Hough, Jennings, Klausmeier, Muse, Norman, Ready, Reilly, Salling, Serafini, Simonaire, ~~and Waugh~~ Waugh, Brochin, and Peters**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 2015

CHAPTER _____

1 AN ACT concerning

2 **Small Business Personal Property Tax Relief Act of 2015**

3 FOR the purpose of exempting from the personal property tax persons with certain personal
4 property that is assessed at less than a certain amount of total assessed value for
5 certain taxable years; ~~exempting certain persons from certain annual reporting~~
6 ~~requirements and any associated fees under certain circumstances; requiring an~~
7 ~~appropriation in the annual State budget for certain reimbursements to counties or~~
8 ~~municipal corporations in certain years; requiring a person to annually make a~~
9 ~~certain application to the Department of Assessments and Taxation for a certain~~
10 ~~exemption by a certain date; requiring the Department to establish application~~
11 ~~procedures for a certain purpose; exempting a person under certain circumstances~~
12 ~~from submitting certain information that would otherwise be required; requiring the~~
13 ~~Department, by a certain date, to contract with a certain entity for a certain audit;~~
14 ~~requiring a certain report to be submitted to the General Assembly by a certain date;~~
15 ~~requiring the Governor to include funds in the State budget to cover the cost of a~~
16 ~~certain audit, not to exceed a certain amount; authorizing the Governor to introduce~~
17 ~~a certain deficiency appropriation at a certain time; defining a certain term; making~~
18 ~~certain provisions of this Act subject to a certain contingency; ~~providing for the~~~~
19 ~~application of this Act;~~ and generally relating to the personal property tax.

20 BY adding to

21 Article – Tax – Property

22 Section 7–245

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2012 Replacement Volume and 2014 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – Tax – Property
5 Section 11–101
6 Annotated Code of Maryland
7 (2012 Replacement Volume and 2014 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
9 That the Laws of Maryland read as follows:

10 **Article – Tax – Property**

11 **7–245.**

12 (A) ~~EXCEPT FOR RAILROADS AND PUBLIC UTILITIES, A PERSON WITH~~
13 ~~PERSONAL PROPERTY THAT HAS A TOTAL ASSESSED VALUE OF \$10,000 OR LESS IS~~
14 ~~EXEMPT FROM:~~

15 ~~(1) THE PERSONAL PROPERTY TAX;~~

16 ~~(2) THE REPORTING REQUIREMENTS UNDER TITLE 11 OF THIS~~
17 ~~ARTICLE; AND~~

18 ~~(3) THE FEE TO BE PAID WITH THE FILING OF AN ANNUAL REPORT~~
19 ~~UNDER TITLE 11 OF THIS ARTICLE. IN THIS SUBSECTION, “TOTAL ASSESSED VALUE”~~
20 ~~MEANS, FOR EACH PERSON, THE PERSONAL PROPERTY ASSESSMENT THAT IS THE~~
21 ~~GREATER OF:~~

22 ~~(1) THE AGGREGATE ASSESSMENT OF PERSONAL PROPERTY FOR~~
23 ~~THAT PERSON IN ALL COUNTIES; OR~~

24 ~~(2) THE AGGREGATE ASSESSMENT OF PERSONAL PROPERTY FOR~~
25 ~~THAT PERSON IN ALL MUNICIPAL CORPORATIONS.~~

26 (B) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2016, AND
27 EACH TAXABLE YEAR THEREAFTER, EXCEPT FOR OPERATING PROPERTY ASSESSED
28 UNDER §§ 8–108 AND 8–109 OF THIS ARTICLE, A PERSON WHO OWNS OR LEASES
29 PERSONAL PROPERTY WITH A TOTAL ASSESSED VALUE OF \$10,000 OR LESS IS
30 EXEMPT FROM THE PERSONAL PROPERTY TAX.

31 ~~(B) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL, FOR EACH~~
32 ~~EXEMPTION GRANTED UNDER SUBSECTION (A)(1) OF THIS SECTION, REMIT TO EACH~~
33 ~~COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO:~~

1 ~~(1) IN THE FIRST YEAR, 100% OF THE TAX THAT WOULD HAVE BEEN~~
2 ~~COLLECTED IF THE EXEMPTION UNDER SUBSECTION (A)(1) OF THIS SECTION HAD~~
3 ~~NOT BEEN GRANTED;~~

4 ~~(2) IN THE SECOND YEAR, 75% OF THE TAX THAT WOULD HAVE BEEN~~
5 ~~COLLECTED IF THE EXEMPTION UNDER SUBSECTION (A)(1) OF THIS SECTION HAD~~
6 ~~NOT BEEN GRANTED;~~

7 ~~(3) IN THE THIRD YEAR, 50% OF THE TAX THAT WOULD HAVE BEEN~~
8 ~~COLLECTED IF THE EXEMPTION UNDER SUBSECTION (A)(1) OF THIS SECTION HAD~~
9 ~~NOT BEEN GRANTED; AND~~

10 ~~(4) IN THE FOURTH YEAR AND EACH YEAR THEREAFTER, 0%.~~

11 ~~(C) IN CALCULATING THE AMOUNT REQUIRED TO BE REMITTED UNDER~~
12 ~~SUBSECTION (B) OF THIS SECTION, THE TAX THAT WOULD HAVE BEEN COLLECTED~~
13 ~~SHALL BE BASED ON THE ASSESSED VALUE OF THE PERSONAL PROPERTY AT THE~~
14 ~~TIME THE PERSON APPLIED FOR THE EXEMPTION UNDER SUBSECTION (D) OF THIS~~
15 ~~SECTION.~~

16 ~~(D)~~ (C) (1) A PERSON SHALL ANNUALLY APPLY TO THE DEPARTMENT
17 FOR THE EXEMPTION UNDER SUBSECTION ~~(A)(1)~~ (B) OF THIS SECTION AT THE TIME
18 THE PERSON FILES THE REPORT REQUIRED UNDER § 11-101 OF THIS ARTICLE ~~OF~~
19 THIS SECTION.

20 (2) THE DEPARTMENT SHALL SPECIFY PROCEDURES FOR
21 APPLICATION FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY
22 FOR THE EXEMPTION UNDER SUBSECTION (B) OF THIS SECTION.

23 11-101.

24 (a) On or before April 15 of each year, a person shall submit a report on personal
25 property to the Department if:

26 (1) the person is a business trust, statutory trust, domestic corporation,
27 limited liability company, limited liability partnership, or limited partnership;

28 (2) the person is a foreign corporation, foreign statutory trust, foreign
29 limited liability company, foreign limited liability partnership, or foreign limited
30 partnership registered or qualified to do business in the State; or

31 (3) the person owns or during the preceding calendar year owned property
32 that is subject to property tax.

1 **(b) A PERSON WHO CERTIFIES IN AN ANNUAL REPORT SUBMITTED UNDER**
2 **SUBSECTION (A) OF THIS SECTION THAT THE PERSONAL PROPERTY OF THAT**
3 **PERSON IS ELIGIBLE FOR THE EXEMPTION UNDER § 7-245 OF THIS ARTICLE MAY**
4 **NOT BE REQUIRED TO SUBMIT THE PERSONAL PROPERTY INFORMATION THAT**
5 **WOULD OTHERWISE BE REQUIRED IN THE REPORT.**

6 **(C) The report shall:**

7 **(1) be in the form that the Department requires;**

8 **(2) be under oath as the Department requires; and**

9 **(3) contain the information that the Department requires.**

10 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the State budget for fiscal~~
11 ~~year 2017 shall include an appropriation to each county or municipal corporation equal to~~
12 ~~100% of the tax that would have been collected in fiscal year 2016 if the exemption under §~~
13 ~~7-245(a)(1) of the Tax – Property Article had not been granted.~~

14 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June~~
15 ~~1, 2015, and shall be applicable to all taxable years beginning after June 30, 2015.~~

16 **SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other**
17 **provision of law, and in accordance with the requirements of procurement law under the**
18 **State Finance and Procurement Article, the Department of Assessments and Taxation shall**
19 **contract with a public or private entity to audit the assessed value of personal property**
20 **subject to the personal property tax under the Tax – Property Article. A report on the**
21 **findings of the audit shall be submitted to the General Assembly, in accordance with §**
22 **2-1246 of the State Government Article, by December 31, 2016. The Governor shall include**
23 **sufficient funds in the State budget for the Department to cover the costs of procuring the**
24 **audit, not to exceed \$5,000,000. The Governor may introduce a deficiency appropriation**
25 **during the 2016 regular session of the General Assembly to cover the cost of the audit.**

26 **SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take**
27 **effect contingent on the Board of Public Works approving the procurement contract**
28 **required under Section 2 of this Act on or before April 1, 2016. If the Board of Public Works**
29 **does not approve the procurement contract required under Section 2 of this Act on or before**
30 **April 1, 2016, this Act, with no further action required by the General Assembly, shall be**
31 **null and void and of no further force and effect.**

32 **SECTION 4. AND BE IT FURTHER ENACTED, That, subject to Section 3 of this**
33 **Act, this Act shall take effect June 1, 2015.**