

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 95 (Chairman, Budget and Taxation Committee)
(Departmental - Assessments and Taxation)

Budget and Taxation

Referred to Ways and Means

Financial Institution Franchise Tax

This amended departmental bill provides an informal hearing step in the appeals process for assessments of the financial institution franchise tax. It also phases out the deduction for tax exempt interest expense and does not allow the deduction of income from non-Maryland State and local bonds.

The bill is effective July 1, 1996 and is applicable to assessments of the financial institution franchise tax issued on or after that date.

Fiscal Summary

State Effect: General fund revenues could increase an indeterminate amount. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has no impact on small business (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to this bill.)

Fiscal Analysis

State Revenues: This bill, as amended, closes loopholes which were inadvertently created by Chapter 127 of 1995. To the extent that these loopholes have been used by financial institutions, general fund revenues would increase. Any such increase cannot be reliably estimated at this time.

Information Source(s): Department of Assessments and Taxation, Maryland Tax Court

Fiscal Note History: First Reader - January 17, 1996

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Revised - Senate Third Reader - March 18, 1996

Analysis by: David F. Roose

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710