

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 460 (Chairman, Economic Matters Committee)
(Departmental - Assessments and Taxation)
Economic Matters

Business Documents - Funding

This departmental bill authorizes the Department of Assessments and Taxation to set business fees by regulation instead of by statute. The bill requires that 70% of fees collected be placed in the State general fund and that the remaining special fund fee revenues be used to pay for the costs of providing business services and information in the department's charter unit.

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: Fees imposed on businesses for filing and processing of business documents would increase by approximately 50% or \$2 million in FY 1998. All revenues would be placed in a special fund and the administrative costs for the department's charter unit would be paid from this fund, resulting in an increase in general funds of approximately \$2 million. Seventy percent of the special fund revenues would be transferred to the general fund each year.

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has a meaningful impact on small businesses (attached). Fiscal Services concurs with this assessment as discussed below.

Fiscal Analysis

State Effect: General fund expenditures for the department's charter unit are approximately \$2.0 million annually. The general fund appropriation for this unit would be eliminated and expenditures would be paid out of special funds derived from fees. Of the fee revenues collected, 70% would go to the general fund at the end of the fiscal year. The bill requires the department in fiscal 1998 to set fees at a level that ensures the same level of general fund income as in fiscal 1996.

Current general fund revenues for the charter unit are approximately \$4.6 million annually. To maintain this level of general funds, fees will have to be increased by an average of just over 50%. This fee increase would bring in an additional \$2.0 million in special funds annually that would be used to pay the unit's expenditures. The Department of Assessments and Taxation was unable to provide the Department of Fiscal Services with a specific schedule of fees that would take effect upon enactment of this bill.

Small Business Effect: This bill could have a negative impact on small businesses to the extent that fees for the filing and recordation of business documents will increase by an average of just over 50%, thus increasing business costs.

Information Sources: Department of Assessments and Taxation, Department of Fiscal Services

Fiscal Note History: First Reader - February 4, 1997
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