

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 447 (Delegate Gordon, *et al.*)
Ways and Means

Limited Liability Company Tax Reform Act of 1997

This bill requires the member of a one-member limited liability company (LLC) to report the profit or loss of the LLC on the member's individual income tax return if the LLC is exempt from filing a federal income tax return. One-member LLCs are not authorized under current law, and this bill does not authorize them. In this case, the LLC need not file a State income tax return. Vehicle transfers from an individual to an LLC or subsidiary LLC, or vice versa, are exempt from the motor vehicle excise tax if the individual is a member of the LLC.

This bill is effective July 1, 1997, and applies to all taxable years beginning after December 31, 1996.

Fiscal Summary

State Effect: Negligible impact on motor vehicle excise tax revenues to the extent that vehicles are transferred from LLCs to members or vice versa. No impact from the income tax provisions because one-member LLCs do not exist. Even if they are authorized, there would be no impact because this bill does not alter income tax liability. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: This bill has a minimal effect on small businesses. Vehicle transfers between LLCs and members would be exempt from the motor vehicle excise tax; it is anticipated that the number of transfers would be minimal.

Information Source(s): Department of Assessments and Taxation, Office of the

Comptroller (Revenue Administration Division), Department of Fiscal Services

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Analysis by: David F. Roose

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710