

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 774 (Delegate Barve)

Economic Matters

Business Trusts - Formation and Powers

This bill provides for the establishment of a "business trust." The bill defines a business trust as an unincorporated business, trust, or association that is created by a governing instrument under which (1) property is or will be held, managed, administered, controlled, invested, reinvested, or operated by a trustee for the benefit of persons who are or may become entitled to a beneficial interest in the trust property; or (2) business or professional activities for profit are carried on or will be carried on by a trustee for the benefit of persons who are or may become entitled to a beneficial interest in the trust property.

Maryland law currently provides only for the establishment of real estate investment trusts. Other business organizations that wish to organize in the trust form must rely on common law.

The bill takes effect January 1, 2000.

Fiscal Summary

State Effect: General fund expenditures could increase by \$50,000 in FY 2000. Indeterminate increase in general and special fund revenues due to the fee provision.

Local Effect: None.

Small Business Effect: Potential minimal impact on small businesses.

Fiscal Analysis

State Effect: The Department of Assessments and Taxation would handle the filings related to business trusts. The department would have to reprogram its information system at a cost of \$50,000 to accommodate the new class of business.

In addition, the fee schedule for business trusts under this bill is the same as for existing businesses. The additional revenue generated by this new entity type would accrue to the general fund. The \$30 fee for expedited service would be special fund revenue in the Department of Assessments and Taxation. The total increase in revenue would depend on the number of documents filed.

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

Fiscal Note History: First Reader - March 8, 1999

Inc/jr Revised - House Third Reader - March 30, 1999

Analysis by: Hiram L. Burch, Jr.

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510