

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Senate Bill 99

(Chairman, Budget and Taxation Committee)

(Departmental – Assessments and Taxation)

Budget and Taxation

Ways and Means

Property Tax - Financial Institutions

This departmental bill clarifies that local governments are authorized to impose a property tax on the majority of personal property of a savings and loan association.

The bill is effective June 1, 2002 and applicable to all tax years beginning after June 30, 2001.

Fiscal Summary

State Effect: None. The bill clarifies current law.

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with assessment.

Analysis

Current Law: Local governments are authorized in the Tax-Property Article to impose a tax on most personal property of savings and loan associations. However, Section 8-202 of the Tax-General Article limits a local government from imposing a tax on a savings and loan other than real property tax. This contradiction results from the repeal of the savings and loan association franchise tax in 2000 as discussed below.

Background: Prior to 2001, savings and loan associations were subject to the financial institutions franchise tax and the savings and loan franchise tax but were exempt from the corporate income tax and local government personal property tax. In an effort to make savings and loan associations taxed in the same manner as banks, Chapter 225 of 2000 repealed the financial institutions franchise tax and replaced it with the corporate income tax. It also repealed the savings and loan association franchise tax and repealed the exemption from tax on the majority of personal property. However, Section 7-221.1 of the Tax-Property Article still provides an exemption on personal property of a savings and loan that is a computer program used in connection with the processing of deposit or loans of the association.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Prince George's County, Harford County, Department of Legislative Services

Fiscal Note History: First Reader - January 10, 2002
lsc/jr

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