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By: **Delegates Hixson, Bozman, Gordon, Healey, Howard, Marriott, and  
Patterson**

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Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted with floor amendments  
Read second time: March 18, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~**Tax Administration and Compliance**~~  
3 **Taxes and Revenues**

4 FOR the purpose of ~~repealing certain credits and discounts allowed certain vendors~~  
5 ~~for collecting and remitting to the State certain taxes, fees, and surcharges;~~  
6 requiring that before certain licenses or permits issued by the State are  
7 renewed, the issuing authority shall verify through the Office of the Comptroller  
8 that certain taxes and unemployment contributions have been paid or that  
9 payment has been provided for in a certain manner; requiring certain fiduciary  
10 institutions to disclose certain information requested by the Comptroller  
11 relative to certain accounts in the name of an individual whose property is  
12 subject to a tax lien; providing that certain provisions of law do not prohibit a  
13 fiduciary institution from disclosing certain financial records that the  
14 Comptroller determines are necessary to enforce the tax laws of the State;  
15 altering the time for filing of certain income tax withholding returns under  
16 certain circumstances; altering a certain definition to include winnings derived  
17 from pari-mutuel wagering in certain provisions of law concerning income  
18 subject to withholding for income tax purposes; requiring an employer to base  
19 withholding for an employee on not more than the actual number of exemptions  
20 allowed on the employee's prior year's return under certain circumstances;  
21 ~~requiring the transferee of certain property to withhold and remit to the~~  
22 ~~Comptroller a certain part of the total payment for property that is sold or~~  
23 ~~exchanged by certain nonresidents of the State or certain out of state entities;~~  
24 ~~providing that the amounts required to be withheld on the sale or exchange of~~  
25 ~~certain property by certain nonresidents and certain out of state entities are a~~  
26 ~~personal liability of the transferee of the property and a lien on the property of~~  
27 ~~the transferee for a certain period of time; requiring that certain instruments of~~

1 writing include a description of the total payment for the property in the recitals  
2 or the acknowledgment of the instrument or in a certain affidavit; providing  
3 that certain instruments of writing may not be recorded unless a certain part of  
4 the total payment is paid to the clerk of the circuit court or the Department of  
5 Assessments and Taxation; requiring the clerks and the Department of  
6 Assessments and Taxation to collect the amounts and pay over those amounts to  
7 the Comptroller; providing that amounts collected and paid over are deemed  
8 paid to the Comptroller on behalf of the transferor; altering certain due dates for  
9 the filing of a sales and use tax return; altering certain limitations on certain  
10 authority of the Comptroller and the Department of Assessments and Taxation  
11 to require unpaid tax liability to be paid in funds that are immediately  
12 available; providing that certain tax information may be disclosed to certain  
13 license issuing authorities of the State required by law to verify certain tax  
14 compliance before renewing a license or permit; altering the circumstances  
15 under which a tax collector is required to assess certain interest and penalty for  
16 failure to pay certain estimated taxes; providing for withholding of a certain  
17 part of the contract price under certain contracts with certain contractors that  
18 do not maintain a regular place of business in the State, pending certain tax  
19 compliance verification; authorizing the Comptroller to request certain  
20 information and assistance from financial institutions to enable the Comptroller  
21 to enforce the tax laws of the State; requiring a financial institution that  
22 receives a request from the Comptroller to submit a certain report to the  
23 Comptroller regarding certain persons whose property is subject to a tax lien;  
24 prohibiting certain disclosure or use of certain information contained in to  
25 certain persons of certain information and related to certain requests by the  
26 Comptroller to a financial institution; requiring the Comptroller to promptly  
27 give certain notice of a tax lien to certain financial institutions; requiring a  
28 financial institution under certain circumstances to seize and attach certain  
29 accounts of certain persons whose property is subject to a tax lien; authorizing a  
30 financial institution to assess a certain fee against certain accounts or obligors  
31 under certain circumstances; providing that a financial institution may not be  
32 held liable for certain actions under certain circumstances; requiring the  
33 Comptroller to send a certain notice to certain obligors under certain  
34 circumstances; authorizing certain persons to challenge certain actions of the  
35 Comptroller in a certain manner under certain circumstances; requiring a  
36 financial institution under certain circumstances to pay to the Comptroller  
37 within a certain period of receiving a certain notice certain amounts in the  
38 accounts of certain persons whose property is subject to a tax lien; providing  
39 that a tax lien for certain taxes extends to and covers certain salary, wages, or  
40 other compensation for personal services; imposing the insurance premiums tax  
41 on health maintenance organizations and managed care organizations;  
42 providing that premiums to be taxed include certain amounts paid to a health  
43 maintenance organization and a managed care organization; altering certain  
44 fees assessed for the filing of certain documents and certain annual reports;  
45 imposing certain fees for the filing of certain documents and certain annual  
46 reports; repealing certain fees imposed for the indexing of names; providing that  
47 a certain part of certain fees imposed shall be credited to a certain fund;  
48 authorizing the Comptroller to distribute, apportion, or allocate certain tax

1 attributes between and among two or more organizations, trades, or businesses  
 2 under certain circumstances; requiring that certain interest expenses and  
 3 certain intangible expenses be added to the federal taxable income of a  
 4 corporation to determine Maryland modified income under certain  
 5 circumstances; providing that to the extent allowed under the Constitution of  
 6 the United States, under certain circumstances certain income of certain  
 7 corporations that is not apportionable under the Constitution of the United  
 8 States shall be allocated to the State for income tax purposes; requiring that  
 9 certain sales of tangible personal property be included in the numerator of the  
 10 sales factor used for apportioning a corporation's income to the State under  
 11 certain circumstances; requiring certain corporations under certain  
 12 circumstances to include with an income tax return or otherwise file with the  
 13 Comptroller a certain statement regarding certain dealings and transactions  
 14 with related corporations; imposing recordation and transfer taxes on the  
 15 transfer of a controlling interest in certain entities owning certain interests in  
 16 real property in Maryland; requiring the filing of a certain report; providing for  
 17 a filing fee; establishing the rate of taxation and the method of calculation of tax  
 18 liability; exempting certain transfers; providing for interest and a penalty for  
 19 certain filings; requiring the Comptroller to assess interest and penalty under  
 20 certain circumstances; requiring the Comptroller to conduct a certain study;  
 21 requiring the Comptroller and the Department of Assessments and Taxation to  
 22 adopt certain regulations; defining certain terms; making the provisions of this  
 23 Act severable; providing for the effective dates and application of this Act; and  
 24 generally relating to tax administration and compliance taxes and revenues.

25 ~~BY repealing and reenacting, with amendments,~~  
 26 ~~Article 41 – Governor – Executive and Administrative Departments~~  
 27 ~~Section 18-105(b)(2) and (3)~~  
 28 ~~Annotated Code of Maryland~~  
 29 ~~(1997 Replacement Volume and 2002 Supplement)~~

30 BY repealing and reenacting, with amendments,  
 31 Article - Business Occupations and Professions  
 32 Section 1-204  
 33 Annotated Code of Maryland  
 34 (2000 Replacement Volume and 2002 Supplement)

35 BY adding to  
 36 Article - Business Regulation  
 37 Section 1-210  
 38 Annotated Code of Maryland  
 39 (1998 Replacement Volume and 2002 Supplement)

40 BY adding to  
 41 Article - Environment  
 42 Section 1-203

1 Annotated Code of Maryland  
2 (1996 Replacement Volume and 2002 Supplement)

3 ~~BY repealing and reenacting, with amendments,~~  
4 ~~Article - Environment~~  
5 ~~Section 9-228(g)~~  
6 ~~Annotated Code of Maryland~~  
7 ~~(1996 Replacement Volume and 2002 Supplement)~~

8 BY repealing and reenacting, with amendments,  
9 Article - Financial Institutions  
10 Section 1-302 and 1-303  
11 Annotated Code of Maryland  
12 (1998 Replacement Volume and 2002 Supplement)

13 BY adding to  
14 Article - Health Occupations  
15 Section 1-213  
16 Annotated Code of Maryland  
17 (2000 Replacement Volume and 2002 Supplement)

18 BY adding to  
19 Article - Natural Resources  
20 Section 1-402  
21 Annotated Code of Maryland  
22 (2000 Replacement Volume and 2002 Supplement)

23 ~~BY repealing and reenacting, with amendments,~~  
24 ~~Article - Natural Resources~~  
25 ~~Section 3-302(b)(3) and 8-716.1(a)~~  
26 ~~Annotated Code of Maryland~~  
27 ~~(2000 Replacement Volume and 2002 Supplement)~~

28 ~~BY repealing and reenacting, with amendments,~~  
29 ~~Article - Public Utility Companies~~  
30 ~~Section 7-203(d)~~  
31 ~~Annotated Code of Maryland~~  
32 ~~(1998 Volume and 2002 Supplement)~~

33 ~~BY repealing and reenacting, with amendments,~~  
34 ~~Article - State Finance and Procurement~~  
35 ~~Section 3-807(e)~~  
36 ~~Annotated Code of Maryland~~

1 ~~(2001 Replacement Volume and 2002 Supplement)~~

2 BY adding to

3 Article - Tax - General

4 Section 1-205, 10-109, 10-306.1, 10-912, 13-803, 13-804, and 13-812

5 Annotated Code of Maryland

6 (1997 Replacement Volume and 2002 Supplement)

7 BY repealing and reenacting, with amendments,

8 Article - Tax - General

9 Section ~~9-315~~ 10-402(c), 10-804(e)(3), 10-822, 10-905(e), 10-910(b), 11-501(a),  
10 11-502(a), 13-104(a), 13-203(c), 13-602(a), 13-702(a), and 13-811

11 Annotated Code of Maryland

12 (1997 Replacement Volume and 2002 Supplement)

13 BY adding to

14 Article - Transportation

15 Section 1-103

16 Annotated Code of Maryland

17 (2001 Replacement Volume and 2002 Supplement)

18 ~~BY repealing~~

19 ~~Article - Tax - General~~

20 ~~Section 11-105~~

21 ~~Annotated Code of Maryland~~

22 ~~(1997 Replacement Volume and 2002 Supplement)~~

23 ~~BY repealing and reenacting, with amendments,~~

24 ~~Article - Transportation~~

25 ~~Section 13-812~~

26 ~~Annotated Code of Maryland~~

27 ~~(2002 Replacement Volume)~~

28 ~~BY repealing~~

29 ~~Article - Tax - General~~

30 ~~Section 11-105~~

31 ~~Annotated Code of Maryland~~

32 ~~(1997 Replacement Volume and 2002 Supplement)~~

33 ~~(As enacted by Chapter 440, Section 31 of the Acts of the General Assembly of~~

34 ~~2002)~~

35 ~~BY repealing and reenacting, with amendments,~~

36 ~~Article - Transportation~~

37 ~~Section 13-812~~

1 Annotated Code of Maryland  
2 (2002 Replacement Volume)  
3 (As enacted by Chapter 440, Section 31 of the Acts of the General Assembly of  
4 2002)

5 BY adding to  
6 Article - Health - General  
7 Section 15-102.7  
8 Annotated Code of Maryland  
9 (2000 Replacement Volume and 2002 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article - Health - General  
12 Section 19-727  
13 Annotated Code of Maryland  
14 (2000 Replacement Volume and 2002 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article - Insurance  
17 Section 6-101, 6-102(b), 6-103, 6-104(a), and 6-107(a)  
18 Annotated Code of Maryland  
19 (1997 Volume and 2002 Supplement)

20 BY repealing and reenacting, without amendments,  
21 Article - Tax - General  
22 Section 10-104  
23 Annotated Code of Maryland  
24 (1997 Replacement Volume and 2002 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article - Commercial Law  
27 Section 9-525  
28 Annotated Code of Maryland  
29 (2002 Replacement Volume and 2002 Supplement)

30 BY repealing and reenacting, with amendments,  
31 Article - Corporations and Associations  
32 Section 1-203, 1-406(e), and 8-403  
33 Annotated Code of Maryland  
34 (1999 Replacement Volume and 2002 Supplement)

35 BY repealing and reenacting, with amendments,  
36 Article - Tax - Property

1 Section 12-110(d) and 13-209(a)  
 2 Annotated Code of Maryland  
 3 (2001 Replacement Volume and 2002 Supplement)

4 BY adding to  
 5 Article - Tax - Property  
 6 Section 12-116 and 13-103  
 7 Annotated Code of Maryland  
 8 (2001 Replacement Volume and 2002 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 10 MARYLAND, That the Laws of Maryland read as follows:

11 **~~Article 41 - Governor - Executive and Administrative Departments~~**

12 ~~18-105.~~

13 ~~(b) (2) The Public Service Commission shall direct the telephone companies~~  
 14 ~~to add the 911 fee to all current bills rendered for switched local exchange access~~  
 15 ~~service in the State. The telephone companies shall act as collection agents for the 911~~  
 16 ~~Trust Fund with respect to the fee, and shall remit all proceeds to the Comptroller on~~  
 17 ~~a monthly basis. [The telephone companies shall be entitled to credit against the~~  
 18 ~~proceeds of the 911 fee to be remitted an amount equal to 0.75 percent of the 911 fee~~  
 19 ~~to cover the expenses of billing, collecting, and remitting the 911 fee and any~~  
 20 ~~additional charges.] The Comptroller shall deposit the funds in the 911 Trust Fund.~~

21 ~~(3) The 911 service carriers shall add the 911 fee to all current bills~~  
 22 ~~rendered for wireless telephone service or other 911-accessible service in the State.~~  
 23 ~~The 911 service carriers shall act as collection agents for the 911 Trust Fund with~~  
 24 ~~respect to the fee and shall remit all proceeds to the Comptroller on a monthly basis.~~  
 25 ~~[The 911 service carriers shall be entitled to credit against the proceeds of the 911 fee~~  
 26 ~~to be remitted an amount equal to 0.75 percent of the 911 fee to cover the expenses of~~  
 27 ~~billing, collecting, and remitting the 911 fee and any additional charges.] The~~  
 28 ~~Comptroller shall deposit the funds in the 911 Trust Fund.~~

29 **Article - Business Occupations and Professions**

30 1-204.

31 (A) Before any license or permit may be issued [or renewed] under this  
 32 article, the applicant shall certify to the issuing authority that the applicant has paid  
 33 all undisputed taxes and unemployment insurance contributions payable to the  
 34 Comptroller or the Department of Labor, Licensing, and Regulation or has provided  
 35 for payment in a manner satisfactory to the unit responsible for collection.

36 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
 37 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
 38 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND

1 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
2 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
3 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
4 RESPONSIBLE FOR COLLECTION.

5 **Article - Business Regulation**

6 1-210.

7 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
8 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
9 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
10 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
11 LICENSE.

12 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
13 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
14 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND  
15 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
16 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
17 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
18 RESPONSIBLE FOR COLLECTION.

19 **Article - Environment**

20 1-203.

21 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
22 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
23 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
24 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
25 LICENSE.

26 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
27 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
28 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND  
29 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
30 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
31 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
32 RESPONSIBLE FOR COLLECTION.

33 ~~9-228.~~

34 ~~(g) (1) (i) Beginning on February 1, 1992, a tire recycling fee shall be~~  
35 ~~imposed on the first sale of a new tire in the State by a tire dealer, including new tires~~  
36 ~~sold as part of a new or used vehicle, trailer, farm implement, or other similar~~  
37 ~~machinery.~~



1 (ii) A county, municipal corporation, or any agency of a county or  
2 municipal corporation may not impose any tax, fee, or other charge on the first sale of  
3 a new tire by a tire dealer.

4 (2) The tire recycling fee:

5 (i) May not exceed 40 cents per tire; and

6 (ii) Shall be established by the Board of Public Works.

7 (3) For a sale made by a tire dealer to a person who resells tires, the tire  
8 dealer shall separately state its recycling fees paid by the tire dealer on the invoice or  
9 other document of sale.

10 (4) Each tire dealer shall:

11 (i) Pay the tire recycling fee; and

12 (ii) Complete and submit, under oath, a return and remit the fees to  
13 the Comptroller of the Treasury on or before the 21st day of the month that follows  
14 the month in which the sale was made, and for other periods and on other dates that  
15 the Comptroller specifies by regulation, including periods for which no fees were due.

16 [(5) A tire dealer who timely files a tire recycling fee return and pays the  
17 tire recycling fees due is allowed, for the expense of administering and paying the fee,  
18 a credit equal to 0.6% of the gross amount of tire recycling fees that the tire dealer is  
19 to pay to the Comptroller.]

20 [(6)] (5) If the amount of the tire recycling fee is separately stated in a  
21 retail sale, the tire recycling fee is not subject to any tax under Title 11 of the Tax  
22 General Article or Title 13 of the Transportation Article.

23 [(7)] (6) At the end of each quarter, the Comptroller shall forward all tire  
24 recycling fees to the Used Tire Cleanup and Recycling Fund, less the costs of  
25 administration.

26 [(8)] (7) Except to the extent they are inconsistent with this subsection,  
27 the provisions of Title 13 of the Tax General Article applicable to the sales and use  
28 tax shall govern the administration, collection, and enforcement of the tire recycling  
29 fee under this subsection.

30 [(9)] (8) The Comptroller:

31 (i) Shall administer the tire recycling fee; and

32 (ii) May adopt any regulations that are necessary or appropriate to  
33 administer, collect, and enforce the tire recycling fee.

1

**Article - Financial Institutions**

2 1-302.

3 Except as otherwise expressly provided in this subtitle, a fiduciary institution,  
4 its officers, employees, agents, and directors:

5 (1) May not disclose to any person any financial record relating to a  
6 customer of the institution unless:

7 (i) The customer has authorized the disclosure to that person;

8 (ii) Proceedings have been instituted for appointment of a guardian  
9 of the property or of the person of the customer, and court-appointed counsel presents  
10 to the fiduciary institution an order of appointment or a certified copy of the order  
11 issued by or under the direction or supervision of the court or an officer of the court;

12 (iii) The customer is disabled and a guardian is appointed or  
13 qualified by a court, and the guardian presents to the fiduciary institution an order of  
14 appointment or a certified copy of the order issued by or under the direction or  
15 supervision of the court or an officer of the court;

16 (iv) The customer is deceased and a personal representative is  
17 appointed or qualified by a court, and the personal representative presents to the  
18 fiduciary institution letters of administration issued by or under the direction or  
19 supervision of the court or an officer of the court;

20 (v) The Department of Human Resources requests the financial  
21 record in the course of verifying the individual's eligibility for public assistance; [or]

22 (vi) The institution received a request, notice, or subpoena for  
23 information directly from the Child Support Enforcement Administration of the  
24 Department of Human Resources under § 10-108.2, § 10-108.3, or § 10-108.5 of the  
25 Family Law Article or indirectly through the Federal Parent Locator Service under 42  
26 U.S.C. § 666(a)(17); [and] OR

27 (VII) THE INSTITUTION RECEIVED A REQUEST, NOTICE, OR  
28 SUBPOENA FOR INFORMATION DIRECTLY FROM THE COMPTROLLER UNDER § 13-804  
29 OR §13-812 OF THE TAX - GENERAL ARTICLE;

30 (2) Shall disclose any information requested in writing by the  
31 Department of Human Resources relative to moneys held in a savings deposit, time  
32 deposit, demand deposit, or any other deposit held by the fiduciary institution in the  
33 name of the individual who is a recipient or applicant for public assistance; AND

34 (3) SHALL DISCLOSE ANY INFORMATION REQUESTED IN WRITING BY  
35 THE COMPTROLLER RELATIVE TO MONEYS HELD IN A SAVINGS DEPOSIT, TIME  
36 DEPOSIT, DEMAND DEPOSIT, OR ANY OTHER DEPOSIT HELD BY THE FIDUCIARY  
37 ~~INSTITUTION, EXCEPT THE BALANCE OF THE DEPOSIT, INSTITUTION~~ IN THE NAME  
38 OF AN INDIVIDUAL WHOSE PROPERTY IS SUBJECT TO A TAX LIEN.

1 1-303.

2 This subtitle does not prohibit:

3 (1) The preparation, examination, handling, or maintenance of financial  
4 records by any officer, employee, or agent of a fiduciary institution that has custody of  
5 the records;

6 (2) The examination of financial records by a certified public accountant  
7 while engaged by a fiduciary institution to perform an independent audit;

8 (3) The examination of financial records by, or the disclosure of financial  
9 records to, any officer, employee, or agent of a supervisory agency for use only in the  
10 exercise of that person's duties as an officer, employee, or agent;

11 (4) The publication of information derived from financial records if the  
12 information cannot be identified to any particular customer, deposit, or account;

13 (5) The making of reports or returns required or permitted by federal or  
14 State law;

15 (6) The disclosure of any information permitted to be disclosed under  
16 those provisions of the Commercial Law Article that relate to the dishonor of a  
17 negotiable instrument;

18 (7) The exchange, in the regular course of business, of credit information  
19 between a fiduciary institution and any other fiduciary institution or commercial  
20 enterprise, if made directly or through a consumer reporting agency;

21 (8) The exchange, in the regular course of business, of a statement of a  
22 mortgage account on the subject property in connection with a sale, refinancing, or  
23 foreclosure, of real property; or the disclosure, in the regular course of business, of a  
24 statement of a mortgage account on the subject property to the holder of any  
25 subordinate mortgage or security interest;

26 (9) The disclosure to a State's Attorney of any information in accordance  
27 with § 8-104(c) of the Criminal Law Article (regarding the presentation of a  
28 certificate under oath to prove insufficient funds and dishonor of checks);

29 (10) A fiduciary institution from disclosing to the Department of Human  
30 Resources an individual's financial records that the Department determines are  
31 necessary to verify or confirm the individual's eligibility or ineligibility for public  
32 assistance;

33 (11) In a prosecution outside the State for the crime of obtaining property  
34 or services by bad check, the presentation to the prosecutor of a certificate under oath  
35 by an authorized representative of a drawee that declares the dishonor of the check by  
36 the drawee, the lack of an account with the drawee at the time of utterance, or the  
37 insufficiency of the drawer's funds at the time of presentation and utterance; [or]

1 (12) The disclosure of the financial records of one of its customers by a  
2 fiduciary institution to an affiliate that extends credit for the sole purpose of  
3 evaluating a requested or existing extension of credit to that customer by an affiliate  
4 of the fiduciary institution; OR

5 (13) A FIDUCIARY INSTITUTION FROM DISCLOSING TO THE  
6 COMPTROLLER AN INDIVIDUAL'S FINANCIAL RECORDS THAT THE COMPTROLLER  
7 DETERMINES ARE NECESSARY TO ENFORCE THE TAX LAWS OF THE STATE.

8 **Article - Health Occupations**

9 1-213.

10 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
11 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
12 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
13 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
14 LICENSE.

15 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
16 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
17 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND  
18 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
19 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
20 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
21 RESPONSIBLE FOR COLLECTION.

22 **Article - Natural Resources**

23 1-402.

24 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
25 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
26 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
27 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
28 LICENSE.

29 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
30 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
31 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND  
32 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
33 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
34 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
35 RESPONSIBLE FOR COLLECTION.

36 ~~3-302.~~

37 (b) (3) ~~The Comptroller shall maintain the method of collection of the~~  
38 ~~surcharge from the companies and the collections shall accrue to the Fund. [The~~  
39 ~~Department shall credit against the amount required to be paid into the~~

1 Environmental Trust Fund by each electric company an amount equal to 1 1/2% of the  
 2 total surcharge attributed to each company on the basis of the electricity distributed  
 3 within Maryland.]

4 8-716.1.

5 (a) The dealer shall collect the excise tax for the Department. [For collecting  
 6 and remitting the tax, a dealer may keep 1.2% of the gross tax the dealer collects. A  
 7 dealer may not keep 1.2% of any gross tax amounts which were not forwarded to the  
 8 Department within 30 days of collection, unless a waiver has been approved by the  
 9 Secretary.]

10 **Article—Public Utility Companies**

11 7-203.

12 (d) [(1)] Notwithstanding any other provision of this subtitle, the amount of  
 13 the surcharge for each account of each retail electric customer may not exceed the  
 14 lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

15 [(2) The Department of Natural Resources shall credit against the  
 16 amount the Commission requires each electric company to pay into the  
 17 Environmental Trust Fund 0.75% of the total surcharge amount attributed to the  
 18 electric company on the basis of the amount of the electricity distributed in the  
 19 State.]

20 **Article—State Finance and Procurement**

21 3-807.

22 (e) The affected telephone companies shall act as collection agents for the  
 23 Universal Service Trust Fund and shall remit all proceeds monthly to the Comptroller  
 24 for deposit to the Universal Service Trust Fund. [The telephone companies shall be  
 25 entitled to credit against these proceeds in an amount equal to 1 1/2 percent of these  
 26 proceeds to cover the expenses of billing, collecting, and remitting the surcharge and  
 27 any additional charges.]

28 **Article - Tax - General**

29 1-205.

30 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
 31 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
 32 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
 33 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
 34 LICENSE.

35 (B) BEFORE ANY LICENSE OR PERMIT ISSUED BY THE COMPTROLLER MAY BE  
 36 RENEWED, THE COMPTROLLER SHALL VERIFY THAT THE APPLICANT HAS PAID ALL  
 37 UNDISPUTED TAXES AND UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE

1 TO THE COMPTROLLER OR THE SECRETARY OF LABOR, LICENSING, AND  
2 REGULATION OR THAT THE APPLICANT HAS PROVIDED FOR PAYMENT IN A MANNER  
3 SATISFACTORY TO THE UNIT RESPONSIBLE FOR COLLECTION.

4 ~~9-315.~~

5 ~~[(a)] [A licensed dealer or licensed special fuel seller shall deduct 0.5% of the~~  
6 ~~1st 10 cents of the motor fuel tax on each gallon of motor fuel, as a discount:~~

7 ~~(1) instead of an] THE MOTOR FUEL TAX SHALL BE PAID WITHOUT ANY~~  
8 ~~allowance for evaporation, shrinkage, [and] OR handling [; and].~~

9 ~~[(2) to reimburse the licensed dealer or licensed special fuel seller for~~  
10 ~~expenses incurred for the State in:~~

11 ~~(i) keeping records;~~

12 ~~(ii) collecting and paying the tax; and~~

13 ~~(iii) preparing reports.~~

14 ~~(b) (1) This subsection does not apply to:~~

15 ~~(i) any aviation gasoline; or~~

16 ~~(ii) any other motor fuel on which the motor fuel tax has not been~~  
17 ~~paid.~~

18 ~~(2) From the discount under subsection (a) of this section:~~

19 ~~(i) a licensed dealer who sells gasoline to a retail service station~~  
20 ~~dealer shall deduct on the bill 1/2 of the discount;~~

21 ~~(ii) a licensed dealer who sells gasoline to a licensed distributor or~~  
22 ~~licensed special fuel seller shall deduct on the bill 2/3 of the discount;~~

23 ~~(iii) a licensed distributor who sells motor fuel to a retail service~~  
24 ~~station dealer shall deduct on the bill 1/3 of the discount;~~

25 ~~(iv) a licensed special fuel seller who sells special fuel to a retail~~  
26 ~~service station dealer shall deduct on the bill 1/2 of the discount;~~

27 ~~(v) a licensed special fuel seller who sells special fuel to a licensed~~  
28 ~~distributor shall deduct on the bill 2/3 of the discount; and~~

29 ~~(vi) a licensed special fuel seller who sells gasoline to a licensed~~  
30 ~~distributor shall deduct on the bill 1/3 of the discount.]~~

1 10-822.

2 (a) (1) Except as provided in paragraphs (2) and (3) of this subsection, each  
3 person required under §10-906 of this title to withhold income tax shall complete and  
4 file with the Comptroller a quarterly income tax withholding return, on or before the  
5 last day of the month that follows the calendar quarter in which that income tax was  
6 withheld.

7 (2) [If] SUBJECT TO SUBSECTION (B) OF THIS SECTION, IF the person  
8 reasonably expects the total amount of income tax required to be withheld in a  
9 quarterly period to be \$700 or more, instead of a quarterly income tax withholding  
10 return the person shall complete and file with the Comptroller a monthly income tax  
11 withholding return:

- 12 (i) for the month of January, on or before February 15;
- 13 (ii) for the month of February, on or before March 15;
- 14 (iii) for the month of March, on or before April [30] 15;
- 15 (iv) for the month of April, on or before May 15;
- 16 (v) for the month of May, on or before June 15;
- 17 (vi) for the month of June, on or before July [31] 15;
- 18 (vii) for the month of July, on or before August 15;
- 19 (viii) for the month of August, on or before September 15;
- 20 (ix) for the month of September, on or before October [31] 15;
- 21 (x) for the month of October, on or before November 15;
- 22 (xi) for the month of November, on or before December 15; and
- 23 (xii) For the month of December, on or before January [31] 15.

24 (3) If the person reasonably expects the total amount of income tax  
25 required to be withheld in a calendar year to be less than \$250 instead of a quarterly  
26 income tax withholding return the person shall complete and file with the  
27 Comptroller an annual income tax withholding return on or before January 31 that  
28 follows that calendar year.

29 (B) IF A PERSON WAS REQUIRED TO WITHHOLD \$15,000 OR MORE FOR THE  
30 PRECEDING CALENDAR YEAR, THE PERSON SHALL COMPLETE AND FILE AN INCOME  
31 TAX WITHHOLDING RETURN WITH THE COMPTROLLER WITHIN 3 BUSINESS DAYS  
32 FOLLOWING EACH PAYROLL THAT CAUSES THE TOTAL ACCUMULATED TAX  
33 WITHHELD TO EQUAL OR EXCEED \$700.

1 [(b)] (C) (1) A person required to file a quarterly or monthly income tax  
 2 withholding return shall continue to file returns, whether or not the person is  
 3 withholding any income tax, until the person gives the Comptroller written notice  
 4 that the person no longer has employees or no longer is liable to file the return.

5 (2) A PERSON REQUIRED TO FILE RETURNS UNDER SUBSECTION (B) OF  
 6 THIS SECTION SHALL FILE A RETURN AT LEAST ONCE EVERY 3 MONTHS UNTIL THE  
 7 PERSON GIVES THE COMPTROLLER WRITTEN NOTICE THAT THE PERSON NO LONGER  
 8 HAS EMPLOYEES OR NO LONGER IS LIABLE TO FILE THE RETURN.

9 [(c) A person who files a written request to change to a quarterly return filing  
 10 because the person withholds less than \$700 each quarter may be allowed to change  
 11 to a quarterly basis at the beginning of the calendar year after the request.]

12 (D) EACH PERSON REQUIRED TO FILE A RETURN UNDER THIS SECTION SHALL  
 13 FILE RETURNS FOR OTHER PERIODS AND ON OTHER DATES AS THE COMPTROLLER  
 14 SPECIFIES BY REGULATION, INCLUDING PERIODS IN WHICH THE PERSON DOES NOT  
 15 PAY WAGES SUBJECT TO WITHHOLDING.

16 10-905.

17 (e) "Wagering" includes:

18 (1) any lottery, including the State lottery; AND

19 (2) ANY PARI-MUTUEL WAGERING, INCLUDING ANY PARI-MUTUEL  
 20 WAGERING CONDUCTED UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE.

21 10-910.

22 (b) (1) [An] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
 23 AN employer shall base withholding for an employee:

24 [(1)] (I) on the number of exemptions stated in the exemption certificate  
 25 that the employee files; or

26 [(2)] (II) if the employee fails to file an exemption certificate or files an  
 27 invalid certificate under subsection (c) of this section, on 1 exemption.

28 (2) IF THE COMPTROLLER NOTIFIES AN EMPLOYER THAT AN EMPLOYEE  
 29 HAS AN UNPAID TAX LIABILITY, THE EMPLOYER SHALL BASE WITHHOLDING FOR THE  
 30 EMPLOYEE ON A NUMBER OF EXEMPTIONS NOT EXCEEDING THE ACTUAL NUMBER  
 31 OF EXEMPTIONS ALLOWED ON THE EMPLOYEE'S PRIOR YEAR'S INCOME TAX RETURN,  
 32 AS SPECIFIED BY THE COMPTROLLER.

33 ~~10-912.~~

34 (A) (1) ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~  
 35 ~~INDICATED.~~

36 (2) ~~"NONRESIDENT CORPORATION" MEANS A CORPORATION THAT:~~



1           (I)     IS NOT INCORPORATED IN THE STATE; AND

2           (II)    IS NOT QUALIFIED BY THE DEPARTMENT OF ASSESSMENTS  
3 AND TAXATION TO DO BUSINESS IN THE STATE.

4           (3)     "TOTAL PAYMENT" MEANS THE NET PROCEEDS OF A SALE ACTUALLY  
5 PAID TO A NONRESIDENT OR NONRESIDENT CORPORATION TRANSFEROR INCLUDING  
6 THE FAIR MARKET VALUE OF ANY PROPERTY TO BE TRANSFERRED TO THE  
7 TRANSFEROR.

8           (B)     IN A SALE OR EXCHANGE OF REAL PROPERTY AND ASSOCIATED TANGIBLE  
9 PERSONAL PROPERTY OWNED BY A NONRESIDENT OR NONRESIDENT CORPORATION,  
10 THE TRANSFEREE OF THE PROPERTY SHALL DEDUCT AND WITHHOLD FROM THE  
11 PAYMENT TO THE TRANSFEROR AN AMOUNT EQUAL TO 3% OF THE TOTAL PAYMENT.

12          (C)     (1)     A TRANSFEREE SUBJECT TO THE WITHHOLDING, DEDUCTION, AND  
13 PAYMENT PROVISIONS OF THIS SECTION IS PERSONALLY LIABLE FOR ALL AMOUNTS  
14 WITHHELD OR REQUIRED TO BE WITHHELD.

15          (2)     THE AMOUNT REQUIRED TO BE WITHHELD UNDER THE PROVISIONS  
16 OF THIS SECTION SHALL, UNTIL REMITTED, CONSTITUTE A LIEN UPON THE  
17 PROPERTY OF THE TRANSFEREE.

18          (D)     WITHIN 3 BUSINESS DAYS AFTER THE DATE OF CLOSING ON THE SALE OR  
19 EXCHANGE OF THE PROPERTY, THE TRANSFEREE SHALL PAY OVER TO THE  
20 COMPTROLLER THE AMOUNT DEDUCTED AND WITHHELD UNDER SUBSECTION (B) OF  
21 THIS SECTION, USING FORMS PRESCRIBED BY THE COMPTROLLER.

22          (E)     (1)     AMOUNTS DEDUCTED AND WITHHELD UNDER SUBSECTION (B) OF  
23 THIS SECTION AND PAID OVER TO THE COMPTROLLER UNDER SUBSECTION (D) OF  
24 THIS SECTION SHALL BE DEEMED TO HAVE BEEN PAID TO THE COMPTROLLER ON  
25 BEHALF OF THE TRANSFEROR FROM WHOM THE AMOUNTS WERE WITHHELD.

26          (2)     THE TRANSFEROR SHALL BE CREDITED WITH HAVING PAID THE  
27 AMOUNTS FOR THE TAXABLE YEAR IN WHICH THE TRANSACTION THAT IS THE  
28 SUBJECT OF THE TAX OCCURRED.

29          (F)     THE CLOSING ATTORNEY, LENDING INSTITUTION, AND REAL ESTATE  
30 AGENT OR BROKER IN ANY TRANSACTION SUBJECT TO THIS SECTION ARE NOT  
31 LIABLE FOR ANY AMOUNTS REQUIRED TO BE DEDUCTED, WITHHELD, AND PAID  
32 OVER TO THE COMPTROLLER UNDER THIS SECTION.

33          (G)     NOTWITHSTANDING SUBSECTION (C)(2) OF THIS SECTION, A LIEN  
34 CREATED UNDER THIS SECTION SHALL CEASE TO BE A LIEN ON OR ENFORCEABLE  
35 AGAINST REAL ESTATE 10 YEARS AFTER THE DATE OF THE SALE OF REAL PROPERTY  
36 AND ASSOCIATED TANGIBLE PERSONAL PROPERTY THAT GAVE RISE TO THE LIEN.

37          (H)     THIS SECTION DOES NOT:

1           ~~(1) IMPOSE ANY TAX ON A TRANSFEROR OR AFFECT ANY LIABILITY OF~~  
2 ~~THE TRANSFEROR FOR ANY TAX; OR~~

3           ~~(2) PROHIBIT THE COMPTROLLER FROM COLLECTING ANY TAXES DUE~~  
4 ~~FROM A TRANSFEROR IN ANY OTHER MANNER AUTHORIZED BY LAW.~~

5           ~~(1) THE COMPTROLLER SHALL ADOPT REGULATIONS TO ADMINISTER THIS~~  
6 ~~SECTION.~~

7 11-501.

8           (a) A buyer who fails to pay the sales and use tax on a purchase or use subject  
9 to the tax to the vendor as required in § 11-403 of this title or who is required by  
10 regulation to file a return for a purchase or use subject to the tax shall complete,  
11 under oath, and file with the Comptroller a sales and use tax return:

12           (1) on or before the [21st] 20TH day of the month that follows the month  
13 in which the buyer makes that purchase or use; and

14           (2) for other periods and on other dates that the Comptroller specifies, by  
15 regulation, including periods in which the buyer does not make any purchase or use  
16 subject to the sales and use tax.

17 11-502.

18           (a) Each vendor shall complete, under oath, and file with the Comptroller a  
19 sales and use tax return:

20           (1) on or before the [21st] 20TH day of the month that follows the month  
21 in which the vendor makes any retail sale or sale for use; and

22           (2) for other periods and on other dates that the Comptroller specifies by  
23 regulation, including periods in which the vendor does not make any retail sale or  
24 sale for use.

25 13-104.

26           (a) (1) Subject to the approval of the Treasurer and subject to the limitation  
27 under paragraph (2) of this subsection, the Comptroller or the Department may  
28 provide by regulation for the payment of any unpaid tax liability in connection with a  
29 tax return, report, or other document required to be filed with the Comptroller or the  
30 Department in funds that are immediately available to the State on the date the  
31 payment is due.

32           (2) Except as provided in paragraph (3) of this subsection, the  
33 Comptroller or the Department may not require payment in funds that are  
34 immediately available to the State if the unpaid tax liability in connection with a tax  
35 return, report, or other document is less than [\$20,000] \$10,000.

1                   (3)     (i)     The Comptroller may require a person who is an agent of the  
 2 payor or employer as defined in § 10-905 of this article to make payments in  
 3 immediately available funds on the date the payment is due by the employer or payor  
 4 if the total amount of the payments to be made by the agent for any pay period  
 5 exceeds [\$20,000] \$10,000 in the aggregate.

6                                 (ii)     Any amounts for which an agent has not received timely  
 7 payment from an employer or payor:

8   1.         shall be excluded for purposes of determining whether the  
 9 total amount of payments to be made by an agent for a pay period exceeds [\$20,000]  
 10 \$10,000 in the aggregate; and

11   2.         may not be required to be paid in immediately available  
 12 funds under this paragraph.

13                                 (iii)     This paragraph does not impose or affect liability for the  
 14 payment of any tax.

15 13-203.

16     (c)     Tax information may be disclosed to:

17                   (1)     an employee or officer of the State who, by reason of that employment  
 18 or office, has the right to the tax information;

19                   (2)     another tax collector;

20                   (3)     the Maryland Tax Court; [and]

21                   (4)     a legal representative of the State, to review the tax information  
 22 about a taxpayer:

23                                 (i)         who applies for review under this title;

24                                 (ii)        who appeals from a determination under this title; or

25                                 (iii)       against whom an action to recover tax or a penalty is pending or  
 26 will be initiated under this title; AND

27                   (5)     **ANY LICENSE ISSUING AUTHORITY OF THE STATE REQUIRED BY**  
 28 **STATE LAW TO VERIFY THROUGH THE COMPTROLLER THAT AN APPLICANT HAS PAID**  
 29 **ALL UNDISPUTED TAXES AND UNEMPLOYMENT INSURANCE CONTRIBUTIONS**  
 30 **PAYABLE TO THE COMPTROLLER OR THE SECRETARY OF LABOR, LICENSING, AND**  
 31 **REGULATION OR THAT THE APPLICANT HAS PROVIDED FOR PAYMENT IN A MANNER**  
 32 **SATISFACTORY TO THE UNIT RESPONSIBLE FOR COLLECTION.**

33 13-602.

34     (a)     Except as provided in subsections (b) and (c) of this section, a tax collector  
 35 shall assess interest on unpaid tax from the due date to the date on which the tax is

1 paid if a person who is required to estimate and pay financial institution franchise  
2 tax, public service company franchise tax, or income tax under § 8-210(b), § 8-405(b),  
3 or § 10-902 of this article:

4 (1) fails to pay an installment when due; or

5 (2) estimates a tax that is:

6 (i) less than 90% of the tax required to be shown on the return for  
7 the current taxable year; and

8 (ii) less than 110% OF the tax paid for the prior taxable year,  
9 reduced by the credit allowed under § 10-703 of this article.

10 13-702.

11 (a) Except as provided in subsections (b) and (c) of this section, a tax collector  
12 shall assess a penalty not exceeding 25% of the amount underestimated, if a person  
13 who is required to estimate and pay financial institution franchise tax, public service  
14 company franchise tax, or income tax under § 8-210(b), § 8-405(b), or § 10-902 of this  
15 article:

16 (1) fails to pay an installment when due; or

17 (2) estimates a tax that is:

18 (i) less than 90% of the tax required to be shown on the return for  
19 the current taxable year; and

20 (ii) less than 110% OF the tax paid for the prior taxable year,  
21 reduced by the credit allowed under § 10-703 of this article.

22 13-803.

23 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
24 INDICATED.

25 (2) "NONRESIDENT CONTRACTOR" MEANS A CONTRACTOR THAT DOES  
26 NOT MAINTAIN A REGULAR PLACE OF BUSINESS IN THIS STATE.

27 (3) (I) "REGULAR PLACE OF BUSINESS" MEANS:

28 1. A BONA FIDE OFFICE, OTHER THAN A STATUTORY OFFICE;

29 2. A FACTORY;

30 3. A WAREHOUSE; OR

31 4. ANY OTHER SPACE IN THIS STATE:

1                           A.       AT WHICH A PERSON IS DOING BUSINESS IN ITS OWN  
2 NAME IN A REGULAR AND SYSTEMATIC MANNER; AND

3                           B.       THAT IS CONTINUOUSLY MAINTAINED, OCCUPIED, AND  
4 USED BY THE PERSON IN CARRYING ON ITS BUSINESS THROUGH ITS REGULAR  
5 EMPLOYEES REGULARLY IN ATTENDANCE.

6                           (II)     "REGULAR PLACE OF BUSINESS" DOES NOT INCLUDE A  
7 TEMPORARY OFFICE AT THE SITE OF CONSTRUCTION.

8       (B)     (1)     ANY PERSON DOING BUSINESS WITH A NONRESIDENT CONTRACTOR  
9 UNDER A CONTRACT THAT EQUALS OR EXCEEDS \$50,000 OR REASONABLY CAN BE  
10 EXPECTED TO EQUAL OR EXCEED \$50,000 SHALL WITHHOLD PAYMENT OF 3% OF THE  
11 CONTRACT PRICE UNTIL 30 DAYS AFTER THE NONRESIDENT CONTRACTOR HAS:

12                           (I)     COMPLETED THE CONTRACT;

13                           (II)    REQUESTED IN WRITING FOR THE COMPTROLLER TO ISSUE A  
14 TAX CLEARANCE CERTIFICATE; AND

15                           (III)   PROVIDED A RECEIPTED COPY OF THE REQUEST TO THE  
16 PERSON REQUIRED TO WITHHOLD THE PAYMENT.

17                           (2)     WITHIN 30 DAYS AFTER RECEIPT OF A WRITTEN REQUEST FOR A TAX  
18 CLEARANCE CERTIFICATE, THE COMPTROLLER SHALL FURNISH TO THE  
19 NONRESIDENT CONTRACTOR AND TO THE PERSON REQUIRED TO WITHHOLD THE  
20 PAYMENT:

21                           (I)     A CERTIFICATE OF NO TAX DUE FROM THE NONRESIDENT  
22 CONTRACTOR; OR

23                           (II)    A CERTIFICATE THAT TAXES ARE DUE, INCLUDING THE  
24 AMOUNT OF SALES AND USE TAX, INCOME TAX WITHHELD, OR BOTH, DUE FROM THE  
25 NONRESIDENT CONTRACTOR INCLUDING ANY INTEREST AND PENALTIES.

26       (C)     (1)     IF THE COMPTROLLER FURNISHES A CERTIFICATE OF NO TAX DUE  
27 FROM THE NONRESIDENT CONTRACTOR OR IF THE COMPTROLLER FAILS TO  
28 PROVIDE WITHIN 30 DAYS AFTER RECEIPT OF A WRITTEN REQUEST FOR A TAX  
29 CLEARANCE CERTIFICATE, TO BOTH THE NONRESIDENT CONTRACTOR AND THE  
30 PERSON REQUIRED TO WITHHOLD THE PAYMENT, A CERTIFICATE UNDER  
31 SUBSECTION (B)(2)(I) OR (II) OF THIS SECTION, THE PERSON REQUIRED TO WITHHOLD  
32 THE PAYMENT MAY PAY THE NONRESIDENT CONTRACTOR THE AMOUNT WITHHELD  
33 UNDER THE TERMS OF THE CONTRACT FREE FROM ANY CLAIMS OF THE  
34 COMPTROLLER AGAINST THE PERSON REQUIRED TO WITHHOLD THE PAYMENT.

35                           (2)     IF THE COMPTROLLER FURNISHES A CERTIFICATE THAT TAXES ARE  
36 DUE FROM THE NONRESIDENT CONTRACTOR, THE PERSON REQUIRED TO WITHHOLD  
37 THE PAYMENT:

1 (I) SHALL PAY OVER TO THE COMPTROLLER THE AMOUNT DUE AS  
2 STATED IN THE CERTIFICATE UP TO 3% OF THE CONTRACT PRICE, TAKING A RECEIPT  
3 FOR THE AMOUNT; AND

4 (II) MAY PAY TO THE NONRESIDENT CONTRACTOR THE EXCESS OF  
5 THE AMOUNT WITHHELD OVER THE AMOUNT DUE AS STATED IN THE CERTIFICATE.

6 (3) ON PAYING OVER AMOUNTS WITHHELD TO THE COMPTROLLER AS  
7 REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE PERSON REQUIRED TO  
8 WITHHOLD THE PAYMENT IS FREE FROM:

9 (I) ANY CLAIM OF THE NONRESIDENT CONTRACTOR FOR THAT  
10 AMOUNT; AND

11 (II) ANY CLAIM OF THE COMPTROLLER FOR TAXES DUE FROM THE  
12 NONRESIDENT CONTRACTOR.

13 (D) (1) A PERSON THAT FAILS TO WITHHOLD OR TO PAY OVER THE  
14 AMOUNTS WITHHELD AS REQUIRED IN THIS SECTION SHALL BE PERSONALLY  
15 LIABLE FOR THE PAYMENT OF ANY SALES AND USE TAX OR INCOME TAX WITHHELD  
16 ATTRIBUTABLE TO THE CONTRACT UP TO 3% OF THE CONTRACT PRICE.

17 (2) THE AMOUNTS UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL  
18 BE RECOVERABLE BY THE COMPTROLLER BY APPROPRIATE LEGAL PROCEEDINGS,  
19 WHICH MAY INCLUDE THE ISSUANCE OF AN ASSESSMENT UNDER THIS ARTICLE.

20 (E) (1) A NONRESIDENT CONTRACTOR'S LIABILITY FOR ANY SALES AND USE  
21 TAX OR INCOME TAX WITHHELD ATTRIBUTABLE TO A CONTRACT THAT IS SUBJECT  
22 TO THIS SECTION IS NOT AFFECTED BY:

23 (I) THE COMPTROLLER'S FAILURE TO PROVIDE A CERTIFICATE  
24 UNDER SUBSECTION (B)(2)(I) OR (II) OF THIS SECTION WITHIN 30 DAYS AFTER  
25 RECEIPT OF A WRITTEN REQUEST FOR A TAX CLEARANCE CERTIFICATE; OR

26 (II) THE ISSUANCE OF AN ERRONEOUS CERTIFICATE BY THE  
27 COMPTROLLER UNDER THIS SECTION.

28 (2) THE RELEASE OF PAYMENT WITHHELD UNDER THIS SECTION TO A  
29 NONRESIDENT CONTRACTOR OR THE PAYMENT OVER OF AMOUNTS WITHHELD TO  
30 THE COMPTROLLER BY A PERSON REQUIRED TO WITHHOLD PAYMENT UNDER THIS  
31 SECTION DOES NOT AFFECT A NONRESIDENT CONTRACTOR'S LIABILITY FOR ANY  
32 SALES AND USE TAX OR INCOME TAX WITHHELD IN EXCESS OF THE AMOUNT PAID  
33 OVER TO THE COMPTROLLER.

34 (3) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE  
35 COMPTROLLER FROM COLLECTING TAXES DUE FROM A NONRESIDENT CONTRACTOR  
36 IN ANY OTHER MANNER AUTHORIZED BY LAW.

1 13-804.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) ~~"ACCOUNT", "ACCOUNT HOLDER OF INTEREST", AND "FINANCIAL  
5 INSTITUTION" HAVE THE MEANINGS STATED IN § 10-108.2 OF THE FAMILY LAW  
6 ARTICLE.~~

7 (2) (I) "ACCOUNT" MEANS:

8 1. ANY FUNDS FROM A DEMAND DEPOSIT ACCOUNT,  
9 CHECKING ACCOUNT, NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT, SAVINGS  
10 ACCOUNT, TIME DEPOSIT ACCOUNT, MONEY MARKET MUTUAL FUND ACCOUNT, OR  
11 CERTIFICATE OF DEPOSIT ACCOUNT;

12 2. ANY FUNDS PAID TOWARDS THE PURCHASE OF SHARES  
13 OR OTHER INTEREST IN A FINANCIAL INSTITUTION, AS DEFINED IN PARAGRAPH  
14 (4)(II) AND (III) OF THIS SUBSECTION; AND

15 3. ANY FUNDS OR PROPERTY HELD BY A FINANCIAL  
16 INSTITUTION, AS DEFINED IN PARAGRAPH (4)(IV) OF THIS SUBSECTION.

17 (II) "ACCOUNT" DOES NOT INCLUDE:

18 1. AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH AN  
19 OBLIGOR DOES NOT HAVE ACCESS DUE TO THE PLEDGE OF THE FUNDS AS SECURITY  
20 FOR A LOAN OR OTHER OBLIGATION;

21 2. FUNDS OR PROPERTY DEPOSITED TO AN ACCOUNT AFTER  
22 THE TIME THAT THE FINANCIAL INSTITUTION INITIALLY ATTACHES THE ACCOUNT;

23 3. AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH  
24 THE FINANCIAL INSTITUTION HAS A PRESENT RIGHT TO EXERCISE A RIGHT OF  
25 SETOFF;

26 4. AN ACCOUNT OR PORTION OF AN ACCOUNT THAT HAS AN  
27 ACCOUNT HOLDER OF INTEREST NAMED AS AN OWNER ON THE ACCOUNT; OR

28 5. AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH  
29 THE OBLIGOR DOES NOT HAVE AN UNCONDITIONAL RIGHT OF ACCESS.

30 (3) "ACCOUNT HOLDER OF INTEREST" MEANS ANY PERSON, OTHER  
31 THAN THE OBLIGOR, WHO ASSERTS AN OWNERSHIP INTEREST IN AN ACCOUNT.

32 (4) "FINANCIAL INSTITUTION" MEANS:

33 (I) A DEPOSITORY INSTITUTION, AS DEFINED IN THE FEDERAL  
34 DEPOSIT INSURANCE ACT AT 12 U.S.C. § 1813(C);





1 (II) THE ADDRESS OF THE OBLIGOR;

2 (III) THE SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFICATION  
3 NUMBER OF THE OBLIGOR;

4 (IV) ANY OTHER IDENTIFYING INFORMATION NEEDED TO ASSURE  
5 POSITIVE IDENTIFICATION OF THE OBLIGOR; AND

6 (V) FOR EACH ACCOUNT OF THE OBLIGOR, THE OBLIGOR'S  
7 ACCOUNT NUMBER AND BALANCE.

8 (3) A REPORT SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION  
9 SHALL BE PROVIDED TO THE COMPTROLLER IN MACHINE-READABLE FORM.

10 (4) THE COMPTROLLER SHALL PAY THE FINANCIAL INSTITUTION A  
11 REASONABLE FEE, NOT TO EXCEED THE ACTUAL COSTS INCURRED BY THE  
12 FINANCIAL INSTITUTION TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION,  
13 LESS ANY FEES RECEIVED FROM OTHER UNITS OF THE STATE FOR THE SAME  
14 REPORT.

15 (5) THE COMPTROLLER MAY INSTITUTE CIVIL PROCEEDINGS TO  
16 ENFORCE THIS SECTION.

17 (E) A FINANCIAL INSTITUTION THAT COMPLIES WITH A REQUEST FROM THE  
18 COMPTROLLER BY SUBMITTING A REPORT TO THE COMPTROLLER IN ACCORDANCE  
19 WITH SUBSECTION (D) OF THIS SECTION IS NOT LIABLE UNDER STATE LAW TO ANY  
20 PERSON FOR ANY:

21 (1) DISCLOSURE OF INFORMATION TO THE COMPTROLLER UNDER THIS  
22 SECTION; OR

23 (2) OTHER ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THE  
24 REQUIREMENTS OF THIS SECTION.

25 (F) ~~(+)~~ A FINANCIAL INSTITUTION THAT RECEIVES A REQUEST FOR  
26 INFORMATION UNDER SUBSECTION (C) OF THIS SECTION:

27 ~~(+)~~ MAY NOT DISCLOSE ANY INFORMATION CONTAINED IN THE  
28 REQUEST EXCEPT TO AN AUTHORIZED EMPLOYEE OF THE FINANCIAL INSTITUTION  
29 ENGAGED IN COMPLYING WITH THE REPORTING REQUIREMENTS OF THIS SECTION;  
30 AND

31 ~~(H)~~ SHALL ALLOW ITS AUTHORIZED EMPLOYEES TO USE THAT  
32 INFORMATION ONLY AS REQUIRED IN PERFORMING THEIR DUTIES FOR THE  
33 COMPTROLLER AND MAY NOT OTHERWISE COPY, REPRODUCE, RETAIN, OR STORE  
34 ANY INFORMATION EXCEPT AS INSTRUCTED BY THE COMPTROLLER.

35 ~~(2)~~ ANY INFORMATION ACQUIRED BY THE FINANCIAL INSTITUTION  
36 FROM THE COMPTROLLER REMAINS THE PROPERTY OF THE COMPTROLLER AND

1 ~~MUST BE RETURNED TO THE COMPTROLLER ALONG WITH THE REPORT REQUIRED~~  
2 ~~UNDER SUBSECTION (D) OF THIS SECTION.~~

3 ~~(3) A FINANCIAL INSTITUTION FURNISHING A REPORT TO THE~~  
4 ~~COMPTROLLER UNDER THIS SECTION IS PROHIBITED FROM DISCLOSING TO AN~~  
5 ~~OBLIGOR THAT THE NAME OF THAT OBLIGOR HAS BEEN RECEIVED FROM OR~~  
6 ~~FURNISHED TO THE COMPTROLLER.~~

7 13-811.

8 (a) (1) In this section [,"paymaster":

9 (1) means] THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

10 (2) "PAYMASTER":

11 (I) MEANS an employer's officer, representative, agent, or employee  
12 charged with the duty of paying salary, wages, or other compensation for personal  
13 services to an employee named in a notice of lien; and

14 [(2)] (II) if the person named in a notice of lien is employed by the federal  
15 government or its instrumentality with an office in the State where employee records  
16 are kept, whether or not payroll records are kept or the payroll is prepared at that  
17 office, includes the employee who:

18 [(i)] 1. is designated to keep and maintain employee records in  
19 that office; and

20 [(ii)] 2. is or may be designated to receive and distribute pay  
21 checks to the employees.

22 (3) "TAX WAGE LIEN" MEANS THE LIEN ON WAGES DESCRIBED IN THIS  
23 SECTION.

24 (B) A TAX LIEN FOR ANY TAX ADMINISTERED BY THE COMPTROLLER UNDER  
25 THIS ARTICLE EXTENDS TO AND COVERS ALL SALARY, WAGES, OR OTHER  
26 COMPENSATION FOR PERSONAL SERVICES THAT IS DUE OR BECOMES PAYABLE ON  
27 OR AFTER THE TIME THE LIEN ARISES.

28 [(b)] (C) The Comptroller promptly shall give notice of [an income] A tax  
29 wage lien that states the lien amount, THE TYPE OF TAX, and the name of the person  
30 against whom the lien is taken by:

31 (1) certified mail, return receipt requested, under the postmark of the  
32 United States Postal Service, to the employer; or

33 (2) personal service on the employer.

34 [(c)] (D) (1) If an employer knows or has reason to know of the import of the  
35 contents of the certified mail and refuses to accept its delivery, service as required  
36 under subsection [(b)(1)] (C)(1) of this section is made when delivery is refused.

1 (2) Service as required under subsection [(b)(2)] (C)(2) of this section is  
2 made when personal service is made on an officer or paymaster of the employer.

3 [(d)] (E) (1) From salary, wages, or other compensation for personal services  
4 that is due or becomes payable on or after the date on which a notice of wage lien is  
5 served to the date on which a notice of satisfaction or release of the wage lien is  
6 received, an employer or paymaster promptly shall pay to the Comptroller any salary,  
7 wages, or other compensation due to the delinquent taxpayer, excluding only those  
8 amounts specified in paragraph (2) of this subsection.

9 (2) The amount excluded under paragraph (1) of this subsection from  
10 amounts paid to the delinquent taxpayer is the amount exempt from attachment  
11 provided in § 15-601.1 of the Commercial Law Article.

12 [(e)] (F) The Comptroller promptly shall give a notice of satisfaction or release  
13 of [an income] A tax wage lien to each employer or paymaster who received notice of  
14 the wage lien.

15 [(f)] (G) If, after service of a notice of [income] A tax wage lien, an employer  
16 or paymaster pays an employee salary, wages, or other compensation for personal  
17 services in excess of the amount allowed in subsection [(d)(2)] (E)(2) of this section,  
18 the employer or paymaster or both shall be personally liable for the excess amount  
19 paid to the employee. However, the total amount that the Comptroller recovers may  
20 not exceed the total amount paid to the employee in violation of this section.

21 13-812.

22 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
23 INDICATED.

24 (2) "ACCOUNT", "ACCOUNT HOLDER OF INTEREST", AND "FINANCIAL  
25 INSTITUTION" HAVE THE MEANINGS STATED IN ~~§ 10-108.2 OF THE FAMILY LAW~~  
26 ARTICLE § 13-804 OF THIS SUBTITLE.

27 (3) "OBLIGOR" MEANS A PERSON WHOSE PROPERTY IS SUBJECT TO A  
28 TAX LIEN.

29 (B) (1) (I) THE COMPTROLLER ~~PROMPTLY SHALL GIVE~~ MAY SEND NOTICE  
30 OF A TAX LIEN TO ANY FINANCIAL INSTITUTION THAT THE COMPTROLLER  
31 REASONABLY BELIEVES HOLDS PROPERTY SUBJECT TO A TAX LIEN.

32 (II) THE NOTICE TO BE SENT UNDER THIS PARAGRAPH SHALL BE  
33 PROVIDED BY:

34 1. ~~CERTIFIED MAIL, RETURN RECEIPT REQUESTED~~  
35 FIRST-CLASS MAIL, UNDER THE POSTMARK OF THE UNITED STATES POSTAL  
36 ~~SERVICE; SERVICE, AT THE ADDRESS DESIGNATED FOR THIS PURPOSE BY THE~~  
37 FINANCIAL INSTITUTION OR, IF NO ADDRESS HAS BEEN DESIGNATED, TO THE  
38 PRINCIPAL OFFICE OF THE FINANCIAL INSTITUTION;



1 MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, SPECIFYING THE  
2 AGGREGATE AMOUNT HELD UNDER THIS SUBSECTION.

3 (3) (I) THE FINANCIAL INSTITUTION MAY ASSESS A FEE AGAINST THE  
4 ACCOUNTS OR THE OBLIGOR, IN ADDITION TO THE AMOUNT IDENTIFIED IN THE  
5 NOTICE UNDER SUBSECTION (B) OF THIS SECTION.

6 (II) IN THE CASE OF INSUFFICIENT FUNDS TO COVER BOTH THE  
7 FEE AND THE AMOUNT IDENTIFIED IN THE NOTICE UNDER SUBSECTION (B) OF THIS  
8 SECTION, THE FINANCIAL INSTITUTION MAY FIRST DEDUCT AND RETAIN THE FEE  
9 FROM THE AMOUNT SEIZED AND ATTACHED AS PROVIDED IN THIS SECTION.

10 (4) THE FINANCIAL INSTITUTION MAY NOT BE HELD LIABLE TO ANY  
11 PERSON, INCLUDING THE COMPTROLLER, THE OBLIGOR, OR ANY ACCOUNT HOLDER  
12 OF INTEREST, FOR WRONGFUL DISHONOR OR FOR ANY OTHER CLAIM RELATING TO  
13 THE SEIZURE AND ATTACHMENT OF AN ACCOUNT OR OTHER ACTIONS TAKEN IN  
14 COMPLIANCE WITH THIS SECTION.

15 (D) (1) WITHIN 10 BUSINESS DAYS AFTER THE COMPTROLLER HAS  
16 RECEIVED NOTICE FROM THE FINANCIAL INSTITUTION UNDER SUBSECTION (C)(2) OF  
17 THIS SECTION, THE COMPTROLLER SHALL SEND A NOTICE TO THE OBLIGOR, BY  
18 REGULAR MAIL, TO THE OBLIGOR'S LAST KNOWN ADDRESS.

19 (2) THE NOTICE SHALL CONTAIN THE FOLLOWING INFORMATION, TO  
20 THE EXTENT KNOWN BY THE COMPTROLLER:

21 (I) THE ADDRESS OF THE COMPTROLLER;

22 (II) THE TELEPHONE NUMBER, ADDRESS, AND NAME OF A  
23 CONTACT PERSON AT THE COMPTROLLER;

24 (III) THE NAME AND SOCIAL SECURITY NUMBER, FEDERAL  
25 EMPLOYER IDENTIFICATION NUMBER, OR OTHER TAXPAYER IDENTIFICATION  
26 NUMBER OF THE OBLIGOR;

27 (IV) THE ADDRESS OF THE OBLIGOR;

28 (V) FOR EACH ACCOUNT OF THE OBLIGOR, THE NAME OF THE  
29 FINANCIAL INSTITUTION THAT HAS SEIZED AND ATTACHED AMOUNTS AS REQUIRED  
30 BY THIS SECTION;

31 (VI) THE TOTAL AMOUNT OF THE TAX LIEN OWED BY THE OBLIGOR;

32 (VII) THE DATE THE NOTICE IS BEING SENT;

33 (VIII) A STATEMENT INFORMING THE OBLIGOR THAT THE  
34 COMPTROLLER HAS DIRECTED THE FINANCIAL INSTITUTION TO SEIZE AND ATTACH  
35 THE AMOUNT OF THE TAX LIEN OWED BY THE OBLIGOR FROM ONE OR MORE OF THE  
36 ACCOUNTS OF THE OBLIGOR AND, UPON SUBSEQUENT NOTICE BY THE  
37 COMPTROLLER, TO FORWARD THE AMOUNT TO THE COMPTROLLER; AND

1 (IX) A STATEMENT INFORMING THE OBLIGOR THAT, UNLESS A  
2 TIMELY CHALLENGE IS MADE BY THE OBLIGOR OR AN ACCOUNT HOLDER OF  
3 INTEREST UNDER SUBSECTION (G) OF THIS SECTION, THE COMPTROLLER SHALL  
4 NOTIFY THE FINANCIAL INSTITUTION TO FORWARD THE AMOUNT SEIZED AND  
5 ATTACHED BY THE FINANCIAL INSTITUTION TO THE COMPTROLLER.

6 (3) THE COMPTROLLER SHALL NOT BE OBLIGATED TO SEND THE  
7 NOTICE DESCRIBED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION IF, PRIOR TO  
8 THE TIME THAT THE NOTICE MUST BE SENT, THE COMPTROLLER AND THE OBLIGOR  
9 AGREE TO AN ARRANGEMENT UNDER WHICH THE OBLIGOR WILL PAY AMOUNTS  
10 OWED UNDER THE TAX LIEN.

11 (E) (1) IF A TIMELY CHALLENGE IS NOT MADE BY THE OBLIGOR OR AN  
12 ACCOUNT HOLDER OF INTEREST UNDER SUBSECTION (G) OF THIS SECTION, THE  
13 COMPTROLLER SHALL SEND A NOTICE TO THE FINANCIAL INSTITUTION, IN THE  
14 MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, DIRECTING THE  
15 INSTITUTION TO:

16 (I) FORWARD THE AMOUNT SEIZED AND ATTACHED BY THE  
17 FINANCIAL INSTITUTION TO THE COMPTROLLER;

18 (II) REDUCE THE AMOUNT SEIZED AND ATTACHED BY THE  
19 FINANCIAL INSTITUTION TO A REVISED AMOUNT AS STATED, FORWARD THE  
20 REVISED AMOUNT TO THE COMPTROLLER, AND RELEASE THE EXCESS AMOUNT; OR

21 (III) RELEASE THE AMOUNT SEIZED AND ATTACHED BY THE  
22 FINANCIAL INSTITUTION.

23 (2) THE COMPTROLLER MAY SEND THE NOTICE DESCRIBED IN  
24 PARAGRAPH (1) OF THIS SUBSECTION BEFORE THE TIME FOR FILING A TIMELY  
25 CHALLENGE UNDER SUBSECTION (G) OF THIS SECTION UPON AGREEMENT AMONG  
26 THE COMPTROLLER, THE OBLIGOR, AND, IF THE COMPTROLLER IS AWARE OF AN  
27 ACCOUNT HOLDER OF INTEREST, THE ACCOUNT HOLDER OF INTEREST.

28 (F) THE COMPTROLLER SHALL APPLY THE AMOUNT SEIZED AND FORWARDED  
29 BY THE FINANCIAL INSTITUTION TO THE OBLIGOR'S TAX LIEN OBLIGATION.

30 (G) (1) AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY  
31 CHALLENGE THE ACTIONS OF THE COMPTROLLER UNDER THIS SECTION BY FILING  
32 A MOTION WITH THE CIRCUIT COURT WITHIN 10 DAYS OF THE DATE OF THE NOTICE  
33 SENT UNDER PARAGRAPH (D)(1) OF THIS SECTION.

34 (2) AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY  
35 CHALLENGE THE ACTIONS OF THE COMPTROLLER BASED ON:

36 (I) A MISTAKE IN THE IDENTITY OF THE OBLIGOR;

37 (II) A MISTAKE IN THE OWNERSHIP OF THE ACCOUNT;

38 (III) A MISTAKE IN THE CONTENTS OF THE ACCOUNT;

1                   (IV)    INVALIDITY OF THE COMPTROLLER'S ACTIONS UNDER § 11-603  
2 OF THE COURTS AND JUDICIAL PROCEEDINGS ARTICLE;

3                   (V)    A MISTAKE IN THE AMOUNT OF THE LIEN OBLIGATION DUE; OR

4                   (VI)   ANY OTHER GOOD CAUSE.

5                   (3)    AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY NOT  
6 CHALLENGE THE ACTIONS OF THE COMPTROLLER BASED ON A MISTAKE OR ERROR  
7 IN THE ORIGINAL TAX ASSESSMENT UNDERLYING THE TAX LIEN AGAINST THE  
8 OBLIGOR.

9           (H)    (1)    THE COMPTROLLER MAY WITHDRAW THE NOTICE TO SEIZE AND  
10 ATTACH ACCOUNTS BY SENDING NOTICE TO THE FINANCIAL INSTITUTION, IN THE  
11 MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, DIRECTING THE  
12 FINANCIAL INSTITUTION TO RELEASE THE ATTACHMENT ON THE ACCOUNTS.

13                   (2)    IF A DETERMINATION IS MADE BY THE COMPTROLLER OR BY THE  
14 CIRCUIT COURT THAT THE ACCOUNT OR ACCOUNTS OF THE OBLIGOR SHOULD NOT  
15 HAVE BEEN HELD, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL INSTITUTION,  
16 IN THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO RELEASE THE  
17 AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION.

18                   (3)    IF A DETERMINATION IS MADE BY THE COMPTROLLER OR BY THE  
19 CIRCUIT COURT, PURSUANT TO A CHALLENGE UNDER SUBSECTION (G) OF THIS  
20 SECTION, TO REDUCE THE AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL  
21 INSTITUTION, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL INSTITUTION, IN  
22 THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO REVISE THE  
23 AMOUNT AS STATED, FORWARD THE REVISED AMOUNT TO THE COMPTROLLER, AND  
24 RELEASE THE EXCESS AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL  
25 INSTITUTION.

26                   (4)    IF A CHALLENGE MADE UNDER SUBSECTION (G) OF THIS SECTION IS  
27 DENIED BY THE CIRCUIT COURT, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL  
28 INSTITUTION, IN THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO  
29 FORWARD THE AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION TO  
30 THE COMPTROLLER.

31        ~~(D)~~    (1)    A FINANCIAL INSTITUTION THAT COMPLIES WITH A NOTICE FROM  
32 THE COMPTROLLER SENT UNDER THIS SECTION IS NOT LIABLE UNDER STATE LAW  
33 TO ANY PERSON FOR:

34                   (1)    ANY DISCLOSURE OF INFORMATION TO THE COMPTROLLER UNDER  
35 THIS SECTION;

36                   (2)    SEIZING AND ATTACHING ANY AMOUNTS FROM AN ACCOUNT OR  
37 SENDING ANY AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION TO  
38 THE COMPTROLLER; OR

1 (3) ANY OTHER ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THE  
2 REQUIREMENTS OF THIS SECTION.

3 (J) A FINANCIAL INSTITUTION HAS NO OBLIGATION TO REIMBURSE FEES  
4 ASSESSED AS A RESULT OF THE COMPTROLLER INSTITUTING AN ACTION UNDER  
5 THIS SECTION OR AS OTHERWISE PERMITTED BY LAW OR AUTHORIZED BY  
6 CONTRACT.

7 ~~(E) (1) AFTER SERVICE OF NOTICE DESCRIBED UNDER SUBSECTION (B) OF~~  
8 ~~THIS SECTION, A FINANCIAL INSTITUTION SHALL BE LIABLE TO THE COMPTROLLER~~  
9 ~~FOR THE LESSER OF THE AMOUNT PAID OVER TO THE OBLIGOR OR THE AMOUNT~~  
10 ~~STATED IN THE NOTICE SENT UNDER SUBSECTION (B) OF THIS SECTION IF THE~~  
11 ~~FINANCIAL INSTITUTION PAYS OVER ANY AMOUNTS IN AN ACCOUNT TO AN OBLIGOR~~  
12 ~~WITHOUT FIRST:~~

13 ~~(F) (1) PAYING OVER TO THE COMPTROLLER THE AMOUNT SPECIFIED~~  
14 ~~IN SUBSECTION (C) OF THIS SECTION; OR~~

15 ~~(H) (1) OBTAINING A WRITTEN NOTICE OF SATISFACTION OR RELEASE~~  
16 ~~OF LIEN FROM THE COMPTROLLER.~~

17 ~~(2) THE TOTAL AMOUNT THAT THE COMPTROLLER RECOVERS MAY NOT~~  
18 ~~EXCEED THE TOTAL AMOUNT PAID TO THE OBLIGOR IN VIOLATION OF THIS SECTION.~~

19 ~~(F)~~ (K) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE  
20 COMPTROLLER FROM COLLECTING TAXES DUE FROM THE OBLIGOR IN ANY OTHER  
21 MANNER AUTHORIZED BY LAW.

22 **Article - Transportation**

23 1-103.

24 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS  
25 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT  
26 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE  
27 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR  
28 LICENSE.

29 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS  
30 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE  
31 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND  
32 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR  
33 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT  
34 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT  
35 RESPONSIBLE FOR COLLECTION.

36 (C) SUBSECTION (B) OF THIS SECTION DOES NOT APPLY TO LICENSES ISSUED  
37 UNDER:

38 (1) TITLE 13 OF THIS ARTICLE (MOTOR VEHICLE REGISTRATIONS); OR



1 (2) TITLE 16 OF THIS ARTICLE (DRIVERS' LICENSES).

2 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~  
3 ~~read as follows:~~

4 ~~Article—Tax—General~~

5 ~~{11-105.~~

6 (a) ~~Except as provided in subsection (b) of this section, a person who timely~~  
7 ~~files a sales and use tax return is allowed, for the expense of collecting and paying the~~  
8 ~~tax, a credit equal to 0.45% of the gross amount of sales and use tax that the person~~  
9 ~~is to pay to the Comptroller.~~

10 (b) (1) ~~Subject to paragraph (2) of this subsection, the credit allowed under~~  
11 ~~this section is 0.6% of the first \$6,000 of the gross amount of sales and use tax that~~  
12 ~~the person is to pay with each return.~~

13 (2) ~~For a vendor who files or is eligible to file a consolidated return under~~  
14 ~~§ 11-502 of this title, the credit allowed under paragraph (1) of this subsection is 0.6%~~  
15 ~~of the first \$6,000 of the gross amount of sales and use tax that the person is or would~~  
16 ~~be required to pay with the consolidated return.]~~

17 ~~Article—Transportation~~

18 ~~13-812.~~

19 ~~{(a) For collecting and remitting the tax, a licensed dealer who, on behalf of the~~  
20 ~~Administration, collects the excise tax imposed by this part may keep the lesser of \$12~~  
21 ~~per vehicle or 0.6 percent of the gross excise tax the dealer collects.]~~

22 ~~{(b)} (A) Each dealer who collects any tax or fee required for titling a vehicle~~  
23 ~~shall:~~

24 (1) ~~Keep complete and accurate records of each taxable sale, together~~  
25 ~~with a record of the tax collected on the sale;~~

26 (2) ~~Keep copies of every invoice, bill of sale, and other pertinent~~  
27 ~~documents and records, in the form that the Administration requires; and~~

28 (3) ~~Preserve these records in original form for at least 3 years, unless the~~  
29 ~~Administration consents in writing to their earlier destruction or, by order, requires~~  
30 ~~that they be kept for a longer period.~~

31 ~~{(c)} (B) Each dealer who collects any tax or fee required for titling a vehicle~~  
32 ~~shall, during business hours, allow any representative of the Administration and any~~  
33 ~~police officer full access to records required to be kept under subsection {(b)} (A) of~~  
34 ~~this section.~~

1 ~~[(d)] (C)~~ If the Administration finds that the records of a dealer are  
 2 inadequate or incorrect and that the amount of excise tax collected for the  
 3 Administration on these sales cannot be determined accurately from the records:

4 (1) The Administration shall determine the taxable sales of the dealer for  
 5 the period involved and compute the tax from the best information available; and

6 (2) The determination and computation of the Administration are prima  
 7 facie correct.

8 ~~[(e)] (D)~~ (1) If, under subsection ~~[(d)] (C)~~ of this section, the Administration  
 9 determines the sales of vehicles and computes the tax due, it shall:

10 (i) Levy an assessment against the dealer for the deficiency,  
 11 interest, and penalties in the manner authorized in §§ 13-401, 13-601, and 13-701 of  
 12 the Tax – General Article; and

13 (ii) Notify the dealer of the tax due and of the amount of the  
 14 deficiency assessment.

15 (2) If the dealer fails to pay the tax and assessment within 10 days after  
 16 receiving the notice from the Administration, the Administration may levy, in  
 17 addition to the tax and assessment, a penalty equal to 25 percent of the tax due.

18 ~~[(f)] (E)~~ If a dealer fails to keep any records of sales of vehicles, the  
 19 Administration may compute the tax due as provided in § 13-407 of the Tax – General  
 20 Article.

21 ~~[(g)] (F)~~ All amounts received from any dealer under this section shall be  
 22 credited:

23 (1) First, to any penalty and interest accrued under this section; and

24 (2) Then, to the tax due.

25 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 26 read as follows:

27 **Article – Tax – General**

28 ~~[[1-105.~~

29 (a) Except as provided in subsection (b) of this section, a person who timely  
 30 files a sales and use tax return is allowed, for the expense of collecting and paying the  
 31 tax, a credit equal to 0.9% of the gross amount of sales and use tax that the person is  
 32 to pay to the Comptroller.

33 (b) (1) Subject to paragraph (2) of this subsection, the credit allowed under  
 34 this section is 1.2% of the first \$6,000 of the gross amount of sales and use tax that  
 35 the person is to pay with each return.



1                   (2)     If the dealer fails to pay the tax and assessment within 10 days after  
 2 receiving the notice from the Administration, the Administration may levy, in  
 3 addition to the tax and assessment, a penalty equal to 25 percent of the tax due.

4     ~~[(f)]~~   (E)     If a dealer fails to keep any records of sales of vehicles, the  
 5 Administration may compute the tax due as provided in § 13-407 of the Tax General  
 6 Article.

7     ~~[(g)]~~   (F)     All amounts received from any dealer under this section shall be  
 8 credited:

9                   (1)     First, to any penalty and interest accrued under this section; and

10                  (2)     Then, to the tax due.

11     SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 12 read as follows:

13   **Article - Health - General**

14 15-102.7.

15     THE PREMIUM TAX IMPOSED UNDER TITLE 6, SUBTITLE 8 OF THE INSURANCE  
 16 ARTICLE APPLIES TO MANAGED CARE ORGANIZATIONS IN THE SAME MANNER AS IT  
 17 APPLIES TO HEALTH MAINTENANCE ORGANIZATIONS.

18 19-727.

19     [(a)     Except as provided in subsection (b) of this section, a] A health  
 20 maintenance organization is not exempted from any State, county, or local taxes  
 21 solely because of this subtitle.

22     [(b)     (1)     Each health maintenance organization that is authorized to operate  
 23 under this subtitle is exempted from paying the premium tax imposed under Title 6,  
 24 Subtitle 1 of the Insurance Article.

25                   (2)     Premiums received by an insurer under policies that provide health  
 26 maintenance organization benefits are not subject to the premium tax imposed under  
 27 Title 6, Subtitle 1 of the Insurance Article to the extent:

28                           (i)     Of the amounts actually paid by the insurer to a nonprofit  
 29 health maintenance organization that operates only as a health maintenance  
 30 organization; or

31                           (ii)     The premiums have been paid by that nonprofit health  
 32 maintenance organization.]

**Article - Insurance**

2 6-101.

3 (a) The following persons are subject to taxation under this subtitle:

4 (1) a person engaged as principal in the business of writing  
5 insurance contracts, surety contracts, guaranty contracts, or annuity contracts;

6 (2) A HEALTH MAINTENANCE ORGANIZATION AUTHORIZED BY TITLE 19,  
7 SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

8 (3) A MANAGED CARE ORGANIZATION AUTHORIZED BY TITLE 15,  
9 SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE;

10 [(2)] (4) an attorney in fact for a reciprocal insurer;

11 [(3)] (5) the Maryland Automobile Insurance Fund; and

12 [(4)] (6) a credit indemnity company.

13 (b) The following persons are not subject to taxation under this subtitle:

14 (1) a nonprofit health service plan corporation that meets the  
15 requirements established under §§ 14-106 and 14-107 of this article;

16 (2) a fraternal benefit society;

17 (3) [a health maintenance organization authorized by Title 19, Subtitle  
18 7 of the Health - General Article;

19 (4)] a surplus lines broker, who is subject to taxation in accordance with  
20 Title 3, Subtitle 3 of this article;

21 [(5)] (4) an unauthorized insurer, who is subject to taxation in  
22 accordance with Title 4, Subtitle 2 of this article; [or] AND

23 [(6)] (5) the Short-Term Prescription Drug Subsidy Plan created under  
24 Title 15, Subtitle 6 of the Health - General Article.

25 6-102.

26 (b) Premiums to be taxed include:

27 (1) the consideration for a surety contract, guaranty contract, or annuity  
28 contract;

29 (2) SUBSCRIPTION CHARGES OR OTHER AMOUNTS PAID TO A HEALTH  
30 MAINTENANCE ORGANIZATION ON A PREDETERMINED PERIODIC RATE BASIS BY A  
31 PERSON OTHER THAN A PERSON SUBJECT TO THE TAX UNDER THIS SUBTITLE AS  
32 COMPENSATION FOR PROVIDING HEALTH CARE SERVICES TO MEMBERS;

1           (3)     GROSS RECEIPTS RECEIVED AS A RESULT OF CAPITATION  
2 PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE TO A  
3 MANAGED CARE ORGANIZATION FOR PROVIDER SERVICES TO AN INDIVIDUAL WHO  
4 IS ENROLLED IN A MANAGED CARE ORGANIZATION;

5           [(2)]   (4)     dividends on life insurance policies that have been applied to  
6 buy additional insurance or to shorten the period during which a premium is payable;  
7 and

8           [(3)]   (5)     the part of the gross receipts of a title insurer that is derived  
9 from insurance business or guaranty business.

10 6-103.

11     The tax rate is:

12           (1)     0% for premiums for annuities; and

13           (2)     2% for all other premiums; INCLUDING:

14                   (I)     SUBSCRIPTION CHARGES OR OTHER AMOUNTS PAID TO A  
15 HEALTH MAINTENANCE ORGANIZATION; AND

16                   (II)    GROSS RECEIPTS RECEIVED AS A RESULT OF CAPITATION  
17 PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE TO A  
18 MANAGED CARE ORGANIZATION.

19 6-104.

20     (a)     Subject to subsection (b) of this section, in computing the tax under this  
21 section, the following deductions from gross direct premiums allocable to the State  
22 are allowed:

23           (1)     returned premiums, not including surrender values;

24           (2)     dividends that are:

25                   (i)     paid or credited to policyholders; or

26                   (ii)    applied to buy additional insurance or to shorten the period  
27 during which premiums are payable; AND

28           (3)     returns or refunds made or credited to policyholders because of  
29 retrospective ratings or safe driver rewards]; and

30           (4)     premiums received by a person subject to taxation under this subtitle  
31 under policies providing health maintenance organization benefits to the extent:

32                   (i)     of the amounts actually paid by the person to a nonprofit health  
33 maintenance organization authorized by Title 19, Subtitle 7 of the Health - General

1 Article that operates only as a health maintenance organization that is exempt from  
 2 taxes under § 19-727(b) of the Health - General Article; or

3 (ii) that the premiums have been paid by a health maintenance  
 4 organization that is exempt from taxes under § 19-727(b) of the Health - General  
 5 Article].

6 6-107.

7 (a) On or before March 15 of each year, each person subject to taxation under  
 8 this subtitle shall:

9 (1) file with the Commissioner:

10 (i) a report of the new and renewal gross direct premiums less  
 11 returned premiums written by the person during the preceding calendar year; [and]

12 (II) A REPORT OF THE GROSS RECEIPTS RECEIVED AS A RESULT OF  
 13 CAPITATION PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE  
 14 TO A MANAGED CARE ORGANIZATION DURING THE PRECEDING CALENDAR YEAR;  
 15 AND

16 [(ii)] (III) if the person issues perpetual policies of fire insurance, a  
 17 report of the average amount of deposits held by the person during the preceding  
 18 calendar year in connection with perpetual policies of fire insurance issued on  
 19 property in the State and in force during any part of that year; and

20 (2) pay to the Commissioner the total amount of taxes imposed by this  
 21 subtitle, as shown on the face of the report, after crediting the amount of taxes paid  
 22 with the declaration of estimated tax and each quarterly report filed under § 6-106 of  
 23 this subtitle.

24 **Article - Tax - General**

25 10-104.

26 The income tax does not apply to the income of:

27 (1) a common trust fund, as defined in § 3-501(b) of the Financial  
 28 Institutions Article;

29 (2) except as provided in §§ 10-101(c-1)(3) and 10-304(2) of this title, an  
 30 organization that is exempt from taxation under § 408(e)(1) or § 501 of the Internal  
 31 Revenue Code;

32 (3) a financial institution that is subject to the financial institution  
 33 franchise tax;

34 (4) a person subject to taxation under Title 6 of the Insurance Article;





1 (B) (1) For each of the following documents, the recording fee is [\$20 and the  
 2 filing or special fee is as indicated] \$100:

| 3  | <u>Filing or</u>                                      |                    |                     |
|----|---|--------------------|---------------------|
| 4  | <u>Document</u>                                       | <u>Special Fee</u> |                     |
| 5  | <u>Articles of incorporation</u>                      |                    | <u>[none]</u>       |
| 6  | <u>Articles of amendment</u>                          |                    | <u>[none]</u>       |
| 7  | <u>Articles of extension</u>                          |                    | <u>[none]</u>       |
| 8  | <u>Articles of restatement of charter</u>             |                    | <u>[none]</u>       |
| 9  | <u>Articles of amendment and restatement</u>          |                    | <u>[none]</u>       |
| 10 | <u>Articles supplementary</u>                         |                    | <u>[none]</u>       |
| 11 | <u>Articles of share exchange</u>                     |                    | <u>[none]</u>       |
| 12 | <u>Articles of consolidation, merger, or transfer</u> |                    | <u>[\$4 for</u>     |
| 13 | <u>each certificate]</u>                              |                    |                     |
| 14 | <u>Articles of dissolution</u>                        |                    | <u>[\$30 (which</u> |
| 15 | <u>includes the cost</u>                              |                    |                     |
| 16 | <u>of publication of the</u>                          |                    |                     |
| 17 | <u>notice by the Department)]</u>                     |                    |                     |
| 18 | <u>Articles of revival for stock corporation</u>      |                    | <u>[\$30]</u>       |
| 19 | <u>Articles of revival for nonstock corporation</u>   |                    | <u>[\$10]</u>       |

20 (2) For each of the following documents, the recording fee is [\$10] \$25:

|    |       |   |
|----|-------|---|
| 21 | (i)   | <u>Notice of change of address of principal office;</u>       |
| 22 | (ii)  | <u>Notice of change of name or address of resident agent;</u> |
| 23 | (iii) | <u>Certificate of correction; and</u>                         |
| 24 | (iv)  | <u>Any other documents.</u>                                   |

25 (3) For each of the following documents which are filed but not recorded,  
 26 the filing fee is as indicated:

|    |  |              |               |
|----|--|--------------|---------------|
| 27 | <u>Reservation of a corporate, limited partnership, limited liability</u>            |              |               |
| 28 | <u>partnership or limited liability company name</u>                                 | <u>.....</u> | <u>[\$7]</u>  |
| 29 | <u>\$25</u>  |              |               |
| 30 | <u>Original registration of name of a foreign corporation to end of calendar</u>     |              |               |
| 31 | <u>year</u>  | <u>.....</u> | <u>[\$50]</u> |
| 32 | <u>\$100</u>   |              |               |
| 33 | <u>Renewal of registration of name of a foreign corporation for one calendar</u>     |              |               |
| 34 | <u>year</u>  | <u>.....</u> | <u>[\$50]</u> |
| 35 | <u>\$100</u>   |              |               |
| 36 | <u>Documents in connection with the qualification of a foreign corporation to do</u> |              |               |
| 37 | <u>intrastate business in this State</u>   | <u>.....</u> | <u>[\$50]</u> |
| 38 | <u>\$100</u>   |              |               |
| 39 | <u>Application for registration of a foreign limited partnership, a foreign</u>      |              |               |
| 40 | <u>limited liability partnership, or a foreign limited liability company</u>         | <u>.....</u> | <u>[\$50]</u> |
| 41 | <u>\$100</u>   |              |               |
| 42 | <u>[Annual report of a Maryland corporation, except a charitable or benevolent</u>   |              |               |

|    |   |       |  |
|----|---|-------|--|
| 1  | <u>institution, nonstock corporation, savings and loan corporation, credit</u>              |       |  |
| 2  | <u>union, and banking institution</u> .....   | \$100 |  |
| 3  | <u>Annual report of a foreign corporation subject to the jurisdiction of this State,</u>    |       |  |
| 4  | <u>except an insurance company which pays an annual filing fee of \$25 to the</u>           |       |  |
| 5  | <u>Insurance Commissioner, national banking association, savings and loan</u>               |       |  |
| 6  | <u>association, credit union, nonstock corporation, and charitable and</u>                  |       |  |
| 7  | <u>benevolent institution</u> .....   | \$100 |  |
| 8  | <u>Annual report of a Maryland savings and loan association, banking institution,</u>       |       |  |
| 9  | <u>or credit union or of a foreign savings and loan association, national banking</u>       |       |  |
| 10 | <u>association, or credit union that is subject to the jurisdiction of this State</u> ..... | \$100 |  |
| 11 | <u>Annual report of a real estate investment trust doing business in this State</u> .....   | \$25  |  |
| 12 | <u>\$10,000</u>   |       |  |
| 13 | <u>Other documents</u> .....  | \$6   |  |

14 (4) For each of the following documents recorded or filed the fee is [\$50]  
 15 \$100:

16 (i) Certificate of limited partnership, certificate of limited liability  
 17 partnership, articles of organization of a limited liability company, certificate of trust  
 18 of a business trust, including certificates of amendment and certificates of  
 19 cancellation, certificates of reinstatement, and articles of reinstatement; and

20 (ii) Any statement filed by a partnership under Title 9 of this  
 21 article.

22 (5) For issuing each of the following certificates, the fee is as indicated:

23 Type of Instrument Special Fee

|    |   |     |  |
|----|---|-----|--|
| 24 | <u>Certificate of status of a corporation, partnership, limited partnership,</u>          |     |  |
| 25 | <u>limited liability partnership, or limited liability company of this State</u>          |     |  |
| 26 | <u>or of a foreign corporation, foreign partnership, foreign limited partnership,</u>     |     |  |
| 27 | <u>foreign limited liability partnership, or foreign limited liability company</u> .....  | \$6 |  |
| 28 | <u>\$20</u>   |     |  |
| 29 | <u>Certified list of the charter papers of a corporation of this State or any</u>         |     |  |
| 30 | <u>certificates of a limited partnership, limited liability partnership, or a limited</u> |     |  |
| 31 | <u>liability company of this State recorded or filed with the Department</u> .....        | \$6 |  |
| 32 | <u>\$20</u>   |     |  |
| 33 | <u>Certificate of compliance by a foreign corporation, foreign limited partnership,</u>   |     |  |
| 34 | <u>foreign limited liability partnership, or foreign limited liability company</u>        |     |  |
| 35 | <u>with requirements of law in respect of qualification or registration</u> .....         | \$6 |  |
| 36 | <u>\$20</u>   |     |  |
| 37 | <u>Certificate of withdrawal of registration or qualification</u> .....                   | \$6 |  |
| 38 | <u>\$20</u>   |     |  |
| 39 | <u>Certificate of any paper recorded or filed in the Department's office</u> .....        | \$6 |  |
| 40 | <u>\$20</u>   |     |  |

1           (6)     For a duplicate of a certificate mentioned in subsection (5) of this  
2 section which is issued at the same time as the original, the fee is \$1, and for a copy  
3 of any other paper recorded or filed with the Department, the fee is \$1 per page.

4           (7)     (i)     For acceptance of service of process or notice on the  
5 Department, the Department shall charge a fee of [\$15] \$50.

6                     (ii)     Each county and Baltimore City is exempt from the fee under  
7 paragraph (7)(i) of this section.

8           (8)     For processing each of the following documents on an expedited basis,  
9 the additional fee is as indicated:

10 Recording any document, including financing statements .....         \$50

11 Certificate of status of a corporation, partnership, limited partnership, limited  
12 liability partnership, or limited liability company, or a name

13 reservation .....         [\$9]

14        \$20

15 A copy of any document recorded or filed with the Department, or a corporate

16 abstract .....         \$20

17           (9)     (I)     THE FOLLOWING BUSINESS ENTITIES FORMED IN, QUALIFIED,  
18 OR REGISTERED TO DO BUSINESS IN THIS STATE SHALL FILE AN ANNUAL REPORT  
19 WITH THE DEPARTMENT AND, EXCEPT FOR A NONSTOCK CORPORATION, PAY THE  
20 FEE REQUIRED BY THIS SUBSECTION:

21                     1.     A BANK, INCLUDING A NATIONAL BANK;

22                     2.     A BUSINESS TRUST;

23                     3.     A CORPORATION;

24                     4.     A CREDIT UNION;

25                     5.     AN INSURANCE COMPANY;

26                     6.     A LIMITED LIABILITY COMPANY OR LIMITED LIABILITY  
27 PARTNERSHIP;

28                     7.     A LIMITED PARTNERSHIP OR LIMITED LIABILITY LIMITED  
29 PARTNERSHIP;

30                     8.     A PROFESSIONAL CORPORATION; AND

31                     9.     A SAVINGS AND LOAN ASSOCIATION.

32                     (II)     THE FEE PAID WITH THE ANNUAL REPORT IS BASED ON THE  
33 NUMBER OF EMPLOYEES OF THE ENTITY AS OF DECEMBER 31ST OF THE YEAR  
34 PRECEDING THE ANNUAL REPORT:

35     EMPLOYEES     FEE  
36     0-20     .....     \$400

|   |                     |       |                 |
|---|---------------------|-------|-----------------|
| 1 | <u>21-49</u>        | ..... | <u>\$750</u>    |
| 2 | <u>50-99</u>        | ..... | <u>\$2,000</u>  |
| 3 | <u>100-499</u>      | ..... | <u>\$10,000</u> |
| 4 | <u>500 AND OVER</u> | ..... | <u>\$20,000</u> |

5 (III) FROM EACH FEE PAID WITH AN ANNUAL REPORT UNDER THIS  
 6 PARAGRAPH, \$2 SHALL BE CREDITED TO THE FUND ESTABLISHED UNDER § 1-203.3 OF  
 7 THIS SUBTITLE FOR THE PURPOSE OF REVIEWING, PROCESSING, AND AUDITING  
 8 ANNUAL REPORTS.

9 1-406.

10 (e) The Department of Assessments and Taxation shall charge and receive a  
 11 fee of:

12 (1) [\$10] \$25 for recording the certificates under this section; AND

13 (2) [\$1 for each name to be indexed; and

14 (3) \$12] \$25 for each amendment, cancellation, or renewal of a  
 15 certificate.

16 8-403.

17 (a) [(1) Except for annual report filing fees, a] A real estate investment trust  
 18 shall pay the fees required under §§ 1-203 and 1-204 of this article.

19 [(2)] (B) To compute fees under this section, a real estate investment  
 20 trust shall treat certificates of beneficial interest as if they were shares of stock in a  
 21 corporation.

22 [(b) A real estate investment trust shall pay an annual report filing fee of \$25.]

23 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 24 read as follows:

25 **Article - Tax - General**

26 10-109.

27 (A) THE COMPTROLLER MAY DISTRIBUTE, APPORTION, OR ALLOCATE GROSS  
 28 INCOME, DEDUCTIONS, CREDITS, OR ALLOWANCES BETWEEN AND AMONG TWO OR  
 29 MORE ORGANIZATIONS, TRADES, OR BUSINESSES, WHETHER OR NOT  
 30 INCORPORATED, WHETHER OR NOT ORGANIZED IN THE UNITED STATES, AND  
 31 WHETHER OR NOT AFFILIATED, IF:

32 (1) THE ORGANIZATIONS, TRADES, OR BUSINESSES ARE OWNED OR  
 33 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS; AND

1           (2)     THE COMPTROLLER DETERMINES THAT THE DISTRIBUTION,  
2 APPORTIONMENT, OR ALLOCATION IS NECESSARY IN ORDER TO REFLECT AN ARM'S  
3 LENGTH STANDARD, WITHIN THE MEANING OF § 1.482-1 OF THE REGULATIONS OF  
4 THE INTERNAL REVENUE SERVICE OF THE U.S. TREASURY AND TO CLEARLY  
5 REFLECT THE INCOME OF THOSE ORGANIZATIONS, TRADES, OR BUSINESSES.

6           (B)     THE COMPTROLLER SHALL APPLY THE ADMINISTRATIVE AND JUDICIAL  
7 INTERPRETATIONS OF § 482 OF THE INTERNAL REVENUE CODE IN ADMINISTERING  
8 THIS SECTION.

9           (C)     THIS SECTION DOES NOT APPLY TO INCOME DERIVED FROM PASSIVE  
10 INVESTMENTS HELD BY AN OUT-OF-STATE SUBSIDIARY OR AFFILIATE OF THE  
11 FOLLOWING:

12           (1)     A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL BANK  
13 HOLDING COMPANY ACT OF 1956, AS AMENDED; OR

14           (2)     A BANK, TRUST COMPANY, SAVINGS BANK, OR SAVINGS AND LOAN  
15 ASSOCIATION INCORPORATED OR CHARTERED UNDER THE LAWS OF THIS STATE,  
16 ANOTHER STATE, OR THE UNITED STATES.

17 10-306.1.

18           (A)     (1)     IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
19 INDICATED.

20           (2)     "INTANGIBLE EXPENSE" MEANS:

21                   (I)     AN EXPENSE, LOSS, OR COST FOR, RELATED TO, OR IN  
22 CONNECTION DIRECTLY OR INDIRECTLY WITH, THE DIRECT OR INDIRECT  
23 ACQUISITION, USE, MAINTENANCE, MANAGEMENT, OWNERSHIP, SALE, EXCHANGE,  
24 OR ANY OTHER DISPOSITION OF INTANGIBLE PROPERTY, TO THE EXTENT THE  
25 EXPENSE, LOSS, OR COST IS ALLOWED AS A DEDUCTION OR COST IN DETERMINING  
26 TAXABLE INCOME FOR THE TAXABLE YEAR UNDER THE INTERNAL REVENUE CODE;

27                   (II)    A LOSS RELATED TO OR INCURRED IN CONNECTION DIRECTLY  
28 OR INDIRECTLY WITH FACTORING TRANSACTIONS OR DISCOUNTING TRANSACTIONS;

29                   (III)   A ROYALTY, PATENT, TECHNICAL, OR COPYRIGHT FEE;

30                   (IV)   A LICENSING FEE; AND

31                   (V)     ANY OTHER SIMILAR EXPENSE OR COST.

32           (3)     "INTANGIBLE PROPERTY" MEANS PATENTS, PATENT APPLICATIONS,  
33 TRADE NAMES, TRADEMARKS, SERVICE MARKS, COPYRIGHTS, AND SIMILAR TYPES  
34 OF INTANGIBLE ASSETS.

35           (4)     "INTEREST EXPENSE" MEANS AN AMOUNT DIRECTLY OR INDIRECTLY  
36 ALLOWED AS A DEDUCTION UNDER § 163 OF THE INTERNAL REVENUE CODE FOR

1 PURPOSES OF DETERMINING TAXABLE INCOME UNDER THE INTERNAL REVENUE  
2 CODE.

3 (5) "RELATED MEMBER" MEANS A PERSON THAT, WITH RESPECT TO THE  
4 TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR, IS:

5 (I) A RELATED ENTITY;

6 (II) A COMPONENT MEMBER, AS DEFINED IN § 1563(B) OF THE  
7 INTERNAL REVENUE CODE; OR

8 (III) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF  
9 STOCK OWNERSHIP IN ACCORDANCE WITH § 1563(E) OF THE INTERNAL REVENUE  
10 CODE.

11 (6) "RELATED ENTITY" MEANS A PERSON THAT, APPLYING THE  
12 ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IS:

13 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF  
14 THE STOCKHOLDER'S FAMILY ENUMERATED IN § 318 OF THE INTERNAL REVENUE  
15 CODE, IF THE STOCKHOLDER AND THE MEMBERS OF THE STOCKHOLDER'S FAMILY  
16 OWN, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, IN THE  
17 AGGREGATE, AT LEAST 50% OF THE VALUE OF THE TAXPAYER'S OUTSTANDING  
18 STOCK;

19 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP,  
20 LIMITED LIABILITY COMPANY, ESTATE, TRUST, OR CORPORATION, IF THE  
21 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED LIABILITY  
22 COMPANIES, ESTATES, TRUSTS, AND CORPORATIONS OWN DIRECTLY, INDIRECTLY,  
23 BENEFICIALLY, OR CONSTRUCTIVELY, IN THE AGGREGATE, AT LEAST 50% OF THE  
24 VALUE OF THE TAXPAYER'S OUTSTANDING STOCK; OR

25 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION  
26 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE  
27 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION UNDER  
28 THE ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IF THE  
29 TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, AT  
30 LEAST 50% OF THE VALUE OF THE CORPORATION'S OUTSTANDING STOCK.

31 (B) (1) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 AND 10-306  
32 OF THIS SUBTITLE, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE  
33 AMOUNTS UNDER PARAGRAPH (2) OF THIS SUBSECTION ARE ADDED TO THE  
34 FEDERAL TAXABLE INCOME OF A CORPORATION TO DETERMINE MARYLAND  
35 MODIFIED INCOME.

36 (2) THE ADDITION UNDER THIS SUBSECTION INCLUDES ANY  
37 OTHERWISE DEDUCTIBLE INTEREST EXPENSE OR INTANGIBLE EXPENSE, IF THE  
38 INTEREST EXPENSE OR INTANGIBLE EXPENSE IS DIRECTLY OR INDIRECTLY PAID,  
39 ACCRUED, OR INCURRED TO, OR IN CONNECTION DIRECTLY OR INDIRECTLY WITH

1 ONE OR MORE DIRECT OR INDIRECT TRANSACTIONS WITH, ONE OR MORE RELATED  
2 MEMBERS.

3 (C) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES  
4 NOT APPLY TO ANY PORTION OF AN INTEREST EXPENSE OR INTANGIBLE EXPENSE  
5 TO THE EXTENT THAT THE CORPORATION ESTABLISHES BY CLEAR AND CONVINCING  
6 EVIDENCE, AS DETERMINED BY THE COMPTROLLER, THAT:

7 (1) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE INTEREST  
8 EXPENSE OR THE INTANGIBLE EXPENSE BETWEEN THE CORPORATION AND THE  
9 RELATED MEMBER DID NOT HAVE AS A PRINCIPAL PURPOSE THE AVOIDANCE OF  
10 ANY PORTION OF THE TAX DUE UNDER THIS TITLE;

11 (2) THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE WAS PAID  
12 PURSUANT TO ARM'S LENGTH CONTRACTS AT AN ARM'S LENGTH RATE OF INTEREST  
13 OR PRICE; AND

14 (3) (I) DURING THE SAME TAXABLE YEAR, THE RELATED MEMBER  
15 DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED THE INTEREST EXPENSE  
16 OR THE INTANGIBLE EXPENSE TO A PERSON WHO IS NOT A RELATED MEMBER; OR

17 (II) 1. THE RELATED MEMBER WAS SUBJECT TO A TAX ON ITS  
18 NET INCOME OR RECEIPTS IN THIS STATE OR OTHER STATES OR POSSESSIONS OF  
19 THE UNITED STATES OR IN FOREIGN NATIONS;

20 2. A MEASURE OF THE TAX IMPOSED BY THIS STATE AND  
21 OTHER STATES OR POSSESSIONS OF THE UNITED STATES OR FOREIGN NATIONS  
22 INCLUDED THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE RECEIVED BY  
23 THE RELATED MEMBER FROM THE CORPORATION; AND

24 3. THE EFFECTIVE RATE OF TAX PAID BY THE RELATED  
25 MEMBER TO THIS STATE AND OTHER STATES OR POSSESSIONS OF THE UNITED  
26 STATES OR FOREIGN NATIONS IN THE AGGREGATE ON THE AMOUNTS RECEIVED BY  
27 THE RELATED MEMBER FROM THE CORPORATION IS EQUAL TO OR GREATER THAN  
28 4%.

29 (D) THIS SECTION MAY NOT BE CONSTRUED:

30 (1) TO REQUIRE A CORPORATION TO ADD TO ITS NET INCOME MORE  
31 THAN ONCE ANY AMOUNT OF INTEREST EXPENSE OR INTANGIBLE EXPENSE THAT  
32 THE CORPORATION PAYS, ACCRUES, OR INCURS TO A RELATED MEMBER; OR

33 (2) TO LIMIT OR NEGATE ANY OTHER AUTHORITY PROVIDED TO THE  
34 COMPTROLLER UNDER THIS ARTICLE, INCLUDING:

35 (I) THE AUTHORITY TO MAKE ADJUSTMENTS UNDER § 10-109 OR §  
36 10-402(D) OF THIS TITLE; OR

37 (II) THE AUTHORITY TO OTHERWISE ENTER INTO AGREEMENTS  
38 AND COMPROMISES OTHERWISE ALLOWED BY LAW.

1 (E) THE COMPTROLLER SHALL ADOPT ANY REGULATIONS THAT ARE  
 2 NECESSARY OR APPROPRIATE TO CARRY OUT THIS SECTION.

3 10-402.

4 (c) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
 5 MEANINGS INDICATED.

6 (II) "NONOPERATIONAL INCOME" MEANS ALL INCOME OTHER  
 7 THAN OPERATIONAL INCOME.

8 (III) "OPERATIONAL INCOME" MEANS ALL INCOME THAT IS  
 9 APPORTIONABLE UNDER THE CONSTITUTION OF THE UNITED STATES.

10 (2) (I) IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART  
 11 OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR  
 12 REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE  
 13 SHALL BE DETERMINED BY ADDING:

14 1. THE CORPORATION'S NONOPERATIONAL INCOME THAT IS  
 15 ALLOCATED TO THE STATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH; AND

16 2. THE PART OF THE CORPORATION'S OPERATIONAL INCOME  
 17 DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED  
 18 ON IN THE STATE AS DETERMINED UNDER PARAGRAPH (3) OR (4) OF THIS  
 19 SUBSECTION.

20 (II) TO THE EXTENT ALLOWED UNDER THE CONSTITUTION OF THE  
 21 UNITED STATES, IF THE PRINCIPAL PLACE FROM WHICH THE TRADE OR BUSINESS  
 22 OF A CORPORATION IS DIRECTED OR MANAGED IS IN THE STATE, ALL OF THE  
 23 CORPORATION'S MARYLAND MODIFIED INCOME THAT IS NONOPERATIONAL INCOME  
 24 SHALL BE ALLOCATED TO THE STATE.

25 [(1)] (3) Except as provided in paragraph [(2)] (4) of this subsection, if  
 26 the trade or business is a unitary business, the part of the corporation's Maryland  
 27 modified income THAT IS OPERATIONAL INCOME derived from or reasonably  
 28 attributable to trade or business carried on in the State shall be determined using a  
 29 3-factor apportionment fraction:

30 (i) the numerator of which is the sum of the property factor, the  
 31 payroll factor, and twice the sales factor; and

32 (ii) the denominator of which is 4.

33 [(2)] (4) (i) In this paragraph:

34 1. "manufacturing corporation" means a domestic or foreign  
 35 corporation which is primarily engaged in activities that, in accordance with the  
 36 North American Industrial Classification System (NAICS), United States Manual,





1                            1.       the number of corporations filing tax returns for the  
2 taxable year that ended during the preceding calendar year that use single sales  
3 factor apportionment and the number of such corporations having a Maryland income  
4 tax liability for that taxable year;

5                            2.       the number of corporations paying less in Maryland  
6 income tax for that taxable year as a result of using single sales factor apportionment  
7 and the aggregate amount of Maryland income tax savings for all such corporations  
8 for that taxable year as a result of using single sales factor apportionment; and

9                            3.       the number of corporations paying more in Maryland  
10 income tax for the taxable year as a result of using single sales factor apportionment  
11 and the aggregate amount of additional Maryland income tax owed by those  
12 corporations for the taxable year as a result of using single sales factor  
13 apportionment.

14                    [(3)]   (5)   The property factor under paragraph [(1)] (3) of this subsection  
15 shall include:

16                            (i)   rented and owned real property; and

17                            (ii)   tangible personal property located in the State and used in the  
18 trade or business.

19                    (6)   (I)   SALES OF TANGIBLE PERSONAL PROPERTY SHALL BE  
20 INCLUDED IN THE NUMERATOR OF THE SALES FACTOR UNDER PARAGRAPH (3) OR  
21 PARAGRAPH (4) OF THIS SUBSECTION IF:

22                            1.   THE PROPERTY IS DELIVERED OR SHIPPED TO A  
23 PURCHASER WITHIN THE STATE, REGARDLESS OF THE F.O.B. POINT OR OTHER  
24 CONDITIONS OF THE SALE; OR

25                            2.   THE PROPERTY IS SHIPPED FROM AN OFFICE, STORE,  
26 WAREHOUSE, FACTORY, OR OTHER PLACE OF STORAGE IN THIS STATE AND THE  
27 CORPORATION IS NOT TAXABLE IN THE STATE OF THE PURCHASER.

28                            (II)   FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, A  
29 CORPORATION IS TAXABLE IN A STATE IF:

30                            1.   IN THAT STATE THE CORPORATION IS SUBJECT TO A NET  
31 INCOME TAX, A FRANCHISE TAX MEASURED BY NET INCOME, A FRANCHISE TAX FOR  
32 THE PRIVILEGE OF DOING BUSINESS, OR A CORPORATE STOCK TAX; OR

33                            2.   THAT STATE HAS JURISDICTION TO SUBJECT THE  
34 TAXPAYER TO A NET INCOME TAX, REGARDLESS OF WHETHER, IN FACT, THE STATE  
35 IMPOSES A TAX.

1 10-804.

2 (e) Each person required under this subtitle to file an income tax return or  
3 estimated income tax declaration or return shall:

4 (3) attach to an income tax return or otherwise file with the Comptroller  
5 any records or statements that the Comptroller requires, including:

6 (i) for an individual who has income tax withheld from salary,  
7 wages, or other compensation for personal services, or other payments, a copy of the  
8 statement from the person who withholds the tax that states:

9 1. the amount of salary, wages, or other compensation for  
10 personal services paid and the income tax withheld; or

11 2. the amount of payments made and the income tax  
12 withheld; [and]

13 (ii) a copy of the federal income tax return:

14 1. for a corporation; and

15 2. if the Comptroller requests, for an individual; AND

16 (III) IF THE COMPTROLLER REQUESTS, FOR A CORPORATION THAT  
17 IS A MEMBER OF AN AFFILIATED GROUP OR A CONTROLLED GROUP UNDER § 1504 OR  
18 § 1563 OF THE INTERNAL REVENUE CODE, A STATEMENT OF ALL INTER-MEMBER  
19 COSTS OR EXPENSES AND ALL INTER-MEMBER SALES, EXCHANGES, OR OTHER  
20 TRANSACTIONS INVOLVING TANGIBLE OR INTANGIBLE PROPERTY FOR THE TAXABLE  
21 YEAR.

22 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
23 read as follows:

24 **Article - Tax - Property**

25 12-110.

26 (d) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING  
27 THE RECORDATION TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND  
28 CREDIT THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE  
29 CORPORATIONS AND ASSOCIATIONS ARTICLE.

30 (2) [The] AFTER DEDUCTING THE REVENUE REQUIRED UNDER  
31 PARAGRAPH (1) OF THIS SUBSECTION, THE recordation tax collected under [§  
32 12-103(d)] §§ 12-103(D) AND 12-116 of this title shall be paid to the Comptroller.  
33 [After deduction of the cost to the Department of collecting the tax, the] THE  
34 Comptroller shall distribute the revenue to the counties in the ratio that the  
35 recordation tax collected in the prior fiscal year in each county bears to the total  
36 recordation tax collected in all counties in that year.

1 12-116.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) "CONTROLLING INTEREST" MEANS:

5 (I) MORE THAN 80% OF THE TOTAL VALUE OF ALL CLASSES OF  
6 STOCK OF A CORPORATION;

7 (II) MORE THAN 80% OF THE TOTAL INTEREST IN CAPITAL AND  
8 PROFITS OF A PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, OR OTHER  
9 UNINCORPORATED FORM OF DOING BUSINESS; OR

10 (III) MORE THAN 80% OF THE BENEFICIAL INTEREST IN A TRUST.

11 (3) "FINAL TRANSFER" MEANS THAT TRANSFER OF ANY PORTION OF A  
12 CONTROLLING INTEREST WHICH COMPLETES THE TRANSFER OF A CONTROLLING  
13 INTEREST IN A REAL PROPERTY ENTITY.

14 (4) (I) "PLAN OF TRANSFER" MEANS AN INTENTIONAL PLAN OR  
15 PROGRAM TO TRANSFER THE CONTROLLING INTEREST IN A REAL PROPERTY ENTITY.

16 (II) "PLAN OF TRANSFER" DOES NOT INCLUDE A SERIES OF SALES  
17 OF SHARES OF A PUBLICLY TRADED ENTITY.

18 (5) (I) "REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN THE  
19 STATE.

20 (II) "REAL PROPERTY" DOES NOT INCLUDE:

21 1. A LEASEHOLD, UNLESS CREATED BY A LEASE THAT IS  
22 REQUIRED TO BE RECORDED UNDER § 3-101(A) OF THE REAL PROPERTY ARTICLE; OR

23 2. ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON  
24 OR SECURITY INTEREST IN REAL PROPERTY THAT SECURES AN INDEBTEDNESS.

25 (6) (I) "REAL PROPERTY ENTITY" MEANS A CORPORATION,  
26 PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, LIMITED LIABILITY  
27 PARTNERSHIP, OTHER UNINCORPORATED FORM OF DOING BUSINESS, OR TRUST  
28 THAT DIRECTLY OR BENEFICIALLY OWNS REAL PROPERTY THAT:

29 1. CONSTITUTES AT LEAST 80% OF THE VALUE OF ITS  
30 ASSETS; AND

31 2. HAS AN AGGREGATE VALUE OF AT LEAST \$1,000,000.

32 (II) FOR THE PURPOSES OF THIS PARAGRAPH, THE VALUE OF REAL  
33 PROPERTY SHALL BE DETERMINED WITHOUT REDUCTION FOR ANY MORTGAGE,  
34 DEED OF TRUST, OR OTHER LIEN UPON OR SECURITY INTEREST IN THE REAL  
35 PROPERTY.

1                   (III)    "REAL PROPERTY ENTITY" DOES NOT INCLUDE AN ENTITY  
2 WITH LAND HOLDINGS THAT, OTHER THAN HOMESITES OR AREAS OF COMMERCIAL  
3 ACTIVITY RELATED TO AGRICULTURAL PRODUCTION, ARE ENTIRELY SUBJECT TO AN  
4 AGRICULTURAL USE ASSESSMENT UNDER § 8-209 OF THIS ARTICLE.

5       (B)    (1)    THE RECORDATION TAX IS IMPOSED ON THE TRANSFER OF A  
6 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY  
7 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE  
8 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK  
9 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §  
10 12-102 OF THIS SUBTITLE.

11           (2)    (I)    THE RECORDATION TAX IS IMPOSED ON THE CONSIDERATION  
12 PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN THE REAL  
13 PROPERTY ENTITY.

14                   (II)    THE CONSIDERATION TO WHICH THE RECORDATION TAX  
15 APPLIES INCLUDES THE AMOUNT OF:

16                           1.    ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON  
17 OR SECURITY INTEREST IN THE REAL PROPERTY DIRECTLY OR BENEFICIALLY  
18 OWNED BY THE REAL PROPERTY ENTITY; AND

19                           2.    ANY OTHER DEBT OR ENCUMBRANCE OF THE REAL  
20 PROPERTY ENTITY.

21                   (III)    THE CONSIDERATION TO WHICH THE RECORDATION TAX  
22 APPLIES IS REDUCED BY THE AMOUNT ALLOCABLE TO THE ASSETS OF THE REAL  
23 PROPERTY ENTITY OTHER THAN REAL PROPERTY.

24                   (IV)    THE REAL PROPERTY ENTITY HAS THE BURDEN OF  
25 ESTABLISHING TO THE SATISFACTION OF THE DEPARTMENT THE CONSIDERATION  
26 REFERRED TO IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE AMOUNT OF ANY  
27 CONSIDERATION ALLOCABLE TO ASSETS OTHER THAN REAL PROPERTY REFERRED  
28 TO IN SUBPARAGRAPH (III) OF THIS PARAGRAPH.

29                   (V)    IF THE REAL PROPERTY ENTITY FAILS TO ESTABLISH THE  
30 AMOUNT OF CONSIDERATION REFERRED TO IN SUBPARAGRAPH (I) OF THIS  
31 PARAGRAPH, THE RECORDATION TAX IS IMPOSED ON THE VALUE OF THE REAL  
32 PROPERTY DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY  
33 DETERMINED BY THE DEPARTMENT AT THE DATE OF FINALITY IMMEDIATELY  
34 BEFORE THE DATE OF THE FINAL TRANSFER.

35                   (3)    EXCEPT AS OTHERWISE PROVIDED IN § 12-103(D) OF THIS SUBTITLE,  
36 THE RECORDATION TAX IS APPLIED AT THE RATE SET UNDER § 12-103(B) OF THIS  
37 SUBTITLE BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.

38       (C)    (1)    THE TRANSFER OF A CONTROLLING INTEREST IN A REAL PROPERTY  
39 ENTITY IS NOT SUBJECT TO THE RECORDATION TAX IF THE TRANSFER OF THE REAL  
40 PROPERTY BY AN INSTRUMENT OF WRITING BETWEEN THE SAME PARTIES AND

1 UNDER THE SAME CIRCUMSTANCES WOULD HAVE BEEN EXEMPT UNDER § 12-108 OF  
2 THIS SUBTITLE.

3 (2) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
4 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY EFFECTED IN MORE THAN  
5 ONE TRANSACTION IF:

6 (I) THE TRANSFER IS COMPLETED OVER A PERIOD OF MORE THAN  
7 12 MONTHS; OR

8 (II) THE TRANSFER IS NOT MADE IN ACCORDANCE WITH A PLAN OF  
9 TRANSFER.

10 (3) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
11 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO ANOTHER BUSINESS IF  
12 THE OWNERSHIP INTERESTS IN THE TRANSFEREE BUSINESS ENTITY ARE HELD BY  
13 THE SAME PERSONS AND IN THE SAME PROPORTION AS IN THE REAL PROPERTY  
14 ENTITY THE CONTROLLING INTEREST OF WHICH WAS TRANSFERRED.

15 (4) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
16 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF EACH TRANSFEROR, EACH  
17 TRANSFEREE, AND EACH REAL PROPERTY ENTITY IS:

18 (I) A SUBSIDIARY CORPORATION, ALL OF THE STOCK OF WHICH IS  
19 OWNED, DIRECTLY OR INDIRECTLY, BY A COMMON PARENT CORPORATION;

20 (II) A PARTNERSHIP, ALL OF THE INTERESTS IN WHICH ARE  
21 OWNED, DIRECTLY OR INDIRECTLY, BY ONE OR MORE SUBSIDIARIES OR THE  
22 COMMON PARENT CORPORATION; OR

23 (III) THE COMMON PARENT CORPORATION.

24 (5) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
25 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF THE TRANSFEREE OF THE  
26 CONTROLLING INTEREST IN THE REAL PROPERTY ENTITY IS:

27 (I) A NONSTOCK CORPORATION ORGANIZED UNDER TITLE 5,  
28 SUBTITLE 2 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; AND

29 (II) REGISTERED WITH THE DEPARTMENT OF AGING AS A  
30 CONTINUING CARE RETIREMENT COMMUNITY UNDER ARTICLE 70B, § 9 OF THE  
31 CODE.

32 (6) THE REAL PROPERTY ENTITY HAS THE BURDEN OF ESTABLISHING  
33 TO THE SATISFACTION OF THE DEPARTMENT THE APPLICABILITY OF ANY  
34 EXEMPTION REFERRED TO IN PARAGRAPHS (1) THROUGH (5) OF THIS SUBSECTION.

35 (D) (1) THE REAL PROPERTY ENTITY SHALL FILE WITH THE DEPARTMENT A  
36 REPORT OF ANY TRANSFER OF A CONTROLLING INTEREST IN THE REAL PROPERTY

1 ENTITY THAT IS COMPLETED WITHIN A PERIOD OF 12 MONTHS OR LESS WITHIN 30  
2 DAYS FOLLOWING THE DATE OF THE FINAL TRANSFER.

3 (2) THE REPORT SHALL INCLUDE ALL INFORMATION TO ESTABLISH TO  
4 THE SATISFACTION OF THE DEPARTMENT:

5 (I) THE CONSIDERATION REFERRED TO IN SUBSECTION (B)(2)(I) OF  
6 THIS SECTION;

7 (II) THE AMOUNT OF ASSETS OTHER THAN REAL ESTATE  
8 REFERRED TO IN SUBSECTION (B)(2)(II) OF THIS SECTION; AND

9 (III) ANY EXEMPTION PROVIDED FOR IN SUBSECTION (C) OF THIS  
10 SECTION.

11 (3) THE REPORT SHALL BE ACCOMPANIED BY PAYMENT OF:

12 (I) A \$20 FILING FEE; AND

13 (II) ANY TAX, INTEREST, AND PENALTY THAT IS DUE.

14 (E) (1) IF ANY TAX DUE UNDER THIS SECTION REMAINS UNPAID FOR 30  
15 DAYS AFTER THE DATE OF THE FINAL TRANSFER, THEN:

16 (I) INTEREST ON THE UNPAID AMOUNT SHALL ACCRUE  
17 THEREAFTER AT THE RATE OF 1% PER MONTH; AND

18 (II) A PENALTY OF 10% OF THE UNPAID AMOUNT SHALL BE DUE.

19 (2) ANY TAX, INTEREST, AND PENALTY DUE UNDER THIS SECTION IS AN  
20 OBLIGATION OF THE REAL PROPERTY ENTITY.

21 (3) FOR REASONABLE CAUSE, THE DEPARTMENT MAY WAIVE THE  
22 IMPOSITION OF INTEREST OR PENALTY.

23 (F) THIS SECTION DOES NOT APPLY TO:

24 (1) A PLEDGE OF STOCK OR OTHER INTEREST IN A REAL PROPERTY  
25 ENTITY AS SECURITY FOR A LOAN; OR

26 (2) THE ADMISSION TO THE REAL PROPERTY ENTITY OF ADDITIONAL  
27 SHAREHOLDERS, PARTNERS, BENEFICIAL OWNERS, OR OTHER MEMBERS INCIDENT  
28 TO THE RAISING OF ADDITIONAL CAPITAL THROUGH A PUBLIC OR PRIVATE  
29 OFFERING OF STOCK OR OTHER INTERESTS IN THE REAL PROPERTY ENTITY IF:

30 (I) THE EFFECTIVE MANAGEMENT OF THE REAL PROPERTY  
31 ENTITY IS NOT SUBSTANTIALLY CHANGED; AND

32 (II) UNDER THE TERMS OF THE OFFERING, NONE OF THE NEW  
33 MEMBERS IS EXPECTED TO PARTICIPATE IN THE DAY-TO-DAY MANAGEMENT OF  
34 THE REAL PROPERTY ENTITY.

1       (G)     (1)     THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER  
2 THIS SECTION.

3               (2)     THE REGULATIONS SHALL INCLUDE ANY ADDITIONAL STANDARDS  
4 AND EXEMPTIONS TO ASSURE THAT:

5                   (I)     A TAX IS IMPOSED WHEN A TRANSACTION IS STRUCTURED  
6 INVOLVING A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO AVOID  
7 PAYMENT OF THE RECORDATION TAX;

8                   (II)    EXEMPTIONS PROVIDED BY LAW WHEN REAL PROPERTY IS  
9 TRANSFERRED BY AN INSTRUMENT OF WRITING ARE APPLICABLE; AND

10                  (III)   THERE IS NO DOUBLE TAXATION OF A SINGLE TRANSACTION.

11 13-103.

12       (A)     IN THIS SECTION, "CONTROLLING INTEREST", "REAL PROPERTY", AND  
13 "REAL PROPERTY ENTITY" HAVE THE MEANINGS STATED IN § 12-116 OF THIS  
14 ARTICLE.

15       (B)     (1)     THE TAXES UNDER THIS TITLE ARE IMPOSED ON THE TRANSFER OF  
16 A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY  
17 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE  
18 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK  
19 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §  
20 13-202 OF THIS TITLE.

21               (2)     THE TAXES UNDER THIS SECTION ARE IMPOSED ON THE  
22 CONSIDERATION PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN  
23 THE REAL PROPERTY ENTITY OR ON THE VALUE OF THE REAL PROPERTY DIRECTLY  
24 OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY, AS PROVIDED IN  
25 § 12-116(B)(2) OF THIS ARTICLE.

26               (3)     (I)     EXCEPT FOR THE COUNTY TRANSFER TAX, THE TAXES UNDER  
27 THIS SECTION SHALL BE APPLIED AT THE RATES ESTABLISHED IN THIS TITLE.

28                   (II)    THE COUNTY TRANSFER TAX SHALL BE APPLIED AT THE RATE  
29 IMPOSED BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.

30       (C)     THE TAXES UNDER THIS TITLE ARE NOT IMPOSED ON THE TRANSFER OF A  
31 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IN ANY OF THE  
32 CIRCUMSTANCES DESCRIBED:

33                   (1)     IN § 13-207 OF THIS TITLE THAT EXEMPTS AN INSTRUMENT OF  
34 WRITING FROM THE TRANSFER TAX; OR

35                   (2)     IN § 12-116(C) OF THIS ARTICLE THAT EXEMPTS THE TRANSFER OF A  
36 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY FROM THE RECORDATION  
37 TAX.



1 (D) IN EACH INSTANCE IN WHICH A CONTROLLING INTEREST IN A REAL  
2 PROPERTY ENTITY IS TRANSFERRED, THE PROVISIONS OF § 12-116(D) AND (E) OF THIS  
3 ARTICLE ARE APPLICABLE.

4 (E) THIS SECTION DOES NOT APPLY IN THE CIRCUMSTANCES DESCRIBED IN §  
5 12-116(F) OF THIS ARTICLE.

6 (F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER THIS  
7 SECTION IN THE SAME MANNER AS IN § 12-116(G) OF THIS ARTICLE.

8 13-209.

9 (a) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING  
10 THE TRANSFER TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND CREDIT  
11 THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE  
12 CORPORATIONS AND ASSOCIATIONS ARTICLE.

13 (2) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER  
14 PARAGRAPH (1) OF THIS SUBSECTION, THE revenue from transfer tax is payable to  
15 the Comptroller for deposit in a special fund.

16 SECTION 6. AND BE IT FURTHER ENACTED, That, for a taxable year  
17 beginning after December 31, 2002 but before January 1, 2004, notwithstanding §§  
18 13-602 and 13-702 of the Tax - General Article, the Comptroller shall assess interest  
19 and penalty under § 13-602 and 13-702 of the Tax - General Article if a corporation  
20 pays estimated income tax for the taxable year in an amount less than 90% of the tax  
21 required to be shown on the corporation's income tax return for the taxable year.

22 SECTION 7. AND BE IT FURTHER ENACTED, That the Comptroller, in  
23 conjunction with the business community, shall study and report to the Governor and,  
24 subject to § 2-1246 of the State Government Article, to the General Assembly by  
25 December 1, 2003 on the following:

26 (a) the issues related to combined reporting under the corporate income tax by  
27 business entities;

28 (b) any necessary statutory and regulatory changes needed to implement  
29 combined reporting;

30 (c) the anticipated annual State revenue impact and the impact on Maryland  
31 businesses of combined reporting; and

32 (d) any other issues related to combined reporting that should be addressed.

33 SECTION 4. ~~8.~~ AND BE IT FURTHER ENACTED, That if any provision of  
34 this Act or the application thereof to any person or circumstance is held invalid for  
35 any reason in a court of competent jurisdiction, the invalidity does not affect other  
36 provisions or any other application of this Act which can be given effect without the  
37 invalid provision or application, and for this purpose the provisions of this Act are  
38 declared severable.

1 SECTION ~~5-9~~. AND BE IT FURTHER ENACTED, That the changes to §  
2 10-822 of the Tax - General Article under Section 1 of this Act shall take effect  
3 January 1, 2004.

4 ~~SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall~~  
5 ~~take effect on the taking effect of the termination provision specified in Section 31 of~~  
6 ~~Chapter 440 of the Acts of the General Assembly of 2002. If that termination provision~~  
7 ~~takes effect, Section 2 of this Act shall be abrogated and of no further force and effect.~~  
8 ~~This Act may not be interpreted to have any effect on that termination provision.~~

9 SECTION 10. AND BE IT FURTHER ENACTED, That the changes to §§  
10 13-803 and 13-812 of the Tax - General Article under Section 1 of this Act shall take  
11 effect October 1, 2003.

12 SECTION 11. AND BE IT FURTHER ENACTED, That:

13 (a) Notwithstanding any other provision of law, and except as otherwise  
14 provided in this section, Section 2 of this Act is applicable to:

15 (1) capitation payments, including supplemental or bonus payments,  
16 made to managed care organizations on or after July 1, 2003; and

17 (2) premiums written for all policies, contracts, and health benefit plans  
18 issued, delivered, or renewed in the State on or after July 1, 2003.

19 (b) Section 2 of this Act does not apply to:

20 (1) capitation payments, supplemental payments, or bonus payments  
21 made to managed care organizations on or before July 1, 2003;

22 (2) premiums written for all policies, contracts, and health benefit plans  
23 issued, delivered, or renewed in the State on or before July 1, 2003.

24 (c) Any health benefit plan in effect before July 1, 2003, shall comply with the  
25 provisions of Section 2 of this Act no later than July 1, 2004.

26 SECTION 12. AND BE IT FURTHER ENACTED, That, for taxable years  
27 beginning after December 31, 2003, the exemption under § 10-104 of the Tax -  
28 General Article is applicable to health maintenance organizations and managed care  
29 organizations that are subject to the insurance premium tax under Title 6 of the  
30 Insurance Article.

31 SECTION 13. AND BE IT FURTHER ENACTED, That the fee required to be  
32 paid with an annual report under § 1-203(b)(9) of the Corporations and Associations  
33 Article as enacted under Section 3 of this Act shall be applicable to all annual reports  
34 filed after December 31, 2003.

35 SECTION 14. AND BE IT FURTHER ENACTED, That Section 4 of this Act  
36 shall be applicable to all taxable years beginning after December 31, 2002.

1     SECTION 15. AND BE IT FURTHER ENACTED, That Section 5 of this Act  
2 shall take effect January 1, 2004.

3     SECTION ~~7.~~ 16. AND BE IT FURTHER ENACTED, That, except as provided in  
4 Sections ~~5 and 6~~ 9 through 15 of this Act, this Act shall take effect July 1, 2003.