

Department of Legislative Services  
 Maryland General Assembly  
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1083  
 Economic Matters

(Delegate Bates, *et al.*)

Judicial Proceedings

Corporations and Associations - Filing Fees - Family Farms

This bill establishes a separate filing fee of \$100 for the annual report of a family farm filed with the State Department of Assessments and Taxation (SDAT). The bill also requires an individual to file a charter amendment stating that an entity is no longer a family farm, as defined under the bill, within one year after selling all of the property that make up the family farm.

Fiscal Summary

**State Effect:** General fund revenues could decrease by \$100,000 in FY 2007 and by \$200,000 annually thereafter. Expenditures would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

Analysis

**Current Law:** Corporations and other business entities are required to file their annual reports with SDAT. The filing fee for the annual report of a business entity is \$300.

**Background:** The Budget Reconciliation and Financing Act of 2003 (Chapter 203) raised the fees that business entities are required to pay with their annual reports filed with SDAT. For Maryland and foreign corporations and specified financial institutions, the fee increased from \$100 to \$300. For a real estate investment trust, the annual filing fee increased from \$25 to \$300. Chapter 203 also imposed a \$300 fee for the annual filing of a Maryland or foreign limited liability company, limited liability partnership, or limited partnership.

**State Revenues:** SDAT estimates that approximately 1,000 business entities would amend their charter documents during fiscal 2007 to declare themselves to be family farms and pay the lower filing fee. There is a \$100 fee to amend a charter document. If 1,000 business entities amended their charters and paid this fee, general fund revenues would decrease by \$100,000 in fiscal 2007. However, general fund revenues would decrease by \$200,000 annually from reduced filing fees beginning in fiscal 2008.

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### **Additional Information**

**Prior Introductions:** An identical bill, HB 1601 of 2005, was referred to the House Rules and Executive Nominations Committee, where no further action was taken.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 26, 2006  
ncs/hlb

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