

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

House Bill 1293  
Economic Matters

(Delegate Jennings, *et al.*)

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**Corporations and Associations - Filing Fees - Family Farms**

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This bill includes articles of amendment in the documents that may be filed with the State Department of Assessments and Taxation to qualify as a family farm. SDAT is required to send a specified notice of the \$100 annual report filing fee for family farms within 30 days after the filing of a personal property tax return that reports tangible personal property used for agricultural purposes. If the specified notice is not sent and the entity pays more than the required amount, SDAT must issue a specified refund with 6% interest.

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**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund expenditures associated with interest payments for refunds. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal

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**Analysis**

**Current Law:** A family farm is required to pay a \$100 filing fee with the submission of its annual report to SDAT.

A family farm is defined as an entity that • is a domestic entity that owns, or within one year after filing articles of incorporation, articles of organization, or a certificate of partnership, will own or take control of property that qualifies for a specified agricultural use assessment and owns only agriculturally or residentially assessed real property and

personal property that is used for agricultural purposes or owns only personal property that is used for agricultural or agricultural marketing purposes; • is controlled, managed, and operated by one individual who has an equity interest in the entity, or two or more individuals who have an equity interest in the entity and who share its assets and earnings; • is declared in a charter provision to be a family farm; • has no other specified assets. Within one year after selling all the specified property an individual must file a charter amendment stating that the entity is no longer a family farm.

**State Fiscal Effect:** SDAT indicates that on a few occasions family farms have included with their personal property tax return a \$300 fee. On these occasions SDAT refunds to the entity the \$200 difference. The bill requires SDAT to notify family farms that they are only required to pay the family farm filing fee of \$100 annually and if they do not and the entity pays a \$300 fee, refund the difference as well as 6% interest. It is not known how many times this would occur in any year, however, it is assumed to be an infrequent occurrence. As result, any increase in interest payments is expected to be minimal.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 28, 2008  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510