

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

Senate Bill 68

(Chair, Judicial Proceedings Committee)(By Request -
 Departmental - Assessments and Taxation)

Judicial Proceedings

Economic Matters

**Corporations and Associations - Recording, Filing, or Other Fees - Returned
 Check Fee**

This departmental bill imposes a \$30 fee upon any person or entity that attempts to pay a personal property annual report or corporate document filing fee with a check that is returned for nonpayment.

Fiscal Summary

State Effect: General fund revenues increase by approximately \$31,500 in FY 2010 and \$42,000 annually thereafter from fees collected for returned checks. Expenditures are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	\$31,500	\$42,000	\$42,000	\$42,000	\$42,000
Expenditure	0	0	0	0	0
Net Effect	\$31,500	\$42,000	\$42,000	\$42,000	\$42,000

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

Local Effect: The bill does not directly affect local finances or operations.

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

Analysis

Current Law: No fee is charged for the nonpayment of a check presented to SDAT for personal property annual reports and corporate document filings. However, other agencies, including the Comptroller's Office, State Board of Elections, and the Real Estate Commission, charge a similar fee for dishonored checks presented for payment of taxes or other document filings.

Background: As shown in **Exhibit 1**, SDAT receives approximately 1,400 bad checks accompanying the nearly 400,000 personal property annual reports and corporate document filings it receives each fiscal year. SDAT does not impose a fee for the nonpayment of those checks. The new fee collected by SDAT would be deposited in the State general fund to offset bank charges incurred by the State.

Exhibit 1 Number of Dishonored Checks Presented to SDAT Fiscal 2005-2008

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Dishonored checks	1,292	1,403	1,536	1,371
Annual reports filed	198,210	211,532	197,350	200,505
Charter documents filed	191,274	212,140	206,411	192,716

Source: State Department of Assessments and Taxation

State Revenues: General fund revenues increase by \$31,500 in fiscal 2010, which accounts for the bill's October 1 effective date. Annually thereafter, the fee generates approximately \$42,000. This estimate assumes approximately 1,400 dishonored checks are presented to SDAT each fiscal year and the \$30 fee imposed upon each check is collected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Office of the Attorney General (Consumer Protection Division), State Board of Elections, Department of Legislative Services

Fiscal Note History: First Reader - January 20, 2009
ncs/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Corporations and Associations – Recording, Filing, or Other Fees –
Returned Check Fee

BILL NUMBER: SB 68

PREPARED BY: State Department of Assessments and Taxation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.