

**Department of Legislative Services**  
 Maryland General Assembly  
 2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 83

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

Budget and Taxation

Ways and Means

**Public Service Company Franchise Tax - Return Deadline**

This departmental bill extends, from March 15 to April 15, the filing deadline for public service company franchise tax returns that are filed with the State Department of Assessments and Taxation (SDAT). **The bill takes effect July 1, 2018, and applies to taxable years beginning after December 31, 2017.**

**Fiscal Summary**

**State Effect:** None. The bill will not alter the amount of public service company franchise tax revenues collected. SDAT can handle the bill’s requirements with existing budgeted resources.

**Local Effect:** None.

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

**Analysis**

**Current Law:** Specified public service companies that have gross receipts in a calendar year are required to file a public service company franchise tax return by March 15 of the next year. In addition, a declaration of estimated taxes is due by April 15 with quarterly tax payments due on June 15, September 15, and December 15 with a final payment due by March 15 of the following year.

**Background:** SDAT reports that as part of the public service company franchise tax return that must be filed each year, public service companies are required to include copies of certain reports that are filed with the federal government. However, these additional reports are not due to the federal government until April 15. As a result, many public service companies have to file an incomplete public service company franchise tax return, which requires SDAT to send out reminder notices to these companies in April. SDAT advises that the bill will streamline the franchise tax return filing process for both public service companies and the department.

In addition, the extended filing deadline under the bill will be the same date as the filing deadline for the declaration of expected franchise tax revenues and the State corporate income tax. Public service company franchise tax revenues are estimated to total \$139.4 million in fiscal 2018 and \$141.1 million in fiscal 2019.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation; Office of People's Counsel; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - January 16, 2018  
md/hlb Third Reader - March 15, 2018

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL: Public Service Company – Franchise Tax Return Deadline**

**BILL NUMBER: SB 83**

**PREPARED BY: Corbett Webb, 410-767-1142, corbett.webb@maryland.gov**

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

  X   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**

Not Applicable.