

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 356
Economic Matters

(Delegate Qi)

Judicial Proceedings

Corporations and Associations – Filing Fee Study

This bill requires the State Department of Assessments and Taxation (SDAT), by January 1, 2022, to (1) review the filing fees and associated requirements of neighboring states that are equivalent or substantially similar to filing fees in Maryland and (2) report recommendations to the General Assembly that would make Maryland more competitive with neighboring states, including whether to establish less frequent filing requirements, decrease fees, or establish a sliding fee scale.

Fiscal Summary

State Effect: None. SDAT can handle the bill’s reporting requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: In Maryland, there is a tax on business-owned personal property that is imposed and collected by local governments. Personal property generally includes business property including furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. To provide for uniform assessments, SDAT is responsible for assessing all personal property. Each county or municipal government is responsible for issuing the tax bills and collecting the tax. The tax year begins on July 1 and ends on June 30. The personal property tax has been a local tax exclusively since 1984 when the State tax rate on personal property was set at zero.

At the beginning of each calendar year, SDAT notifies business entities on record that a personal property tax return must be filed by April 15. For reports filed in calendar 2020, the filing deadline was extended to July 15, 2020, due to the COVID-19 pandemic. This tax return must include personal property located in Maryland as of January 1, the date of finality. The “date of finality” is the date used to determine ownership, location, value, and liability for tax purposes. Since 2017, all tax returns have been filed electronically. An annual report fee is required to be paid to SDAT with the personal property tax return. The annual report fee is for the privilege of maintaining the legal entity’s existence in the State. **Exhibit 1** identifies the amount of the report fee that each legal entity is required to pay.

Exhibit 1
Annual Reporting Fee Requirement

<u>Business Entity</u>	<u>Fee</u>	<u>Business Entity</u>	<u>Fee</u>
Stock Corp	\$300	Domestic Statutory Trust	\$300
Nonstock Corp	0	Foreign Statutory Trust	300
Foreign Insurance Corp	300	Real Estate Investment Trust	300
Foreign Interstate Corp	0	Certified Family Farm	100
Limited Liability Company	300	Sole Proprietorship	0
Limited Liability Partnership	300	General Partnership	0
Limited Partnership	300	Amended Return	0

Additional Information

Prior Introductions: HB 204 of 2020 received a favorable with amendments report from the House Economic Matters Committee and passed the House. The bill was referred to the Senate Budget and Taxation Committee, but no further action was taken.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 18, 2021
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Analysis by: Michael Sanelli

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