

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 98

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

Budget and Taxation

Ways and Means

Property Tax - Public Utilities - Assessment Apportionment

This departmental bill authorizes the State Department of Assessments and Taxation (SDAT) to apportion the assessment of operating property for public utilities uniformly, regardless of whether the utility is domestic or foreign, the property is real or personal, or the property was placed into service prior to or after January 1, 1968. **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: None. The bill codifies current apportionment practices with regards to public utilities.

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: Current law requires that SDAT apportion the assessment of operating personal property for domestic public utilities using a different method than other entities, depending on whether the property was placed into service before or after January 1, 1968. If the property was placed into service during 1968 or later, it is apportioned in the same manner as real property for domestic utilities and all property for foreign utilities (based on the county in which the property is located). However, if the personal property for a

domestic utility was placed into service prior to 1968, the property is apportioned based on the number of shares of stock held by the company's stockholders within each county and municipality; if the shareholder does not reside in Maryland, then it is apportioned to where the company's principal office is located.

Background: According to SDAT, only a small amount of public utility operating property was placed into service prior to 1968. In addition, the department no longer apportions operating real property of domestic public utilities by the number of shares of stock held by the company's stockholders within each county and municipality. As a result, the bill codifies the current apportionment process which allows SDAT to apportion property of foreign and domestic public utilities in a uniform manner.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Harford, Montgomery, and Wicomico counties; Maryland Association of Counties; City of Takoma Park; Maryland Municipal League; State Department of Assessments and Taxation; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2018
md/hlb Third Reader - March 15, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Tax – Property – Public Utility Assessment Apportionment

BILL NUMBER: SB 98

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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

Not Applicable.