

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1116 (Delegate Hettleman, *et al.*)
Ways and Means

Gender Diversity in the Boardroom – Annual Report or Nonprofit Sales and Use
Tax Exemption Application

This bill requires a nonprofit organization, with an operating budget exceeding \$5 million, to include on the application the percentage of female membership on the board of directors when applying for a sales and use tax exemption. The Comptroller must report this information to the General Assembly by January 1 of each year, and make the report publically available on the Comptroller’s website.

In addition, the bill requires a publicly traded institution or company, with an operating budget exceeding \$5 million, to report the percentage of female membership on the board of directors when filing a specified personal property report with the State Department of Assessments and Taxation (SDAT).

Fiscal Summary

State Effect: General fund expenditures increase by \$250,000 in FY 2020. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Sales made to certain organizations are exempt from the State sales and use tax. In order to qualify for the sales and use tax exemption, the organization must file an application with the Comptroller’s Office.

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. 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. Beginning in 2017, all tax returns are 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.

State Fiscal Effect: General fund expenditures for the Comptroller’s Office increase by \$250,000 in fiscal 2020. The estimate includes the cost of (1) creating a new form for nonprofit entities to use when applying for a sales and use tax exemption; (2) computer system changes to accommodate the new form; and (3) digitizing relevant applications so that the data can be used in the required annual report.

The Comptroller’s Office receives approximately 100 sales and use tax exemption applications from nonprofit organizations each month.

Additional Information

Prior Introductions: None.

Cross File: SB 911 (Senator Beidle, *et al.*) - Budget and Taxation.

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

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an/hlb

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