

offices. All assessments are made in accordance with the Tax-Property Article and Article 81 of the Maryland Code subject to the many exemptions allowed by the various counties and incorporated towns.

Assessments are made annually on the basis of sworn returns covering all tangible personal property. Notices are sent and the assessments are certified to the local finance offices for billing and collection. An annual examination is made of the files, and corporations which have failed to file the required reports are certified for forfeiture of their charters.

To enhance the overall efficiency of the operations of the Personal Property section, an automated corporate assessment certification system was implemented in 1986 as was an electronic data processing tax billing system. This tax billing system was initially installed in four counties and allows for cost savings to local governments.

Public Utilities and Railroads

This section administers the various ordinary and special taxes in accordance with the Tax-Property Article and Article 81. Principal among these is the assessment of the operating property, except land, of railroads and public utilities. Because of certain differences, both in the law and in the essential structure of the properties covered by the law, methods of assessment and the general administration of this particular property tax vary from the ordinary business personal property tax. The property is assessed on the unitary basis. The assessment is then certified according to location, except for domestic operating personal property placed in service prior to 1968 which is distributed on the basis of the residences of the shareholders. Where shareholders reside outside the State of Maryland, the certification is based on the location of principal offices.

A special gross receipts tax is assessed and certified by the Department on gross receipts of public utilities.

Banks and Financial Corporations

In 1968, the share tax on national and state commercial banks and trust companies and other financial corporations was abolished. In place of this tax, a franchise tax, measured by the net income from all sources, was submitted. The taxable base includes interest on certain investments that normally would be exempt under federal and state tax laws. The revenue derived from the tax goes wholly to State General Fund, and the law enacted provides for a grant to the subdivisions to offset their loss from the elimination of the share tax.

Building, Savings & Loan Associations, and Savings Banks

Effective July 1, 1984, this Department assumed responsibility for administration of the franchise tax that applies to Savings and Loan Associations. The tax is calculated using the same method used for commercial banks. This local revenue, less 1% for administration, is distributed to the subdivisions on the basis of the deposits generated by each office.