AN ACT concerning

Credit Unions – Exemption from Taxation

FOR the purpose of generally exempting a credit union incorporated under the laws of this State from State and local taxation _to the same extent as a credit union incorporated under the laws of the United States is exempt from federal taxation_, with certain exceptions; stating the intent of the General Assembly; and generally relating to the tax–exempt status of credit unions incorporated under the laws of the State.

BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 6–103

Annotated Code of Maryland

(1986 Replacement Volume and 1989 Supplement)

Preamble

WHEREAS, Federal law broadly exempts federally chartered credit unions from State and local taxation, with certain exceptions; and

WHEREAS, Based upon the title of the Act that enacted the predecessor of § 6–103 of the Financial Institutions Article, the Court of Appeals, in Central Credit Union of Maryland v. Comptroller of the Treasury, 243 Md. 175 (1966), narrowly construed the provision of State law exempting State–chartered credit unions from State and local taxation; and

WHEREAS, Based upon the Court of Appeals conclusion in Central Credit Union of Maryland v. Comptroller of the Treasury, § 6–103 of the Financial Institutions Article has been narrowly construed despite the literal language of that section that a State–chartered credit union is exempt from all State and local taxation, with certain exceptions; and

WHEREAS, It is the intent of the General Assembly by this Act to broadly exempt State–chartered credit unions from State and local taxation, with certain exceptions, so that federal credit unions and State credit unions will be provided similar general exemptions from State and local taxation; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Financial Institutions

6–103.

(A) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A credit union incorporated under the laws of this State, its income, and its PROPERTY, FRANCHISES, capital, reserves, surpluses, and other funds are exempt from all taxes imposed by this State or by any of its political subdivisions _TO THE SAME EXTENT AS A CREDIT UNION INCORPORATED UNDER THE LAWS OF_