CHAPTER 243.

AN ACT to add a new section to Article 81 of the Annotated Code, title "Revenue and Taxes," sub-title "Corporate Taxation," said new section to be known as Section 169½, and to follow immediately after Section 169 of said Article.

WHEREAS, The electric railroad and street passenger railway corporations of this State are required to pay taxes on their capital stocks for the account of the holders thereof at full State, county and municipal rates in addition to other taxes and charges, State and local, including local gross receipts taxes; and

WHEREAS, The increased burden of taxation which would follow the issuance of preferred stocks has deterred such corporations from issuing such stocks and has resulted in the creation in lieu thereof of disproportionate amounts of indebtedness so that, without a compensating gain in taxes, the public suffers from the economic disadvantage which results from the creation by such corporations of such disproportionate amounts of indebtedness; and

WHEREAS, It is desirable to encourage the issuance by such corporations of preferred stocks (in lieu of the creation of additional indebtedness) to provide the funds required for the extension and improvement of their facilities, for the discharge of their obligations and for other proper corporate purposes; therefore

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new section be and it is hereby added to Article 81 of the Annotated Code, title "Revenue and Taxes," sub-title "Corporate Taxation," said new section to be known as Section 169½, to follow immediately after Section 169 of said Article, and to read as follows:

169½. That whenever any electric railroad or street passenger railway corporation incorporated under the laws of this State, which derives not less than sixty-five per centum of its gross receipts (directly or through one or more other corporations) from passenger revenue, shall hereafter issue shares of stock preferred and limited as to dividends and assets, the property acquired by such corporation with the pro-