Senate Bill 621 further amends section 14(b) of Article 81, for the purpose of authorizing the counties and Baltimore City to increase the allowance for inflation applicable to assessments for local taxation over the current 50% rate. However, a drafting error has created a problem of how this section would be interpreted, which would conceivably have a significant negative impact upon the tax bases of the State and its subdivisions, as well as to provide a substantial unintended benefit to the railroads and public utilities.

Currently, section 14(b)(2) provides that all assessable personal property shall be assessed at its full cash value, defined as current value without any allowance for inflation. This is in contrast to the situation with respect to real property which, under §14(b)(1), is to be assessed at current value less an allowance for inflation, now set at 50%. Section 14(b)(3), which deals with the assessment of the operating property of railroads, public utilities, and contract carriers, and shares of stock of domestic corporations whose shares are subject to taxation, provides that the personal property of this class of taxpayer "shall be assessed in accordance with the provisions of paragraph (3) hereof" —i.e., at 100% of current value and without an allowance for inflation.

In amending §14(b), the General Assembly added two new paragraphs, as paragraphs (2) and (3), and renumbered existing paragraphs (2) and (3) to become paragraphs (4) and (5). New paragraph (2) provides that, "for the purposes of State taxation and for all equalization and other formulas for the distribution of State aid to the [subdivisions], the allowance for inflation shall be 50 percent of the current value." With this amendment, however, the General Assembly failed to amend current paragraph (3), renumbered as paragraph (5), to change the reference therein from paragraph (2) to paragraph (4).

This apparent oversight raises the question of whether the personal property of the aforementioned class of taxpayers, the full cash value of which was $1,727,075,000 for FY 1978, will continue to be assessed at 100% of its current value, or only 50% of that value; and, if the latter, whether that reduction in assessment would apply to local taxation as well as State taxation. The Attorney General has advised me that this omission is "a serious legal defect" that would, in all likelihood affect the assessment of that property. He further concluded, that Senate Bill 621, if signed into law,

> "could result in any or all of the following situations: (1) that foreign utilities would receive 50% allowance for State tax purposes on their personal property; (2) that foreign utilities would