

CHAPTER 582

(House Bill 1253)

AN ACT concerning

Franchise Taxes - Savings Banks and Building, Savings
and Loan Associations

FOR the purpose of repealing the basis for the computation of the franchise tax on foreign savings banks and building, savings and loan associations admitted to do business in this State; authorizing the Department of Assessments and Taxation to adopt methods to allocate net earnings of a savings bank or association based on the gross volume of transactions; and providing for the application of this Act.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes
Section 128(c)
Annotated Code of Maryland
(1980 Replacement Volume and 1986 Supplement)

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

Article 81 - Revenue and Taxes

128.

(c) (1) Except as provided in subsection (c-1) of this section, the tax imposed shall be computed at the rate of three quarters of one per centum ($\frac{3}{4}$ of 1%) of that portion of the annual net earnings of the savings bank or of the building, saving and loan association, which exceeds the sum of one hundred thousand dollars (\$100,000). The computation shall be made in particular cases either on a calendar year or on a fiscal year basis, whichever the bank or association is using for its regular accounting period. The computation shall be based upon all operations and branches of the bank or association and upon the annual net earnings of the bank or association as an entirety. [With respect to foreign savings banks and associations admitted to do business in the State of Maryland the computation shall be based on that part of the yearly net earnings of the savings bank or association as an entirety which bears the same ratio to the total annual net earnings of the savings bank or association as an entirety as the total of all loans made by the savings bank or association on the security of property located in Maryland bears to the total of all loans made by the savings bank or association as an entirety, both as shown by the books of the savings bank or