

Honorable James J. Welsh, City Council (continued)

4. That the State could tax the income which the plaintiff derived from its investment of funds which the Federal Government had in turn invested in the association.

Section 159 of Article 23 of the Annotated Code of Maryland (1957 Edition) has to do with the conversion of local building associations into federal savings and loan associations.

Sub-section (e) of said Section 159 provides that:

"For purposes of taxation or doing business within this State, any association or corporation availing itself of the privileges of this section shall be regarded as a domestic corporation of this State, and its property, shares and assets shall be taxed in the same manner and to the same extent as the property, shares and assets of domestic homestead and building associations of this State, and shall in every other respect be regarded as a domestic corporation of this State."

This source of revenue is also discussed in the Buck Commission Report wherein it is stated that the City may enact such a tax without additional legislative authority.

In view of the foregoing, it appears that the City has the power and authority to impose a tax on savings and loan associations in the form of a license or franchise tax without the necessity of securing additional enabling legislation from the General Assembly of Maryland.

Very truly yours,

/s/ HUGO A. RICCIUTI
City Solicitor

/s/ WILLIAM H. MARSHALL
Assistant City Solicitor

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