

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 881 (Delegate Lafferty)
Economic Matters

Corporations and Associations - Limited Liability Companies - Company Representative

This bill requires a limited liability company (LLC) to have a company representative, as defined by the bill. The bill also requires the LLC to include the company representative's name, street address, telephone number, and electronic mail address in the articles of organization, cancellation, and reinstatement. A foreign LLC must include the same information on its application for registration to the State Department of Assessments and Taxation (SDAT). The bill establishes a nonrefundable processing fee of \$25, payable up to \$30,000 for a bulk filing, for a notice of change of the company representative's name or contact information.

The bill applies prospectively and may not be applied or interpreted to affect any LLC formed before the bill's October 1, 2013 effective date.

Fiscal Summary

State Effect: Minimal increase in general fund revenues for SDAT in FY 2014 and subsequent years to account for the payment of a nonrefundable processing fee of \$25 for LLCs' filing of notices of change to their company representative's contact information. The bill's requirements can be absorbed within existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill defines “company representative” as an individual who (1) is an employee or a member of an LLC; (2) has the authority to make business decisions regarding the LLC; (3) has the authority to act for the LLC; and (4) maintains a street address in the State where the LLC was formed.

The bill authorizes the LLC to designate or change its company representative, or the address of the company representative, by filing for record with SDAT. The designation or change is effective upon acceptance by SDAT. The bill also authorizes a company representative who changes addresses in the State to notify SDAT of the change by filing for record a specified statement of the change. A company representative may resign by filing a counterpart or photocopy of a signed resignation with SDAT.

SDAT may not accept for record or filing any change of company representative until all required recording, filing, and other fees have been paid to SDAT.

Current Law: Each LLC must have a principal office in the State and a resident agent. An LLC may designate or change its resident agent or principal office by filing for record with SDAT an authorizing statement signed by an authorized person. An LLC may also change its resident agent’s address by filing for record with SDAT a statement of the change signed by an authorized person. Any such designation or change is effective upon acceptance of the statement for record by SDAT.

A resident agent who changes addresses in this State may notify SDAT of the change by filing for record with SDAT a statement of the change signed by or on behalf of the resident agent. The statement must include the name of the LLC, the resident agent’s old and new addresses, and the address change’s effective date. If the old and new addresses of the resident agent are the same as the old and new addresses of the principal office, the statement may also include the principal office’s address change if the resident agent notifies the LLC in writing and the statement specifies that the notice has been sent. A resident agent may resign by filing with SDAT a counterpart or photocopy of the signed resignation.

Any notice of change of address for a resident agent filed with SDAT must be accompanied by a \$25 nonrefundable processing fee, up to \$30,000 for a bulk filing.

Any articles of organization, cancellation, or reinstatement filed by an LLC must include the resident agent’s name and street address. Additionally, a foreign LLC must submit to SDAT an application for registration containing the name and address of its resident agent in the State, among other information.

Background: As of fiscal 2012, there were 29,967 LLCs on file with SDAT.

State Revenues: General fund revenues increase minimally for SDAT in fiscal 2014 and subsequent years to account for the payment of a nonrefundable processing fee of \$25 for LLCs' filing of notices of change to their company representative's name or contact information. The number of notices that will be filed with SDAT as a result of the bill's requirements are unknown but are not expected to be significant.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2013
mlm/kdm

Analysis by: Michael F. Bender

Direct Inquiries to:
(410) 946-5510
(301) 970-5510