

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 268
Economic Matters

(Delegate Lafferty, *et al.*)

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, 2014 effective date.

Fiscal Summary

State Effect: Minimal increase in general fund revenues for SDAT in FY 2015 and subsequent years to account for the payment of a nonrefundable processing fee of \$25 for filing of required notices of change. The bill's requirements can be absorbed within existing SDAT resources.

Local Effect: None.

Small Business Effect: Minimal. If SDAT elects to include company representative information in the Central Business Licensing system, the system would need to be updated and the applicable fees would be applied to the businesses using the system.

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 communicate with the public regarding the LLC; (3) 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 2013, there were 35,664 LLCs on file with SDAT, including 32,264 domestic LLCs and 3,400 foreign LLCs.

State Revenues: General fund revenues increase minimally for SDAT in fiscal 2015 and subsequent years to account for the payment of a nonrefundable processing fee of \$25 for LLC filing of notices of change to the company representative's name or contact information. The number of notices filed with SDAT as a result of the bill's requirements is unknown but is not expected to be significant.

Additional Information

Prior Introductions: HB 881 of 2013, a similar bill, received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - January 28, 2014
mam/kdm

Analysis by: Joshua A. Lowery

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