

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

House Bill 1308  
Economic Matters

(Delegate A. Washington, *et al.*)

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Limited Liability Companies - Fees - Young Adult-Owned Businesses

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This bill alters the fees paid by a Maryland limited liability company (LLC) in which at least 51% of members are individuals younger than age 25 by (1) reducing the nonrefundable processing fee for articles of organization to \$50; (2) eliminating the filing fee for an initial annual report; and (3) reducing the filing fee for a second annual report to \$150.

The bill takes effect October 1, 2014, and terminates December 31, 2016.

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Fiscal Summary

**State Effect:** Special fund revenue reduction from lower filing and processing fees in FY 2015, 2016, and 2017. Expenditures are not affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful to the extent that the lower fees encourage the formation of small businesses.

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Analysis

**Current Law:** A Maryland LLC is generally required to pay to the State Department of Assessments and Taxation (SDAT) a nonrefundable processing fee of \$100 for articles of organization and a filing fee of \$300 to file an annual report document that is not recorded.

**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:** The extent to which special fund revenues are reduced due to the bill's provisions cannot be reliably quantified due to unavailability of data on the number of LLCs that qualify for reduced fees.

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### **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 25, 2014  
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Analysis by: Joshua A. Lowery

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