



To Lead, Advocate and Connect as the Voice of Business

House Bill 204 - Corporations and Associations – Disadvantaged Business Enterprises and Veteran-Owned Small Business Enterprises – Filing Fee Exemption and Study

Economic Matters Committee

February 19, 2020

SUPPORT

House Bill 204 would waive the annual filing fee for small businesses that are certified under the federal Disadvantaged Business Enterprise Program and veteran-owned small businesses. The bill also has important uncodified language charging the State Department of Assessments and Taxation with reviewing the filing fees of neighboring states and to make recommendations as to how to make this annual fee more competitive. This could include less frequent filings, a decrease in the fee, or the establishment of a sliding fee scale.

A flat annual filing fee of \$300 is required regardless of the size of the company, number of employees, or revenue. As such, there are concerns that the current system is not equitable, particularly to small businesses in the State, and has led to delays in transmitting assessment information to local jurisdictions. As the State Department reviews this fee, there should be consideration as to whether the fees charged offset the actual cost of the annual assessment, how surrounding states assess businesses, and whether an annual fee or a different assessment structure would be more effective, including whether a sliding scale or a fee based on the size of a business or its net revenue would be fairer to businesses, regardless of their size, while maintaining the state's current revenue.

Small businesses are the backbone of Maryland's economy. By exempting those new small businesses that qualify as a disadvantaged business and/or a veteran-owned small business from this fee, Maryland would signal support for our diverse entrepreneurial community.

For the aforementioned reasons, **the Chamber strongly supports House Bill 204 and respectfully urges a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.