

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 271 (Delegate Grammer)
 Economic Matters

Limited Liability Companies - Articles of Organization - Required Information

This bill requires a limited liability company (LLC) to include in the articles of organization filed with the State Department of Assessments and Taxation (SDAT) the name and home address of each member authorized to act on behalf of the LLC. An LLC must promptly update any change in this information by filing with SDAT a signed statement authorizing the change and paying a filing fee of \$25.00, as specified. A person is prohibited from filing articles of organization (or a statement authorizing a change to the articles of organization) that the person knows (or has reason to know) includes incorrect information as required by the bill; violators are guilty of a misdemeanor and subject to a maximum penalty of a \$5,000 fine.

Fiscal Summary

State Effect: General fund expenditures increase by at least \$278,400 in FY 2025 for one-time SDAT programming costs. Minimal increase in general fund revenues from filing fees. The bill’s criminal penalty is not anticipated to materially affect State operations or finances.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	-	-	-	-	-
GF Expenditure	\$278,400	\$0	\$0	\$0	\$0
Net Effect	(\$278,400)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not anticipated to materially affect local government operations and finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The articles of organization for an LLC must include (1) the name of the LLC; (2) the address of its principal office and the name and address of the resident agent; and (3) any other provision that is elected for inclusion by the members, as specified.

SDAT may not accept for record or filing (1) any document of an LLC that does not conform with law or (2) any documents, as specified, until all required recording, filing, and other fees have been paid to SDAT. When SDAT accepts for record any articles, certificate, or other document, SDAT must (1) endorse on the document its acceptance for record and the date and time of acceptance; (2) record promptly the document; and (3) send an acknowledgement to the LLC, its attorney, or its agent stating the date and time that the document was accepted for record. Any document which purports to be acknowledged may be treated by SDAT as properly acknowledged.

Small Business Effect: Entities desiring to form an LLC in Maryland are required to disclose, and file a notice of any change to, the name and home address of each member authorized to act on behalf of the LLC in the articles of organization filed with SDAT and are subject to a criminal penalty under specified circumstances if the information is incorrect.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 981 of 2023.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2024
km/jkb

Analysis by: Joanne E. Tetlow

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