
By: Chairman, Economic Matters Committee (Departmental - Assessments and Taxation)

Introduced and read first time: January 27, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business Documents - Funding**

3 FOR the purpose of authorizing the Department of Assessments and Taxation to use a
4 certain fund for the provision of information and services relating to certain
5 business documents; providing that certain revenues shall annually be transferred to
6 the General Fund of the State; authorizing the Department, by regulation, to adopt
7 a schedule of fees applicable to certain documents submitted for certain recordation
8 and certain services provided; crediting specified revenues to a certain fund;
9 repealing certain fees; requiring the Department to adopt a certain fee schedule;
10 and generally relating to fees for documents filed with, and services provided by, the
11 Department of Assessments and Taxation.

12 BY repealing and reenacting, with amendments,
13 Article - Commercial Law
14 Section 9-401.2(3)
15 Annotated Code of Maryland
16 (1992 Replacement Volume and 1996 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article - Corporations and Associations
19 Section 1-203, 1-203.1, 1-203.2, and 1-406
20 Annotated Code of Maryland
21 (1993 Replacement Volume and 1996 Supplement)

22 BY repealing
23 Article - Corporations and Associations
24 Section 1-204
25 Annotated Code of Maryland
26 (1993 Replacement Volume and 1996 Supplement)

27 BY adding to
28 Article - Corporations and Associations
29 Section 1-204
30 Annotated Code of Maryland

2

1 (1993 Replacement Volume and 1996 Supplement)

2 BY repealing and reenacting, with amendments,

3 Article - Real Property

4 Section 3-601(a)

5 Annotated Code of Maryland

6 (1996 Replacement Volume and 1996 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Commercial Law**

10 9-401.2.

11 (3) (a) Instead of the fees collected by a clerk of the circuit court under Article
12 17, § 74 of the Code, the State Department of Assessments and Taxation shall retain 2.5
13 percent of recordation taxes received in respect of instruments filed with the Department
14 under this title.

15 (b) All revenues retained by the Department under this subsection shall be
16 credited to [a continuing nonlapsing fund that is not subject to § 7-302 of the State
17 Finance and Procurement Article] THE FUND CREATED UNDER § 1-204 OF THE
18 CORPORATIONS AND ASSOCIATIONS ARTICLE.

19 [(c) Subject to the appropriation process in the State Budget, the
20 Department shall use the fund for the costs of reviewing, processing, and auditing
21 instruments filed.

22 (d) The State Treasurer shall hold and the State Comptroller shall account
23 for the fund.

24 (e) The fund shall be invested and reinvested in the same manner as other
25 State funds.

26 (f) Investment earnings shall accrue to the benefit of the fund.]

27 **Article - Corporations and Associations**

28 1-203.

29 (A) [In addition to any organization and capitalization fee required under § 1-204
30 of this article, the Department shall collect the following fees:] EXCEPT AS PROVIDED
31 IN SUBSECTION (C) OF THIS SECTION, THE DEPARTMENT SHALL, BY REGULATION,
32 ESTABLISH A SCHEDULE OF FEES APPLICABLE TO DOCUMENTS SUBMITTED FOR
33 RECORDATION AND SERVICES PROVIDED.

34 (B) EXCEPT FOR REVENUES DERIVED FROM SUBSECTION (C) OF THIS
35 SECTION, THE PROCEEDS FROM FEES ESTABLISHED UNDER THIS SECTION SHALL BE
36 CREDITED TO THE FUND ESTABLISHED BY § 1-204 OF THIS TITLE.

37 [(1)] (C) For each of the following documents, the [recording fee is \$20 and
38 the filing or special] fee is as indicated:

	Filing [or] [Special] Fee	
1 Document		
3 [Articles of incorporation.....		none
4 Articles of amendment.....		none
5 Articles of extension.....		none
6 Articles of restatement of charter		none
7 Articles of amendment and restatement.....		none
8 Articles supplementary.....		none
9 Articles of share exchange.....		none
10 Articles of consolidation, merger, or transfer.....		\$4 for
11	each certificate	
12 Articles of dissolution.....		\$30 (which
13	includes the cost	
14	of publication of the	
15	notice by the Department)	
16 Articles of revival for stock corporation.....		\$30
17 Articles of revival for nonstock corporation.....		\$10

18 (2) For each of the following documents, the recording fee is \$10:

- 19 (i) Notice of change of address of principal office;
- 20 (ii) Notice of change of name or address of resident agent;
- 21 (iii) Certificate of correction; and
- 22 (iv) Any other documents.

23 (3) For each of the following documents which are filed but not recorded,
24 the filing fee is as indicated:

25 Reservation of a corporate, limited partnership, limited liability		
26 partnership or limited liability company name.....		\$7
27 Original registration of name of a foreign corporation to end of calendar year.....		\$50
28 Renewal of registration of name of a foreign corporation for one calendar		
29 year.....		\$50
30 Documents in connection with the qualification of a foreign corporation to do		
31 intrastate business in this State.....		\$50
32 Application for registration of a foreign limited partnership, a foreign		
33 limited liability partnership, or a foreign limited liability company.....		\$50]
34 Annual report of a Maryland corporation, except a charitable or benevolent		
35 institution, nonstock corporation, savings and loan corporation, credit		
36 union, and banking institution.....		\$100
37 Annual report of a foreign corporation subject to the jurisdiction of this State,		
38 except an insurance company which pays an annual filing fee of \$25 to the		
39 Insurance Commissioner, national banking association, savings and loan		
40 association, credit union, nonstock corporation, and charitable and		
41 benevolent institution.....		\$100
42 Annual report of a Maryland savings and loan association, banking institution,		
43 or credit union or of a foreign savings and loan association, national banking		
44 association, or credit union that is subject to the jurisdiction of this State.....		\$100

4

- 1 Annual report of a real estate investment trust doing business in this State..... \$25
- 2 [Other documents..... \$6

3 (4) For each of the following documents recorded or filed the fee is \$50:

4 %Certificate of limited partnership, certificate of limited liability partnership, articles
5 of organization of a limited liability company, including certificates of amendment and
6 certificates of cancellation, certificates of reinstatement, and articles of reinstatement.

7 (5) For issuing each of the following certificates, the fee is as indicated:

8 Type of Instrument	Special Fee
9 Certificate of status of a corporation, limited partnership, limited	
10 liability partnership, or limited liability company of this State or of a	
11 foreign corporation, foreign limited partnership, foreign limited	
12 liability partnership, or foreign limited liability company.....	\$6
13 Certified list of the charter papers of a corporation of this State or any	
14 certificates of a limited partnership, limited liability partnership, or a	
15 limited liability company of this State recorded or filed with the	
16 Department	\$6
17 Certificate of compliance by a foreign corporation, foreign limited partnership,	
18 foreign limited liability partnership, or foreign limited liability	
19 company with requirements of law in respect of qualification or registration.....	\$6
20 Certificate of withdrawal of registration or qualification.....	\$6
21 Certificate of any paper recorded or filed in Department's office.....	\$6

22 (6) For a duplicate of a certificate mentioned in subsection (5) of this
23 section which is issued at the same time as the original, the fee is \$1, and for a copy of any
24 other paper recorded or filed with the Department, the fee is \$1 per page.

25 (7) (i) For acceptance of service of process or notice on the Department,
26 the Department shall charge a fee of \$15.

27 (ii) Each county and Baltimore City is exempt from the fee under
28 paragraph (7)(i) of this section.

29 (8) For processing each of the following documents on an expedited basis,
30 the additional fee is as indicated:

31 Recording any document, including financing statements.....	\$30
32 Certificate of status of a corporation, limited partnership, limited liability	
33 partnership, or limited liability company, or a name reservation.....	\$9
34 A copy of any document recorded or filed with the Department, or a	
35 corporate abstract.....	\$20]

36 1-203.1.

37 With the exception of the recording fee to be paid when the Department accepts
38 articles of incorporation for record, a volunteer fire company or volunteer rescue squad
39 incorporated in this State is not subject to any of the [recording, filing, or special fees
40 enumerated in] FEES AUTHORIZED BY § 1-203 of this article.

5

1 1-203.2.

2 (a) The Department shall process documents on an expedited basis upon the
3 payment of the fee [provided in] AUTHORIZED BY § 1-203[(8)] of this article.

4 (b) The Department shall, to the extent practicable, process documents filed in
5 person on an expedited basis on the same day that the documents are received.

6 (c) The Department shall adopt regulations governing the processing of
7 documents on an expedited basis, including reasonable limitations on filing documents of
8 unusual volume or length.

9 [1-204.

10 (a) (1) In this section, the following words have the meanings indicated.

11 (2) "Aggregate par value of capital stock" means the sum of the total par
12 value of all classes of stock.

13 (3) "Corporation" includes a joint stock company.

14 (4) "Total par value of a class of capital stock" means:

15 (i) For a class of capital stock having par value, the par value per
16 share of stock in the class times the number of authorized shares in the class; or

17 (ii) For a class of capital stock not having par value, \$20 times the
18 number of authorized shares in the class.

19 (b) There is an organization and capitalization fee imposed on:

20 (1) The aggregate par value of capital stock of a Maryland corporation that
21 incorporates;

22 (2) An increase of the aggregate par value of capital stock of a Maryland
23 corporation;

24 (3) A consolidation of corporations that results in a Maryland successor
25 corporation that has an aggregate par value of capital stock that exceeds the aggregate
26 par value of the consolidating corporations;

27 (4) A merger of corporations if the successor corporation has an aggregate
28 par value that exceeds the aggregate par value of capital stock of the merging
29 corporations; or

30 (5) The incorporation of:

31 (i) A Maryland corporation that does not have any capital stock;

32 (ii) A savings and loan association; or

33 (iii) A credit union.

34 (c) (1) Except as otherwise provided in this section, the organization and
35 capitalization fee is as provided in the following schedule:

6

1	Aggregate Par Value of	Fee
2	Capital Stock	
3	Not over \$100,000	\$20
4	Over \$100,000 but not	\$20, plus \$1 for each
5	over \$1,000,000	\$5,000 or fractional
6		part of \$5,000 that
7		exceeds \$100,000
8	Over \$1,000,000 but not	\$200, plus \$10 for each
9	over \$2,000,000	\$100,000 or fractional
10		part of \$100,000 that
11		exceeds \$1,000,000
12	Over \$2,000,000 but not	\$300, plus \$15 for each
13	over \$5,000,000	\$500,000 or fractional
14		part of \$500,000 that
15		exceeds \$2,000,000
16	Over \$5,000,000	\$390, plus \$20 for each
17		\$1,000,000 or fractional
18		part of \$1,000,000 that
19		exceeds \$5,000,000

20 (2) The organization and capitalization fee is \$20 for the incorporation of:

- 21 (i) A Maryland corporation that does not have any capital stock;
- 22 (ii) A savings and loan association; or
- 23 (iii) A credit union.

24 (d) (1) Except as otherwise provided in this subsection, the organization and
 25 capitalization fee for an increase in aggregate par value of capital stock is the fee
 26 computed on the aggregate par value including the proposed increase less the fee
 27 computed on the aggregate par value excluding the proposed increase.

28 (2) Except as provided in paragraph (3) of this subsection, the organization
 29 and capitalization fee on an increase in aggregate par value of capital stock of a railroad
 30 corporation that is incorporated under the laws of this State and any other state is
 31 computed by multiplying the fee computed under paragraph (1) of this subsection by the
 32 proportion of the total track mileage of the railroad corporation in this State to the total
 33 track mileage of the railroad corporation.

7

1 (3) The minimum organization and capitalization fee on an increase in
2 aggregate par value is \$20.

3 (e) (1) Except as otherwise provided in this subsection, the organization and
4 capitalization fee for the consolidation of existing corporations to form a Maryland
5 successor corporation is the fee computed on the aggregate par value of capital stock of
6 the successor corporation less the fee computed on the combined aggregate par value of
7 capital stock of the consolidating corporations.

8 (2) If there is an increase in the aggregate par value as computed under
9 paragraph (1) of this subsection, the minimum organization and capitalization fee due on
10 a consolidation is \$20.

11 (f) (1) Except as otherwise provided in this subsection, the organization and
12 capitalization fee for the merger of existing corporations is the fee computed on the
13 aggregate par value of capital stock of the successor corporation less the fee computed on
14 the combined aggregate par value of capital stock of the merging corporations.

15 (2) If there is an increase in the aggregate par value as computed under
16 paragraph (1) of this subsection, the minimum organization and capitalization fee due on
17 a merger is \$20.

18 (g) The organization and capitalization fee required by this section shall be paid
19 to the Department before the Department may accept for record any charter document
20 that requires an organization and capitalization fee.

21 (h) The Department shall give the Comptroller a monthly account of the
22 organization and capitalization fees that the Department receives.

23 (i) The Department shall pay any organization and capitalization fees collected
24 under this title into the General Fund of this State.]

25 1-204.

26 (A) THERE IS A FUND TO WHICH THE FOLLOWING REVENUES THAT THE
27 DEPARTMENT RETAINS SHALL BE CREDITED:

28 (1) 2.5% OF RECORDATION TAXES RECEIVED IN RESPECT TO
29 INSTRUMENTS FILED WITH THE DEPARTMENT UNDER TITLE 9 OF THE COMMERCIAL
30 LAW ARTICLE; AND

31 (2) ALL FEES RECEIVED BY THE DEPARTMENT AND DESIGNATED BY
32 THIS ARTICLE OR BY ANY OTHER LAW TO THE FUND CREATED BY THIS
33 SUBSECTION.

34 (B) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT
35 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

36 (C) SUBJECT TO THE APPROPRIATION PROCESS IN THE STATE BUDGET, THE
37 DEPARTMENT SHALL USE THE FUND FOR THE COSTS OF REVIEWING, PROCESSING,
38 AND AUDITING DOCUMENTS FILED, AND THE PROVISION OF INFORMATION OR
39 SERVICES RELATING TO DOCUMENTS FILED UNDER THIS ARTICLE OR OTHER
40 ARTICLES OF THE CODE.

8

1 (D) THE STATE TREASURER SHALL HOLD AND THE STATE COMPTROLLER
2 SHALL ACCOUNT FOR THE FUND.

3 (E) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER
4 AS OTHER STATE FUNDS.

5 (F) INVESTMENT EARNINGS SHALL ACCRUE TO THE BENEFIT OF THE FUND.

6 (G) EXCEPT FOR FUNDS RETAINED UNDER SUBSECTION (A)(1) OF THIS
7 SECTION, AT THE CLOSE OF EACH FISCAL YEAR THE DEPARTMENT SHALL
8 TRANSFER FROM THE FUND TO THE GENERAL FUND OF THE STATE AN AMOUNT
9 EQUAL TO 70% OF THE REVENUES CREDITED TO THE FUND DURING THAT FISCAL
10 YEAR.

11 1-406.

12 (a) Any person engaged in any mercantile, trading, or manufacturing business as
13 an agent or doing business or trading under any designation, title, or name other than the
14 person's own name, prior to commencing operation of the business, shall file with the
15 Department of Assessments and Taxation a certificate:

16 (1) In writing;

17 (2) Affirmed or acknowledged under oath; and

18 (3) Disclosing:

19 (i) The true and correct names and addresses of the principal or
20 owner of the business;

21 (ii) The character and location of the business; and

22 (iii) The name, title, or designation under which the business is
23 conducted.

24 (b) (1) Except as provided under paragraph (2) of this subsection, the name,
25 title, or designation under which a business is conducted may not be the same as or
26 misleadingly similar to:

27 (i) The name of any Maryland corporation, limited partnership,
28 limited liability partnership, or limited liability company;

29 (ii) The name of any foreign corporation, limited partnership, limited
30 liability partnership, or limited liability company registered or qualified to do business in
31 the State; or

32 (iii) Any name which is recorded under this section or reserved under §
33 2-107, § 4A-209, or § 10-103 of this article or registered under § 4A-1002, § 7-101 or §
34 10-904 of this article.

35 (2) The name, title, or designation under which the business of a
36 professional corporation is conducted may be the same as its corporate name with
37 permitted omissions as allowed under § 5-109(c) of this article.

9

1 (c) The information required in subsection (a) of this section shall be filed in the
2 manner that the Department requires by regulation.

3 (d) (1) The Department of Assessments and Taxation shall maintain a public
4 record, to be known as the "agency record".

5 (2) The agency record shall record all certificates filed in accordance with
6 this section, and the certificates shall be properly indexed.

7 (e) The Department of Assessments and Taxation shall, BY REGULATION,
8 ESTABLISH A SCHEDULE OF FEES FOR THE RECORDATION OR FILING OF
9 DOCUMENTS UNDER THIS SECTION. FEES COLLECTED UNDER THIS SUBSECTION
10 SHALL BE CREDITED TO THE FUND ESTABLISHED BY § 1-204 OF THIS TITLE. [charge
11 and receive a fee of:

12 (1) \$10 for recording the certificates under this section;

13 (2) \$1 for each name to be indexed; and

14 (3) \$12 for each amendment, cancellation, or renewal of a certificate.]

15 (f) (1) A certificate filed under this section is effective for a period of 5 years
16 from the date the certificate is filed.

17 (2) Every 5 years following the year in which a certificate is filed or
18 renewed, a person who has filed or renewed a certificate under this section may renew the
19 certificate by filing, within 6 months before the end of the 5-year period, an application
20 for renewal in the manner that the Department requires by regulation.

21 (3) A renewal application extends the certificate for 5 years from the end of
22 the previous 5-year period.

23 (g) This section does not apply to any person who has filed a certificate similar to
24 the certificate required under this section with the Department of Assessments and
25 Taxation before July 1, 1991.

26 **Article - Real Property**

27 3-601.

28 (a) (1) In this subsection, "page" means one side of a leaf not larger than 8 1/2
29 inches wide by 14 inches long, or any portion of it.

30 (2) Before recording an instrument among the land or financing records, a
31 clerk shall collect:

32 (i) \$10 for a release 9 pages or less in length;

33 (ii) \$20 for any other instrument 9 pages or less in length;

34 (iii) Except as provided in item (i) of this paragraph, \$20 for an
35 instrument, regardless of length, involving solely a principal residence; and

36 (iv) \$75 for any other instrument 10 pages or more in length.

10

1 (3) The recording costs under this subsection [shall also] DO NOT apply to
2 instruments required to be recorded in the financing statement records of the State
3 Department of Assessments and Taxation. THE DEPARTMENT SHALL, BY
4 REGULATION, ESTABLISH FEES FOR THE RECORDATION OR FILING OF DOCUMENTS
5 UNDER THIS SECTION. REVENUES FROM SUCH FEES SHALL BE CREDITED TO THE
6 FUND ESTABLISHED BY § 1-204 OF THE CORPORATIONS AND ASSOCIATIONS
7 ARTICLE.

8 SECTION 2. AND BE IT FURTHER ENACTED, That for Fiscal Year 1998 the
9 Department shall adopt a fee schedule under this Act that provides the General Fund of
10 the State with a level of revenues at least equal to the revenues from such fees in Fiscal
11 Year 1996.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1997.