

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 381 (Senators Baker and Hogan)
Judicial Proceedings

Limited Liability Company Reform Act of 1997

This bill affects the formation, operation, and dissolution of limited liability companies. The bill (1) allows formation of a limited liability company by one person; (2) allows a limited liability company to have perpetual existence; (3) allows for a general partnership or limited partnership to convert to a limited liability company; (4) repeals provisions regarding the continuation of a limited liability company following dissolution; (5) provides that certain partnership property conveyances and partnership obligations are not fraudulent; and (6) repeals certain limitations on the members of a limited liability company.

Fiscal Summary

State Effect: General fund expenditures would increase by \$10,000 in FY 1998 only. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Minimal impact on small businesses as discussed below.

Fiscal Analysis

State Expenditures: This bill allows limited partnerships to automatically become limited liability companies by filing articles of organization with the Department of Assessments and Taxation (DAT). This will require the department to simultaneously change the record of the limited partnership and establish a record for a limited liability company. This will create one-time computer programming expenditures of approximately \$10,000 for the Department of Assessments and Taxation. Otherwise, the bill does not affect the operations of DAT.

Small Business Effect: This bill authorizes individuals to establish limited liability companies and certain partnerships to convert to limited liability companies, thus increasing

the organizational structures available to small businesses.

Information Sources: Department of Assessments and Taxation, Department of Fiscal Services

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