

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 1357
Economic Matters

(Delegates Barve and Brown)

Judicial Proceedings

Limited Liability Companies - Mergers

This bill authorizes a domestic, or Maryland, limited liability company (LLC) to merge into one or more domestic or foreign LLCs, unless the LLC's operating agreement provides otherwise. The bill authorizes multiple foreign or domestic LLCs to merge into a single domestic LLC. The bill also authorizes a domestic LLC to approve a merger by the consent of members holding at least two-thirds of the interests in the LLC's profits, unless the LLC's operating agreement provides otherwise.

Fiscal Summary

State Effect: Potential minimal impact on filing fees for articles of organization for LLCs that file them with the State Department of Assessments and Taxation (SDAT). Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Unless the operating agreement provides otherwise, a domestic LLC may merge into one or more LLCs, partnerships, limited partnerships, capital stock corporations, or business trusts having transferable units of beneficial interest. One or more LLCs, partnerships, limited partnerships, capital stock corporations, or business trusts having transferable units of beneficial interest may merge into a domestic LLC.

An LLC must approve the merger by unanimous consent of its members. A foreign LLC party to a merger must have the merger advised, authorized, and approved in the manner and by the vote required by the laws of the place where it is organized. Under the Maryland Limited Liability Company Act, “limited liability company” and “domestic limited liability” are synonymous.

State Effect: SDAT advises that there are approximately 48,300 active domestic LLCs registered with SDAT. The number of foreign or domestic LLCs that would merge because of this bill cannot be accurately determined, but it is assumed to be minimal. The fee for filing and recording an LLC’s articles of organization with SDAT is \$50. Additional fees apply for expedited filing. Fees collected for expedited processing are credited to a special fund that pays part of the expenses of SDAT’s Charter Unit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2002
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