

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 536

(Chairman, Economic Matters Committee)

(By Request – Departmental– Assessments and Taxation)

Economic Matters

Business Entities - Recordation of Documents

This departmental bill repeals the provisions requiring the State Department of Assessments and Taxation (SDAT) to return the original document when one of several specified organizational documents has been filed by a corporation, limited liability company (LLC), foreign LLC, limited liability partnership (LLP), foreign LLP, limited partnership (LP), or foreign LP. In lieu of returning an original document, the bill requires SDAT to send an acknowledgement stating the date and time that a document was accepted for filing or recordation. The bill also repeals the provision requiring SDAT to record without additional charge and return any previously unrecorded and unfiled charter documents of a Maryland corporation.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: General fund expenditures by SDAT for postage could decrease by approximately \$35,600 annually beginning in FY 2005.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(35,600)	(35,600)	(35,600)	(35,600)	(35,600)
Net Effect	\$35,600	\$35,600	\$35,600	\$35,600	\$35,600

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

Local Effect: None.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: SDAT must return the original document when one of the following is filed or recorded: (1) a charter document or any document designating or changing the name or address of a resident agent or principal office of a Maryland corporation; (2) any articles, certificate, qualification, registration, change of resident agent or principal office, report, service of process or notice, or other document recorded or filed by an LLC; (3) an application for registration by a foreign LLC; (4) any certificates, qualification, registration, change of resident agent or principal office, report, service of process or notice, or other document recorded or filed by an LLP; (5) an application for registration by a foreign LLP; (6) any certificate, decree, qualification, registration, change of resident agent or principal office, report, service of process or notice, or other document filed or recorded by an LP; or an application for registration by a foreign LP.

Background: Images of all documents filed or recorded by business entities since January 1, 2001 are available within 48 hours after filing or recordation at no charge on SDAT's Internet web site. SDAT advises that Maryland is one of only 11 states that return original business documents that have been filed or recorded. The other states are Idaho, Illinois, Iowa, Michigan, Minnesota, Nebraska, Pennsylvania, Rhode Island, Tennessee, and Wisconsin.

State Expenditures: The number of documents returned by SDAT varies from year to year. For example, during the last three fiscal years, SDAT has returned approximately 64,200, 69,800, and 76,300 documents, respectively. Some documents would qualify for the \$0.37 postage rate for one-ounce letters, while others would qualify for the next higher rate of \$0.60. Based on the average number of returned documents for the last three years, general fund expenditures by SDAT for postage could decrease by approximately \$35,600 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 8, 2004
mam/hlb

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