

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 714
Economic Matters

(Delegate Clark, *et al.*)

Corporations and Associations - Fee for Processing Articles of Dissolution -
Repeal

This bill repeals the \$100 nonrefundable processing fee that must be paid by business entities to the State Department of Assessments and Taxation (SDAT) for filing articles of dissolution.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund revenues decrease by approximately \$764,900 annually beginning in FY 2018. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Business entities that file articles of dissolution with SDAT must pay a \$100 nonrefundable processing fee.

Background: SDAT's Charter Unit is the central repository of all records for business entity formation and filings, such as charters, limited liability companies, partnerships, and trusts. The unit provides resident agent information for service of process on these entities and accepts service in certain instances on their behalf. It also records trade names and is the filing place for most financing statements under the Uniform Commercial Code. The Charter Unit administers the State's annual corporate filing fee, as well as other business transaction fees. Revenue collected is deposited into the State general fund.

State Fiscal Effect: General fund revenues decrease by approximately \$764,900 annually beginning in fiscal 2018 from business entities no longer paying the \$100 fee. The estimate is based on the average number of articles of dissolution that have been filed with SDAT's charter unit each year since 2011, as shown in **Exhibit 1**.

Exhibit 1
Articles of Dissolution – Repeal of \$100 Fee

<u>Year</u>	<u>Number Filed</u>
2011	6,687
2012	6,852
2013	7,898
2014	8,309
2015	8,689
2016	7,457
Total	45,892
6-year Average of Filings	7,649
Dissolution Fee	\$100
General Fund Decrease	\$764,867

Source: State Department of Assessments and Taxation

Additional Information

Prior Introductions: None.

Cross File: SB 656 (Senator Jennings) - Judicial Proceedings.

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

Fiscal Note History: First Reader - February 15, 2017
mm/hlb

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