

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 82

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Assessments and Taxation)

Judicial Proceedings

Economic Matters

Corporations and Associations - Resident Agent - Quantity and Resignation

This departmental bill requires corporations, limited liability partnerships, limited partnerships, and statutory trusts to have *a* resident agent, rather than *at least one* resident agent. The bill also alters the effective date of a resident agent's resignation for these entities, as well as for limited liability corporations and foreign corporations, to reflect these entities having only one resident agent.

Fiscal Summary

State Effect: The bill does not substantively change State activities or operations, as discussed below.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: The State Department of Assessments and Taxation (SDAT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill establishes that, for specified entities, a resident agent's resignation is effective (1) if the entity has appointed a successor, at the time the resignation is filed with SDAT, or (2) if the entity has not appointed a successor, 10 days after the resignation is filed with SDAT.

Current Law: Corporations, limited liability partnerships, limited partnerships, and statutory trusts are required to have (1) a principal office in this State and (2) *at least one* resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT, or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

Limited liability companies and foreign corporations, in addition to other requirements, are required to have *a* resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT, or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

Background: SDAT advises that allowing for multiple resident agents is considered antiquated and unnecessary, and creates confusion in attempts to serve process on an entity. Further, according to SDAT, the bill better aligns statute with the National Conference of Commissioners on Uniform State Laws *Model Resident Agents Act*. SDAT further advises that Delaware also specifies only one resident agent per entity.

State Fiscal Effect: For entities that already have multiple resident agents, the bill may result in fewer resident agent registrations (as existing resident agents resign and can no longer be replaced, due to the single resident agent limitation). However, SDAT does not anticipate a material fiscal impact due to fewer registrations. Additionally, SDAT may experience operational efficiencies from no longer registering multiple resident agents per entity.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation; National Conference of Commissioners on Uniform State Laws; Department of Legislative Services

Fiscal Note History: First Reader - January 12, 2018
nb/kdm Third Reader - January 31, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Corporations and Associations – One Resident Agent

BILL NUMBER: SB 82

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Not Applicable.