

Department of Legislative Services  
 Maryland General Assembly  
 2021 Session

FISCAL AND POLICY NOTE  
 Third Reader

House Bill 647

(Delegate Wilson)

Economic Matters

Judicial Proceedings

Corporations and Associations - Fees for Processing Articles of Dissolution,  
 Certificates of Cancellation, and Other Documents - 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 and certificates of cancellation. The bill also repeals the \$25 nonrefundable processing fee that foreign entities pay to file applications of termination. **The bill takes effect July 1, 2021.**

Fiscal Summary

**State Effect:** General fund revenues decrease by approximately \$879,200 annually beginning in FY 2022. Expenditures are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GF Revenue	(\$879,200)	(\$879,200)	(\$879,200)	(\$879,200)	(\$879,200)
Expenditure	0	0	0	0	0
Net Effect	(\$879,200)	(\$879,200)	(\$879,200)	(\$879,200)	(\$879,200)

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** Business entities that file articles of dissolution and certificates of cancellation with SDAT must pay a \$100 nonrefundable processing fee. Foreign entities are required to pay a \$25 nonrefundable processing fee to file an application of termination.

**State Fiscal Effect:** General fund revenues decrease by approximately \$879,200 annually beginning in fiscal 2022 from business entities no longer paying the \$100 and \$25 processing fees. The estimate is based on the average number of articles of dissolution, certificates of cancellation, and foreign entity applications of termination that have been filed with the SDAT charter unit since 2015, as shown in **Exhibit 1**.

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### Exhibit 1 Repeal of Specified Filing Fees

<u>Year</u>	<u>Number Filed</u>		
	<u>Dissolution</u>	<u>Cancellation</u>	<u>Termination</u>
2015	2,038	5,882	599
2016	2,044	5,873	722
2017	1,982	6,184	778
2018	1,932	6,253	754
2019	2,290	7,393	832
2020	1,963	7,804	752
<b>Total</b>	<b>12,249</b>	<b>39,389</b>	<b>4,437</b>
Six-year Average of Filings	2,042	6,565	740
Fee	\$100	\$100	\$25
<b>General Fund Decrease</b>	<b>\$204,200</b>	<b>\$656,500</b>	<b>\$18,500</b>

Source: State Department of Assessments and Taxation

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### Additional Information

**Prior Introductions:** HB 1606 of 2020 was referred to the House Rules and Executive Nominations Committee, but no further action was taken. HB 165 of 2019 received an unfavorable report from the House Economic Matters Committee. SB 993 of 2018 received

an unfavorable report from the Senate Judicial Proceedings Committee. Its cross file, HB 18, received an unfavorable report from the House Economic Matters Committee. SB 656 of 2017 passed the Senate, but received an unfavorable report from the House Economic Matters Committee. Its cross file, HB 714, also received an unfavorable report from the House Economic Matters Committee.

**Cross File:** SB 942 (Senator Peters) - Rules.

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

**Fiscal Note History:** First Reader - February 14, 2021  
md/hlb Third Reader - March 9, 2021

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