

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 390
Economic Matters

(Delegate Solomon)

Judicial Proceedings

**Corporations and Associations - Use or Maintenance of Improper or Outdated
Addresses in Documents**

This bill prohibits the use or maintenance of an improper or outdated address in documents filed for inclusion in records of the State Department of Assessments and Taxation (SDAT). The bill authorizes a person listed as an owner of real property in the department's records to file an affidavit with the department stating that the property's address on record with the department is being used or maintained in violation of the bill's provisions. The bill establishes specified procedures and relief for settling and resolving disputes concerning the use or maintenance of specified addresses.

Fiscal Summary

State Effect: None. SDAT can handle the bill's requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, SDAT may not accept any charter document of a Maryland corporation for record which does not conform with law. Under Title 1, Section 2 of the Corporations and Associations Article, a person may not cause to be recorded a governing document or charter document of an entity that the person knows (1) is not authorized by

at least one individual whose name is included in the entity name or (2) does not otherwise conform to State law.

A person who believes that a governing document or charter document was recorded in violation may submit an affidavit to SDAT stating the factual basis for the person's belief. If the department receives an affidavit from a person, the department must send to the resident agent of the entity for which the governing document or charter document was filed for recordation a notice that (1) includes a copy of the governing document or charter document; (2) indicates the department identification number associated with the entity; (3) states the specified prohibition; (4) states that the department has reason to believe that the governing document or charter document has been filed for recordation in violation and describes the factual basis for that belief; and (5) advises that the governing document or charter document may be voided by the department unless, within 45 days after the notice is sent by the department, the resident agent or other authorized person submits to the department an affidavit that (1) states the resident agent's or other authorized person's belief that the governing document or charter document does not violate the law and (2) provides the factual basis for that belief.

SDAT may void a governing document or charter document after the expiration of the 45-day period specified in the notice if the department does not receive specified information from the entity's resident agent or other authorized person. The law also specifies procedures and relief for settling and resolving disputes concerning the filing and voiding of specified governing or charter documents.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 447 (Senator Waldstreicher) - Judicial Proceedings.

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

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