

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 917
Economic Matters

(Delegate Amprey)

Judicial Proceedings

Corporations and Associations - Maryland Securities Act - Filing Fees

This bill increases specified filing fees under the Maryland Securities Act.

Fiscal Summary

State Effect: Special fund revenues increase by an estimated \$383,600 in FY 2026 and by \$511,500 annually thereafter. Expenditures are not affected.

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

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Maryland Securities Act – Prohibitions, Exemptions, and Filings

Section 11-501 of the Corporations and Associations Article (part of the Maryland Securities Act) prohibits a person from offering or selling any security in the State unless (1) the security is registered under the Act; (2) the security or transaction is exempted under Subtitle 6 of the Act; or (3) the security is a federal covered security. Under the statute, “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a political subdivision of a government.

Under § 11-503.1 of the Maryland Securities Act, a person may generally not offer or sell a federal covered security in the State unless specified documents are filed and any required fees are paid. Pursuant to § 11-503.1(c), with respect to a security that is a federal covered security (as specified in federal law), the Securities Commissioner may require, by rule, order, or otherwise, the issuer to file (1) a consent to service of process signed by the issuer; (2) the fee required under § 11-506 of the statute; and (3) any document filed with the Securities and Exchange Commission under the Securities Act of 1933.

Also pursuant to the Maryland Securities Act (specifically, § 11-205), the Securities Commissioner, by rule or order, may require the filing of any prospectus, pamphlet, circular, form letter, advertisement, or other sales literature or advertising communication, whether communicated in hard copy, electronic means, or otherwise, addressed or intended for distribution to prospective investors, including clients or prospective clients of an investment adviser, unless the security or transaction is otherwise exempted by Subtitle 6, or as otherwise specified.

Section 11-601 of the Corporations and Associations Article lists specified securities that are exempted from the above requirements under § 11-205 (filing of sales/advertising literature) and § 11-501 (registration requirement) of the Maryland Securities Act. Pursuant to § 11-601(16), any security issued by an entity formed, organized, or existing under State law is exempted to the extent permitted by the Securities Commissioner (by rule or order), if certain conditions are applicable, including (1) the offer and sale of the security are made only to residents of the State; (2) the aggregate price of securities in an offering does not exceed \$100,000; (3) the total consideration paid by any purchaser of securities in an offering does not exceed \$100; and (4) the security is sold in an offering conducted in compliance with any conditions established by rule or order of the Securities Commissioner, as specified (*e.g.*, restrictions on the nature of the issuer, limitations on the number of offerings, etc.).

Filing Fees

A person required to submit a filing in accordance with an exemption under the Maryland Securities Act is generally required to pay a filing fee of \$400 for each filing. However, a person required to submit a filing fee in accordance with the exemption granted under § 11-601(16) must pay a fee of \$100 for each filing. A person required to submit notice of the offer or sale of federal covered securities under 11-503.1(c) must pay (1) a fee of \$100 for each filing and (2) an additional fee of \$150 for each filing made after the filing due date.

The bill:

- increases, from \$100 to \$250, the applicable filing fee in regard to § 11-601(16);
and

- in regard to filings under 11-503.1(c), increases, from \$100 for *each filing* to \$250 for *the initial filing*, the applicable filing fee. (The bill does not alter the current additional fee of \$150 for each filing made after the filing due date.)

State Revenues: Special fund revenues increase by an estimated \$383,625 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date, and by approximately \$511,500 annually thereafter due to the increase of filing fees under the bill. This estimate is based on information reported by the Office of the Attorney General and assumes that the following number of filings occur annually:

- 10 filings in accordance with the exemption granted under § 11-601(16); and
- 3,400 initial filings of a notice of the offer or sale of federal covered securities under § 11-503.1(c).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Securities Division); State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2025
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