



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director

DATE: March 24, 2021

BILL NUMBER: SB0181

COMMITTEE: Economic Matters

BILL TITLE: Corporations and Associations - Trade Name Certificates - Requirements

SDAT POSITION: Support

The State Department of Assessments and Taxation (SDAT) supports SB0181, a bill that would require that a trade name certification be associated with an existing business that is registered with SDAT.

Presently, legal-entities are required to be registered and in good standing with SDAT before they can register a trade name, but non-legal entities are not. Many non-legal entities register a trade name, believing that they are actually registering a business, which can cause issues for that business at a later date. For example, as the COVID-19 pandemic began, businesses were required to be registered with SDAT by a certain date in order to be eligible for COVID-related relief, and many businesses owners thought that they had registered their business when in fact they had only registered a trade name, which excluded them from receiving relief.

There is no fee associated with forming a non-legal entity, and there is no fee associated with filing an Annual Report for a non-legal entity. This legislation would not only ensure that all entities obtaining a trade name are properly registered with the Department, but will also bring clarity to the law and current SDAT policy. It would not increase costs for any business, since this policy already exists for legal entities, while registration for non-legal entities is free.

The Department supports the amendment, added in the Senate, to clarify that this legislation is not intended to exclude any businesses from registering a trade name.

For these reasons, we strongly urge a favorable report by the Committee for Senate Bill 0181.

Office of the Director

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