DATE: March 3, 2021

BILL NUMBER: HB1153

COMMITTEE: Economic Matters

BILL TITLE: Names of Entities With Physician Membership – Approval Requirement – Exemption

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB1153, a bill that would require SDAT to send certain articles of incorporation to the State Board of Physicians and the Maryland State Medical Society.

<u>SDAT is not able to verify if an incorporating entity is subject to this statute.</u>
SDAT currently does not collect membership information when corporations are formed. SDAT would not be able to identify if a corporation's members include licensed physicians.

To accomplish this reporting requirement, SDAT would add a field on the Articles of Incorporation form that asks "are members of this entity licensed physicians as defined under §14-101 of the Health Occupations Article?" If, and only if, the field is checked, SDAT will send the documents to the State Board of Physicians and the Maryland State Medical Society.

Programing Cost
The Department would incur a one-time programming cost of $114,120 to track this information in its system and update forms accordingly.
HB1153 would require modifications to:
1. Articles of Incorporation for Close Corporation
2. Articles of Incorporation for Nonstock Corporation
3. Articles of Incorporation for Stock Corporation
4. Articles of Incorporation for Religious Corporation
5. Articles of Incorporation for Tax-exempt Nonstock Corporation

Note that this bill would not apply to trade name renewals of existing corporations that contain licensed physicians.

SDAT would like the committee to consider the information presented as it deliberates HB1153.

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