



**DEPARTMENT OF  
ASSESSMENTS AND TAXATION**

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

**DATE:** January 14, 2021

**BILL NUMBER:** SB0106

**COMMITTEE:** Finance

**BILL TITLE:** Licensing – Good Standing With the State Department of Assessments and Taxation – Requirement

**SDAT POSITION:** Support with Amendments

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The State Department of Assessments and Taxation (SDAT) supports SB0106, a bill that would provide additional enforcement for non-compliant businesses to file required annual reports, creating an equal playing field for businesses that follow state law and guidelines.

The proposed legislation will require many businesses in the State applying for renewal of a license or permit to be in good standing status with SDAT. An entity regulated under the Business Regulation statute will not be permitted the renewal of a license or permit unless the business is in good standing with the Department.

Maryland law requires businesses to submit an annual report with a \$300 payment. Currently, some businesses in Maryland either intentionally or unintentionally avoid this fee by simply not filing. As a result, non-compliant businesses can continue to operate while other businesses operate in compliance under state law. This creates a lack of incentive for businesses to follow state rules and guidelines.

This proposed legislation will identify additional businesses that have failed to submit required annual reports and pay the filing fees. Additionally, more businesses will be in good standing status with the State.

As the COVID-19 pandemic began, many filers contacted SDAT to bring the entity out of forfeited status and back into good standing. Maryland financial institutions were not processing Paycheck Protection Program (PPP) loan applications unless the entity could provide a certificate of good standing. Unfortunately, many filers either were unaware or intentionally did not file their annual reports and personal property returns. In many cases, multiple years of filings were needed for the entity to be back in good standing with the State.

*Office of the Director*

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In 2016, there were 283,252 businesses in Good Standing status. As of today, there are now over 455,000 businesses in Good Standing, which is a record number. The proposed legislation will increase the number of businesses in Good Standing status in Maryland and create a level playing field with the majority of entities that make their required annual filings.

For these reasons, we strongly urge a favorable report by the Committee for Senate Bill 0106.

After consultation with the Maryland State Bar Association's Business Law Section Council, the Department will be requesting an amendment to SB106 to clarify that this requirement will only pertain to businesses required to submit an Annual Report to SDAT.

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