

SENATE HB0647.docx.pdf

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**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

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

DATE: March 18, 2021

BILL NUMBER: HB0647

COMMITTEE: Judicial Proceedings

BILL TITLE: Corporations and Associations - Fees for Processing Articles of Dissolution, Certificates of Cancellation, and Other Documents - Repeal

SDAT POSITION: Support

The State Department of Assessments and Taxation (SDAT) supports HB0647, a bill that would repeal certain fees charged by the State Department of Assessments and Taxation for processing articles of dissolution, certificates of cancellation, and certain other documents filed by certain business entities with the Department.

Generally, this \$100 fee is unfair to ask from entities that are going out of business, but it is especially unfair during the COVID pandemic when many business owners are struggling the most. Maryland's \$100 fee is tied for the third highest in the country, and 6 states currently have a \$0 filing fee.

This exorbitant fee also serves as a disincentive for businesses to inform the Department when their entity closes, as most businesses can avoid filing these documents and lapse into forfeiture 18 months later for being delinquent on their filings. During this two-year period, the Department exerts time and resources to notify entities that they are delinquent on their filings and imminently facing forfeiture, while counties seek to collect on personal property tax liabilities from businesses that are in effect already defunct.

A \$0 fee would greatly increase the chance that businesses close with the state timely and appropriately, and would save the state and counties hundreds of thousands of dollars in wasted notification and collection efforts.

For these reasons, we strongly urge a favorable report by the Committee for HB0647.

Office of the Director

300 W. Preston St., Room 605, Baltimore, MD 21201

www.dat.maryland.gov

410-767-1184 (phone)

1-800-552-7724 (MD Relay)

410-333-5873 (fax)

1-888-246-5941 (toll free)

HB0647-JPR_MACo_SUP.pdf

Uploaded by: Kinnally, Kevin

Position: FAV



MARYLAND
Association of
COUNTIES

House Bill 647

*Corporations and Associations - Fees for Processing Articles of Dissolution,
Certificates of Cancellation, and Other Documents - Repeal*

MACo Position: **SUPPORT**

To: Judicial Proceedings Committee

Date: March 18, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 647 as it could generally improve the efficiency and accuracy of land records, and remedy an inefficient process that troubles local tax collections.

This bill repeals the nonrefundable state processing fee that must be paid by business entities to the State Department of Assessments and Taxation (SDAT) for filing articles of dissolution and certificates of cancellation.

Under current law, business entities that file articles of dissolution and certificates of cancellation with SDAT must pay a \$100 nonrefundable processing fee. Because SDAT has no enforcement mechanism, particularly with entities that are nearing a point of dissolution, many such entities simply avoid filing articles of dissolution and instead force the Department to commence a lengthy forfeiture process.

In the meantime, county governments may receive inaccurate assessment data, resulting in the issuance of property tax bills to entities that are no longer in business. As a result, county governments expend significant time and resources on fruitless and administratively burdensome attempts to collect delinquent property taxes.

HB 647 will improve state and local tax assessment efficiency and save valuable local resources. Accordingly, MACo urges a **FAVORABLE** report on HB 647.

HB 647 Letter of Support-Outline-JPR.pdf

Uploaded by: Wilson, Delegate C.T.

Position: FAV

C. T. WILSON
Legislative District 28
Charles County



The Maryland House of Delegates
6 Bladen Street, Room 410
Annapolis, Maryland 21401
410-841-3325 · 301-858-3325
800-492-7122 Ext. 3325
Fax 410-841-3367 · 301-858-3367
CT.Wilson@house.state.md.us

Economic Matters Committee
Chair
Business Regulation Subcommittee

House Chair, Veterans Caucus
Chair, Southern Maryland Delegation

THE MARYLAND HOUSE OF DELEGATES

ANNAPOLIS, MARYLAND 21401

Testimony for HB 647 Judicial Proceedings

Good afternoon Mr. Chairman, Mr. Vice – Chair, and esteemed members of the committee. I am Delegate C.T Wilson and it's a privilege to be here to present:

House Bill 647 entitled Corporations and Associations – Fees for Processing Articles of Dissolution, Certification of Cancellation, and Other Documents.

Bill Overview:

Repealing certain fees charged by the State Department of Assessments and Taxation for Processing articles of dissolution, certificates of cancellation, and certain other documents filed by certain business entities with the Department.

Bill Outline:

1. In addition to any organization and capitalization fee is subject to subsection and the department shall collect the fees specified in the subsection of this section.
2. For each of the following, the nonrefundable processing fee is indicated; notice of change of address of principal office (\$25); change of name or address of resident agent (\$25); certification of correction (\$25).
3. For each of the following documents recorded or filed the nonrefundable processing fee is \$100; certificate of limited partnership, certificate of limited liability partnership, articles of organization of a limited liability company, certificate of trust of a business trust, including certificates of amendment.

Conclusion:

In conclusion, the purpose of this bill is to void specific fees charged by the State Department of Assessments and Taxation. This includes certificates of cancellations and other documents that generally related to the fees charged to business entities from the State Department of Assessments and Taxation.

Thank you for your time today and I request a favorable report for **HB 647**. I am open to any questions or concerns that you may have regarding this bill.