

March 6, 2023



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Delegate C. T. Wilson, Chair  
House Economic Matters Committee  
Room 231  
House Office Building  
Annapolis, Maryland 21401

Re: **MSBA Business Law Section Council**  
House Bill 999 (Corporations - Filing Requirements for Dissolution and  
Termination of Registration or Qualification - Repeal)

Dear Chair Wilson and Fellow Committee Members:

The Business Law Section Council (the “Section Council”) of the Maryland State Bar Association (the “MSBA”) annually reviews proposed legislation that may have an effect on Maryland businesses. We are submitting this written testimony with respect to House Bill 999 (Corporations - Filing Requirements for Dissolution and Termination of Registration or Qualification - Repeal) (the “Bill”). The Bill would amend Sections 3-407 and 7-208 of the Corporations and Associations Article of the Maryland Code to remove the prohibition on the Maryland State Department of Assessments and Taxation (“SDAT”) accepting articles of dissolution filed by a Maryland corporation for record or issuing a certificate of termination to a foreign corporation that has filed an application for termination, in each case if the corporation has

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not filed all reports required by Title 11 of the Tax-Property Article (Annual Reports and Reports on Personal Property).

The Section Council supports the Bill. We note that this existing prohibition only applies to Maryland corporations; there are no similar restrictions with respect to SDAT's acceptance for record of articles of cancellation filed by a Maryland limited liability company or the filing of articles of dissolution by such an entity under the Maryland Limited Liability Company Act or the filing of a certificate of cancellation by a Maryland limited partnership under the Maryland Limited Partnership Act, although we acknowledge that SDAT may not accept for record such a filing by a limited partnership until it pays to SDAT any outstanding fees. Therefore, in general the Bill would put corporations on equal footing with other Maryland limited liability companies, and we believe that, in general, similar entities should be treated similarly under Maryland law unless there is a logical reason to treat them differently, which we do not believe is the case when it comes to the dissolution of such companies.

Further, we believe that in many, if not most, instances, a Maryland corporation that desires to dissolve or a foreign corporation that desires to cancel its Maryland registration and is unable to do so because it has not filed all the required referenced reports is unlikely to spend the time and effort to compile and file such reports and pay the attendant filing fees, but rather is more likely to do nothing and have its charter or right to do business in the State, as applicable, forfeited. SDAT, however, must take a number of prescribed steps to effect such forfeiture. As it is easier to allow companies to dissolve or cancel than having to put them through the forfeiture process,



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the Bill would also ease the burdens on SDAT with respect to such corporations.

Very truly yours,

A handwritten signature in black ink that reads "Penny Somer-Greif".

Penny Somer-Greif, Chair  
MSBA Business Law Section Council

cc: MSBA Business Law Section Council