

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



MICHAEL HIGGS
Director

MARCUS ALZONA
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: March 8, 2023

BILL: HB0981

TITLE: Limited Liability Companies - Articles of Organization - Required Information

SDAT POSITION: OPPOSE

HB0981 imposes a requirement that will likely result in most Maryland (Domestic) LLC's moving their "state of formation" to another state. Neither DE, DC, PA, nor VA impose a similar requirement. In fact, the Department is unable to find any state that imposes such a burdensome requirement upon registering.

The Business Law Section Council of the Maryland State Bar Association notes:

The Bill also is unlikely to result in full disclosure of the owners of an LLC, as for a large number of LLCs the identity of many of its ultimate members is unknown and the Bill does not require an LLC to update its membership information.... Furthermore, the Bill singles out one form of business entity for unfavorable treatment, without any evident basis. If enacted, Maryland LLCs that do not move their state of formation elsewhere may change to another form of entity, such as a limited partnership or corporation, to avoid the disclosure requirements proposed in the Bill.

For these reasons, SDAT offers this letter of opposition and urges an unfavorable vote of HB0981.