

HB0999 Crossover.docx.pdf

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HEARING DATE: March 29, 2023

BILL: HB0999

TITLE: Corporations - Filing Requirements for Dissolution and Termination of Registration or Qualification - Repeal

SDAT POSITION: SUPPORT

The State Department of Assessments and Taxation (SDAT) strongly supports HB0999. This bill eliminates the requirement that active Maryland (Domestic) and Non-Maryland (Foreign) corporations file past due annual reports before filing Articles of Dissolution or Articles of Termination of a Foreign Corporation Qualification with SDAT. Presently, active corporations registered with SDAT, unlike LLCs and Partnerships, are required to file past-due annual reports and accompanying filing fees before ending their registration with SDAT.

Under current Law, Maryland and non-Maryland businesses that are LLCs or partnerships may close their existence in SDAT's records without filing past-due annual reports so long as they are not forfeited.

However, active Maryland and non-Maryland corporations must file all past-due annual reports to dissolve or terminate their registration with SDAT. This can serve as a disincentive for businesses to inform the Department when a Corporation dissolves or terminates, leading to poor or incomplete data.

This bill creates parity between all business types in Maryland statute so that no active business in SDAT records is required to submit past due annual reports, at \$300 each, to properly close their registration with SDAT. In creating this parity, the bill will eliminate a potential hardship on small businesses that wish to properly close out with SDAT by properly dissolving or terminating their registration with SDAT, but might choose not to do so because of burdensome fees.

For these reasons, SDAT strongly urges a favorable vote on HB0999.

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Uploaded by: Kris Fair

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SUPPORT TESTIMONY

HB 0999 Corporations - Filing Requirements for Dissolution and Termination of Registration or Qualification - Repeal

The William C. Smith Jr., Chair
Judicial Proceedings Committee
2 East Miler Senate Office Building
Annapolis, MD 21401

Chair Smith, Vice-Chair Waldstreicher, and Esteemed Members of the Judicial Proceedings Committee:

House Bill 0999 addresses a significant issue faced by corporations registered in Maryland. The current requirement that active corporations must file all reports required by Title 11 of the Tax-Property Article before the Maryland State Department of Assessments and Taxation (SDAT) can accept articles of dissolution or issue a certificate of termination to a foreign corporation places an unnecessary burden on these businesses. This requirement penalizes corporations that have not filed their reports, even if they have other legitimate reasons for wanting to dissolve or terminate their registration.

This burden is particularly felt by small businesses that may be struggling financially or have other valid reasons for wanting to dissolve or terminate their registration with the Maryland State Department of Assessments and Taxation (SDAT). Small businesses often operate with limited resources and requiring them to pay exorbitant fees to file past-due annual reports adds to their financial woes. House Bill 0999 addresses this issue by creating parity between all business types in Maryland statute, eliminating hardship on small businesses wishing to wrap up their affairs by properly dissolving or terminating their registration with the Maryland State Department of Assessments and Taxation (SDAT).

By eliminating this requirement, House Bill 0999 will also create a more business-friendly environment in Maryland, making it a more attractive destination for corporations looking to do business in the state. This will help boost the state's economy and create more job opportunities for its residents. Additionally, eliminating this requirement will remove a barrier hindering corporations from conducting their affairs in Maryland, facilitating a smoother process for corporations to dissolve or terminate their registration with the Maryland State Department of Assessments and Taxation (SDAT).

In conclusion, House Bill 0999 is a much-needed piece of legislation that seeks to alleviate the undue burden placed on active corporations and small businesses in Maryland. It will create a level playing field for all businesses, promote a business-friendly environment, and facilitate a smoother process for corporations to dissolve or terminate their registration.

I urge your support for House Bill 0999 and respectfully request a favorable report.

Thank you,

A handwritten signature in blue ink that reads "Kris Fair". The letters are cursive and fluidly connected.

Delegate Kris Fair