

BENJAMIN BROOKS
Legislative District 10
Baltimore County

Education, Energy, and the
Environment Committee



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 303
Annapolis, Maryland 21401
410-841-3606 · 301-858-3606
800-492-7122 Ext. 3606
Benjamin.Brooks@senate.state.md.us

District Office
Windsor Mill Office
8419 Liberty Road, Suite B
Windsor Mill, Maryland 21244
410-496-4037

TESTIMONY IN SUPPORT OF SB12
Corporations and Associations – Annual Report Filing Fees –
Electronic Filing Exemption
Judicial Proceedings Committee
January 25, 2023

Chair Smith, Vice-Chair Waldstreicher and Members of the Committee,

Thank you for the opportunity to testify before you on S12, Corporations and Associations – Annual Report Filing Fee – Electronic Filing Exemption. The purpose of this bill is to require the State Department of Assessment and Taxation (SDAT) to waive the filing fees for annual reports filed electronically by certain businesses.

Currently, when a business is formed, qualified, or registered in the State, they are required to file an annual report. The cost to file that report is \$300, payable to SDAT. Since 2016, there have been several variations of this legislation introduced to eliminate the \$300 fee. This fee is already waived for corporations that do not issue shares of stock, Foreign Interstate Corporations, and businesses that qualify for an exemption under the Maryland Small Business Retirement Savings Trust (MD\$AVES) fee waiver program.

While the big companies may qualify for the fee waiver, we are leaving out the little guy. This bill is targeted to waive the fee for those businesses that file online with SDAT but ARE NOT eligible for the fee waiver offered under MD\$AVES.

Pursuant to HB0356 of the 2021 Legislative Session of the Maryland General Assembly, which was enacted under Article II, § 17(c) of the Maryland Constitution on May 30, 2021, SDAT was tasked to study and review fees collected by all 50 states and the District of Columbia that are equivalent or substantially similar to the Annual Report filing fees collected by SDAT. The Department was also tasked to provide the General Assembly, pursuant to §2-1257 of the State Government Article, recommendations to make Maryland's Annual Report filing fee more competitive with the similar fees collected by other states.

As written, SB12 complies with SDAT's study findings and recommendations to the General Assembly on how best to amend the Maryland Annual Report fees to make Maryland more business-friendly and competitive with its regional neighbors.

This bill ensures that single member LLC's (disregarded entities) that file electronically and are not eligible for the MD\$AVES waiver will not pay an annual report fee. This will incentive businesses to locate to Maryland and will encourage electronic filings over more inefficient paper filings. MD\$AVES is supportive of this measure.

For these reasons, I am requesting a favorable report.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks