



March 6, 2023

The Honorable C.T. Wilson, Chair  
House Economic Matters Committee  
House Office Building, Room 231  
Annapolis, MD 21401

**Unfavorable – HB 981 – Limited Liability Companies – Articles of Organization – Required Information**

Dear, Chair Wilson and Committee Members:

The NAIOP Maryland Chapters representing more than 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate recommend your unfavorable report on HB 981.

HB 981 requires the name and home address of each member of a Limited Liability Company (LLC) to be included in the articles of organization. This bill is very similar to legislation reported unfavorable by the committee during the 2013 and 2014 sessions. NAIOP requests the committee consider the following points:

- Most LLC members have limited managerial responsibility or authority over the operations of the company. Publicly filing the names and home addresses of LLC members in the articles of organization raises concerns about how this information could be misused to compromise the personal security of LLC members.
- Maryland LLCs and out of state LLCs doing business here are required to maintain a “resident agent” – a managing member or an individual or corporation who maintains a public address and serves as a point of contact. Service of process on a resident agent is binding upon the company and the LLC is required to make disclosures when involved in litigation. Companies that do not respond through their resident agent are subject to default judgments.
- Real estate is commonly held in LLCs in order to meet the conditions of banks and other lending institutions. These LLCs may be formed where the real estate is located or out of state.
- The bill imposes unique limitations on Maryland LLCs that will discourage the formation of LLCs by in-state business entities and discourage out of state companies from doing business and investing in Maryland.
- To avoid compromising the security, confidentiality, and integrity of the personal information of LLC members companies would need to create an out of state entity or restructure which may mean adopting a less desirable, type of business entity to hold real estate investments.

**For these reasons, NAIOP respectfully requests your unfavorable report on HB 981.**

Sincerely,

A handwritten signature in blue ink that reads "Tom Ballentine".

Tom Ballentine, Vice President for Policy  
NAIOP Maryland Chapters - *The Association for Commercial Real Estate*

cc: Economic Matters Committee Members  
Nick Manis – Manis, Canning Assoc.