



## House Bill 271

### *Limited Liability Companies - Articles of Organization - Required Information*

MACo Position: **SUPPORT**

To: Economic Matters Committee

Date: February 6, 2024

From: Dominic J. Butchko

RTSThe Maryland Association of Counties (MACo) **SUPPORTS** HB 271. This bill will require LLCs to provide and maintain accurate contact information for members authorized to act on behalf of the entity. This information, specifically for corporate entities owning real property, could help accelerate efforts to target abandoned property and blight, to expand housing options.

For the 2024 Maryland General Assembly Session, MACo has made it a priority – one of the Association’s four legislative initiatives – to *Advance Comprehensive Housing Solutions*. Much like climate change and sea level rise, the challenges surrounding affordable housing are vast and call for a large, multipronged effort. While in other policy areas, it may be easy to deduce a simple cause-and-effect relationship, housing is a complex web of multifaceted factors. Addressing challenges like workforce, financing, interest rates, broad economic trends, supply chain, and large out-of-state corporate interests – among many other obstacles – requires an all-hands-on-deck effort from policy makers at all levels.

MACo is working with sponsors to cross-file legislation to target several components of this crisis: abandonment/blight disincentives, corporate owner transparency, and short-term rental oversight. Additionally, under this initiative, counties will be supporting other pro-housing legislation which helps to advance the conversation, balances local flexibility, and ensures more Marylanders can afford a place to call home.

LLCs are a common vehicle by which many Marylanders can, among other things, purchase property and participate in the housing ecosystem as responsible landlords. But for properties not properly maintained, LLCs can also become an obstacle to reducing blight, taking action against public health and safety concerns, and more broadly ensuring our communities are places where residents still want to call home. The opacity of corporate land ownership, allowable under current law, is an obstacle to community improvement and housing expansion.

To be clear, the vast majority of actors with LLCs are responsible. But increasingly, local jurisdictions are being faced with properties owned by LLCs which lack accurate contact information. In these cases, counties are forced to spend increasingly more staff resources and tax dollars to make every necessary effort to contact property owners. This process can take months to years, meanwhile, the property is continuing to be, at best, a blight weighing down the surrounding community, and, at worst, a serious health and safety hazard. In many pockets of the state, the status quo is allowing badly needed units to sit rotting, while too many Marylanders can't find an affordable place to call home.

Counties cannot solve the housing crisis alone, and inaccurate or defunct LLCs continue to be a contributing cause of blight and community degradation. For this reason, MACo **urges the committee to give** HB 271 a **FAVORABLE** report.