

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 181

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Assessments and Taxation)

Judicial Proceedings

Economic Matters

Corporations and Associations - Trade Name Certificates - Requirements

This departmental bill requires specified business entities to disclose the identification number assigned by the State Department of Assessments and Taxation (SDAT) for the associated business on a specified certificate that is filed with the department.

Fiscal Summary

State Effect: None. The bill codifies SDAT's current practices and does not significantly affect State operations or finances.

Local Effect: None.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Any person engaged in any mercantile, trading, or manufacturing business as an agent or doing business or trading under any designation, title, or name other than the person's own name, prior to commencing operation of the business, must file, with SDAT, a certificate in writing and affirmed or acknowledged under oath disclosing (1) the true and correct names and addresses of the principal or owner of the business; (2) the character and location of the business; and (3) the name, title, or designation under which the business is conducted.

Background: SDAT requires that a legal business entity be registered with the department before the filer can register a trade name. The trade name must be associated with a registered entity. However, this requirement is not included in the Corporations and Associations Article. The department does not require that nonlegal entities (sole proprietorships and general partnerships) be registered before the filer can register a trade name.

As a result of the COVID-19 pandemic, the department reports that Maryland financial institutions were not processing Paycheck Protection Program (PPP) loan applications unless the entity could provide a certificate of good standing. Many filers had to contact SDAT to bring the entity out of forfeited status and back into good standing, because in prior years, these filers only registered a trade name and did not actually register the business itself with SDAT. These filers erroneously believed the entity was properly registered with the department. As a result, the filer could not successfully apply for a PPP loan because the entity was not in good standing with the department because it technically did not exist.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 12, 2021
rh/hlb Third Reader - March 23, 2021
Revised - Amendment(s) - March 23, 2021

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Corporations and Associations – Trade Names Certificates – Requirements**

BILL NUMBER: SB 181

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will not have an economic impact.