

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 839

(Delegate Qi)

Economic Matters

Judicial Proceedings

**State Department of Assessments and Taxation – Lists of Business Entities Not
Filing Annual Report**

This bill provides an additional year for certain business entities to file an annual report with the State Department of Assessments and Taxation (SDAT) before being placed on a list whereby their charter will be forfeited.

Fiscal Summary

State Effect: None. The bill codifies existing practice by SDAT in regard to their forfeiture policy for domestic legal entities.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: All Maryland (domestic) and non-Maryland (foreign) legal entities are required to file an annual report every year by April 15 (or June 15 if they apply for an extension). Failure to file the required report will result in the legal entity's charter being forfeited. According to SDAT, when a foreign legal entity fails to file their required annual report, their charter would be forfeited the same year (which follows existing statute). However, domestic legal entities were given a one-year grace period to get their annual report filings current with the department. This policy, while beneficial to domestic legal entities, is not authorized by statute. This bill will address this issue by providing an one-year grace period for domestic legal entities to recognize and remedy any issues with their annual report filings before their charter is forfeited. The one-year grace period will

be extended to domestic corporations, domestic limited liability companies, domestic limited liability partnerships, domestic limited partnerships, and domestic statutory trusts.

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 - February 15, 2021
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