

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 125

(Senator Beidle)

Judicial Proceedings

Economic Matters

Revival of Nonstock and Religious Corporations

This bill creates an exception to the requirement that *all* past-due annual reports be filed by a corporation when filing articles of revival with the State Department of Assessments and Taxation (SDAT). Instead, if filing *online*, nonstock corporations and religious corporations are required to file only the seven most recently due annual reports, as specified.

Fiscal Summary

State Effect: The bill is generally procedural in nature and does not materially affect State finances but may result in operational efficiencies.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law: The charter of any corporation which is forfeited for nonpayment of taxes, unemployment insurance contributions, or reimbursement payments or failure to file an annual report may be revived in a specified manner. Generally, any two of the last acting officers of the corporation must sign and acknowledge articles of revival and file them for record with SDAT. Except in a proceeding by the State or a political subdivision, the acceptance of articles of revival for record by SDAT is conclusive evidence of (1) the payment of all fees, taxes, unemployment insurance contributions, and reimbursement payments required to be paid; (2) the filing of all reports required to be filed; and (3) the revival of the corporation's charter.

Under current law, SDAT may not accept articles of revival for record unless a corporation files all required annual reports (or those which would have been required if the charter had not been forfeited). The bill only alters this requirement for nonstock and religious corporations that file *online*, by authorizing these entities to file only the seven most recently due annual reports.

Additionally, under current law, SDAT may not accept articles of revival for record unless unemployment insurance contributions, or reimbursement payments, all State and local taxes, except taxes on real estate, and all interest and penalties due by the corporation or which would have become due if the charter had not been forfeited are paid, whether or not barred by limitations. The bill does not alter this requirement.

State Fiscal Effect: SDAT advises that the bill has no impact on fee revenues and does not otherwise materially affect finances. The Department of Legislative Services notes that operational efficiencies may be realized to the extent fewer years' worth of reports are filed that require processing and analyzing.

Small Business Effect: Small business nonstock corporations may benefit meaningfully from reducing the time demands or administrative burdens (and associated costs) that may otherwise be required to locate past-due annual reports that, in some cases, may be decades old and not readily on hand. Such entities may also benefit if the bill's provisions allow SDAT to process and approve filings in a more efficient manner.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 853 (Delegate Saab, *et al.*) - Economic Matters.

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

Fiscal Note History: First Reader - January 30, 2022
fnu2/jkb Third Reader - February 22, 2022

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