

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1444
Economic Matters

(Delegate Aumann)

Judicial Proceedings

Mary Byrd Wyman Memorial Association of Baltimore City

This bill reincorporates the Mary Byrd Wyman Memorial Association of Baltimore City, a tax-exempt nonprofit corporation organized for the purpose of providing educational grants to underprivileged school-aged children.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill is not expected to materially impact Baltimore City operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: The bill amends an uncodified act, Chapter 262 of the Acts of 1884, which incorporated the Mary Byrd Wyman Memorial Association of Baltimore City. The association is organized as a nonprofit foundation, determined by the Internal Revenue Service to be exempt from taxation under § 501(c)(3) of the Internal Revenue Code.

Chapter 262 is amended to include the association's corporate charter provisions. Specifically, the purposes of the association are narrowed to provide educational grants to underprivileged elementary and secondary students. The substantive provisions of the bill are summarized as follows:

- the association has no authority to issue capital stock;
- a Board of Trustees, subject to a three-member minimum, must manage the association;
- the association must operate in a way so as not to jeopardize its tax-exempt status, and its members are prohibited from engaging in specified political activities and making payments to the trustees or any other individual (with the exception of reasonable compensation for services rendered and educational grants);
- in the event of dissolution, the assets will be distributed for a tax-exempt purpose that satisfies federal tax laws;
- the duration of the association is perpetual;
- a trustee is not personally liable for damages for breach of fiduciary duty, with limited exceptions, such as breach of loyalty or bad faith acts or omissions; and
- the Board of Trustees, by unanimous vote, may amend, alter, or repeal provisions of the charter as needed to further the purposes of the association.

Current Law: The act of incorporation in the State is currently administered by the State Department of Assessments and Taxation through its registration process. In the association's case, a special act of incorporation was passed by the General Assembly under Chapter 262 of the Acts of 1884. At that time, general incorporation laws limited the duration of corporations to 40 years. The association, however, is organized indefinitely under the act for the purpose of providing educational grants to individuals selected by the association. Currently, the association is authorized to hold specified property in trust, make contracts, sue or be sued, appoint officers and employ agents to manage its affairs, adopt bylaws, and provide for the succession of its members.

Background: Samuel Wyman, a real estate developer who, according to the website for the historic Hotel Brexton in Baltimore City, was the hotel's original owner. At his death in 1883, Mr. Wyman deeded the hotel and other properties to the Mary Byrd Wyman Memorial association of Baltimore City, for the purpose of funding educational grants. The association was established to honor his late wife, Mary Byrd Wyman, whose lifework was devoted to the education of children.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Maryland State Department of Education, State Department of Assessments and Taxation, Department of Legislative Services

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kb/hlb

Analysis by: Michael Sanelli and
Charity L. Scott

Direct Inquiries to:
(410) 946-5510
(301) 970-5510