

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 391
Economic Matters

(Delegate T. Morgan, *et al.*)

Judicial Proceedings

Corporations and Associations - Protestant Episcopal Church, Diocese of
Washington

This bill generally (1) repeals uncodified provisions of law (Maryland Vestry Act) governing the Protestant Episcopal Church, Diocese of Washington and (2) codifies provisions applicable to every religious corporation formed in Maryland by a parish or separate congregation that is in union with (or intending to apply for union with) the General Convention of the Protestant Episcopal Church in the Diocese of Washington, as specified. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: General fund revenues for State Department of Assessments and Taxation (SDAT) increase minimally to the extent parishes file articles of incorporation. SDAT can implement the bill with existing resources.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary:

Repeal of Maryland Vestry Act

Chapter 96 of 1976 decodified provisions of the Maryland Vestry Act in the Corporations and Associations Article governing the Protestant Episcopal Church, Diocese of

Washington, by transferring those statutory provisions to the Session Laws. The bill repeals Chapter 96 and substitutes new codified language (modeled after existing provisions of the Corporations and Associations Article relating to the Protestant Episcopal Church, Diocese of Easton), thereby allowing the parishes in the Diocese of Washington to form a religious corporation.

Applicability of Bill

The bill applies to every religious corporation formed by a parish or separate congregation in union with the Protestant Episcopal Church in the Diocese of Washington, as specified. It amends the charter of each parish or congregation to conform to the general provisions governing religious corporations in the Corporations and Associations Article until the charter is otherwise amended under the statute. Parishes or congregations incorporated before the effective date of the Maryland Constitution of 1851 continue to be governed by the statute under which they were incorporated unless specified conditions are met.

Religious Corporation – Bylaws

Each parish or separate congregation, under the bill, that forms a religious corporation must adopt bylaws to govern its corporate and temporal affairs. Bylaws may be adopted by a majority of the qualified voters voting at a regular or special congregational meeting. Each religious corporation is subject at all times to the Constitution and Canons of the Convention of the Protestant Episcopal Church in the Diocese of Washington and of the Protestant Episcopal Church in the United States.

Uncodified Provisions

The bill:

- authorizes SDAT to file and record certificates of incorporation offered by any parish or separate congregation, as specified;
- recognizes the legal existence (and does not prohibit the dissolution or merger, as specified) of specified parishes and separate congregations in the diocese as corporate bodies; and
- prohibits all persons, entities, and instrumentalities from denying the legal and corporate existence of the specified parishes and separate congregations.

Current Law:

Religious Corporations – In General

The Corporations and Associations Article specifies requirements to form a religious corporation, including that the adult members of a church (any church, religious society, or congregation of any sect, order, or denomination) must elect at least four individuals to act as trustees in the name of and on behalf of the church, and prepare a plan of the church. Trustees of a religious corporation (1) are the incorporators appointed or elected, for churches related to the Roman Catholic Church and (2) are the members of the vestry, for churches related to the Protestant Episcopal Church, Diocese of Maryland or the Protestant Episcopal Church, Diocese of Easton. The plan of the church must include, among other items, the purposes for which the religious corporation is formed, and the time and manner for election and succession of trustees.

When SDAT accepts the articles of incorporation for record, the trustees become a body corporate under the name stated in the articles of incorporation.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 429 (Senator Bailey) - Judicial Proceedings.

Information Source(s): Office of the Attorney General; Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2024
km/jkb Third Reader - February 27, 2024

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