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Proceedings Committee

Chair, Baltimore County
Senate Delegation



THE SENATE OF MARYLAND
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The Senate Judicial Proceedings Committee
2 East Miller Senate Building
Annapolis, MD, 21401
The Honorable William C. Smith Jr.

Re: SB 431 – Corporations and Associations – Revisions

Dear Chairman Smith and members of the Committee,

This is the annual bill sponsored by the Business Law Section of the Maryland State Bar Association to clean up various and miscellaneous technical issues in the State's business law statutes.

Fortunately, as in recent years, Bill Carlson is with us today to explain the modest changes contained in this bill and to answer your questions. I will start things off with a brief overview of the very few substantive changes that would be effected by passage of this bill.

The Maryland General Corporation Law permits stockholder meetings to be held in person or virtually. The deletion of Section 2-502.1 of the Corporations and Associations Article and the accompanying revisions to Section 2-503 clarify the how stockholders may participate in virtual stockholder meetings and match how virtual meetings of large groups are run in practice. Presently, Section 2-502.1 and Section 2-503 are seen as duplicative, saying the same thing, twice, in two different ways, which has caused confusion.

Senate Bill 431 also clarifies the procedure in section 3-108 of the Corporations and Associations Article for abandoning a merger before it is effective. Finally, it makes explicit the date upon which a corporation will be considered dissolved.