



LEGISLATIVE POSITION:

Unfavorable

House Bill 776

Commercial Law – Maryland Antitrust – Premerger Notification Requirements and Remedies

House Economic Matters Committee

Wednesday, March 1, 2023

Dear Chairman Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 776 establishes a premerger notification requirement that must be filed with the Office of the Attorney General (OAG) by a person acquiring, either directly or indirectly, any voting securities or assets worth at least \$8 million. The notification must be filed at least 60 days before the closing of the acquisition.

As introduced, HB 776 creates several challenges. First, the \$8 million threshold is significantly lower than the \$111 million threshold which exists for federal filings. Such a low threshold is likely to catch standard business investments and acquisitions of even the smallest Maryland companies. Further, the bill does not constitute any follow-up on behalf of the OAG. In practice, a business would notify OAG about a merger, acquisition or purchase of securities/assets and be given guarantee that they'll show up to closing not knowing if their purchase is going to be halted and deemed "anti-competitive."

While HB 776 includes an exemption for the "acquisitions of bonds..." the language requiring notices for securities, if read literally, would impact the daily business operations of Maryland asset managers. Companies who buy and sell stocks and other securities would be required to give a 60-day notice for any transaction over \$8 million, which is impractical. Further, most of these transactions are done without intent to acquire managing shares in companies but solely to fulfill a fiduciary responsibility.

Finally, HB 776 raises broader economic competitiveness questions as out of state investments in small Maryland businesses and start-ups are likely to trigger this filing. As such, HB 776 could present one more obstacle to business growth in Maryland.

For these reasons, the Maryland Chamber of Commerce respectfully requests an unfavorable report on House Bill 776.