

SENATE BILL 41

C1

8lr0066

(PRE-FILED)

By: **Chair, Judicial Proceedings Committee (By Request – Departmental – Assessments and Taxation)**

Requested: October 11, 2017

Introduced and read first time: January 10, 2018

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 6, 2018

CHAPTER _____

1 AN ACT concerning

2 ~~Domestic and Foreign~~ **Nonstock Corporations – Consolidations, Mergers, and**
3 **Conversions**

4 FOR the purpose of specifying that certain authority of a nonstock corporation to
5 ~~consolidate, merge, or~~ convert applies only to a ~~domestic~~ Maryland nonstock
6 corporation; ~~altering the authority of a certain nonstock corporation to consolidate~~
7 ~~or merge~~; authorizing a foreign nonstock corporation to convert into a ~~domestic~~
8 Maryland nonstock corporation; prohibiting a foreign nonstock corporation from
9 converting into a Maryland corporation that has the authority to issue stock; and
10 generally relating to ~~domestic~~ Maryland and foreign nonstock corporations.

11 BY repealing and reenacting, with amendments,
12 Article – Corporations and Associations
13 Section 5–207
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2017 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That the Laws of Maryland read as follows:

18 **Article – Corporations and Associations**

19 5–207.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) **(1)** A ~~DOMESTIC~~ nonstock corporation may:

2 ~~(1)~~ ~~Consolidate~~ CONSOLIDATE or merge only with another ~~DOMESTIC~~
3 nonstock corporation; ~~and.~~

4 ~~(2)~~ ~~Convert~~ A MARYLAND NONSTOCK CORPORATION MAY CONVERT
5 only into a foreign corporation that does not have the authority to issue stock.

6 ~~(B)~~ ~~A FOREIGN NONSTOCK CORPORATION MAY CONVERT INTO A DOMESTIC~~
7 ~~NONSTOCK CORPORATION.~~

8 **(3)** A FOREIGN CORPORATION THAT DOES NOT HAVE THE AUTHORITY
9 TO ISSUE STOCK:

10 (I) MAY CONVERT INTO A MARYLAND NONSTOCK
11 CORPORATION; AND

12 (II) MAY NOT CONVERT INTO A MARYLAND CORPORATION THAT
13 HAS THE AUTHORITY TO ISSUE STOCK.

14 ~~(b)~~ ~~(C)~~ A consolidation, merger, transfer of assets, or conversion of a nonstock
15 corporation shall be effected as provided in Title 3 of this article.

16 ~~(c)~~ ~~(D)~~ Notwithstanding § 3-105(e) of this article, a proposed consolidation,
17 merger, transfer of assets, or conversion of a nonstock corporation organized to hold title to
18 property for a labor organization, and for related purposes, shall be approved by the same
19 affirmative vote of the members of the corporation that the constitution or bylaws of the
20 labor organization requires for the same action.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.