

Chapter 100

(Senate Bill 41)

AN ACT concerning

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

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

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

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

Article – Corporations and Associations

5–207.

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, April 10, 2018.