

MARLON AMPREY
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DEPUTY MAJORITY WHIP

Economic Matters Committee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 20, 2024

Testimony of Delegate Marlon Amprey in support of HB 749 Corporations and Associations – Definitions, Emergencies, and Outstanding Stock – Revisions

Dear Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

Maryland has historically been an attractive destination for corporate entities and has stood as a beacon for economic prosperity. Our state's ability to maneuver business law and address contemporary corporate issues has paved the way for the success of Maryland businesses. HB749 aims to update Maryland's business laws in order to address modern corporate issues revealed post-pandemic.

HB749 contains three key components that will facilitate operations for corporate entities in Maryland. These components are:

- (1) Authorizing that a Corporation May Adopt Emergency Bylaw Provisions
- (2) Authorizing that a Corporation May Exercise Certain Powers During an Emergency
- (3) Clarifying When Stock Being Redeemed or Repurchased by a Corporation Shall No Longer Be Outstanding

By far the most important component grants corporations the authority to adopt bylaw provisions in order to be effective during an emergency that exists because of a catastrophic event. Such bylaws would ensure the continuity of functioning boards in events where it may be more difficult to call board meetings, achieve quorum requirements, or approve thresholds for board action. All corporate actions taken in "good faith," in pursuance of the emergency bylaws laid out, will remove all liability from directors, officers, and employees as a result of that corporate action.

Furthermore, HB749 would grant authority for limited corporate acts in the event of an emergency, even though a corporation may not have adopted an emergency bylaw provision. Once again, all limited corporate acts taken in "good faith" will remove liability from all directors, officers, and employees as a result of that action.

Finally, HB749 aims to clarify the timing of when shares of stock are no longer deemed to be outstanding following a redemption or repurchase of the shares of stock by a corporation. Unless the charter of a corporation provides otherwise, once the corporation has either paid for the shares of stock or set aside sufficient funds for the benefit of the holder of the shares of stock in accordance with a redemption right set forth in the charter of the corporation or pursuant to a duly adopted repurchase plan binding on the stockholder, the shares of stock redeemed or repurchased by the corporation cease to be outstanding.

House Bill 749 takes essential steps in addressing contemporary issues that may challenge the ability of a corporation to act in times of emergency. It is necessary to uphold Maryland's economic prosperity and ensure corporate action is taken despite catastrophic events or unforeseen circumstances.

For these reasons, I urge a favorable report on House Bill 749.

Respectfully,

A handwritten signature in black ink, appearing to read "Marlon Amprey". The signature is written in a cursive style with a large initial "M" and a distinct "A".

Delegate Marlon Amprey
40th Legislative District of Maryland