

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 180 (The Speaker. *et al.*) (Administration)

Economic Matters

Corporations and Real Estate Investment Trusts - Unsolicited Takeovers

This Administration bill authorizes the articles of incorporation of a corporation and declaration of trust of a real estate investment trust to include certain provisions in its articles of incorporation allowing the board of directors or trustees to consider the effect of a potential takeover on their shareholders, employees, suppliers, customers, creditors, and communities in which they operate.

The bill also provides that: (1) the duties of a director of a corporation and a trustee of a real estate investment trust do not require them to accept, recommend, or respond to any proposed takeover; (2) directors who have not been divided into classes may be removed under certain circumstances; and (3) special shareholder meetings of corporations and real estate investment trusts may be called under specified circumstances.

The bill is effective June 1, 1999.

Fiscal Summary

State Effect: Potential minimal. General fund revenues could increase to the extent corporations amend their charters and real estate investment trusts amend their declarations of trusts.

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Fiscal Analysis

State Revenues: Under current law each time a corporation amends its charter or a real estate investment trust amends its declaration of trust, the corporation or real estate investment trust must file the amended document with the Department of Assessments and Taxation. The filing fee for each amended document is \$20 which is collected by the department and remitted to the general fund. Therefore, general fund revenues could increase to the extent the corporations and real estate investment trusts amend their charters and declarations of trust.

Information Source(s): The Department of Assessments and Taxation

Fiscal Note History: First Reader - February 12, 1999

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