

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

Senate Bill 907 (Senator Della)

Rules

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Annual Curative Bill 2000

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This bill declares that the provisions of Chapter 1 of 2000 (SB 158, *Annual Curative Bill*) relating to Chapter 397 of 1998 are severed and are null and void and of no further force and effect.

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Fiscal Summary

**State Effect:** None. Severing the provisions relating to Chapter 397 of 1998 will not directly affect State finances. This bill legislatively endorses a finding already made by the Maryland Court of Appeals. Even without the provisions of this bill, a reenactment of the specified provisions of Chapter 397 of 1998 would have no fiscal impact.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** None applicable.

**Background:** Section 2 of Chapter 397 of 1998 provided that a director of a corporation that is an investment company shall be deemed independent and disinterested when making any determination or taking any action as a director if that director is not an interested person as defined by the Investment Company Act of 1940. Section 3 of that chapter required that Section 2 be construed retroactively and applied and interpreted to affect only those cases filed on or after January 30, 1998. These provisions were codified as Section 2-405.3 of the Corporations and Associations Article.

In *Migdal v. State*, the Court of Appeals held that Sections 2 and 3 of Chapter 397, now codified as § 2-405.3 of the Corporations and Associations Article, are “unconstitutional, null and void” in violation of Article III, § 29 of the Maryland Constitution, commonly known as the “one-subject rule.”

The Court of Appeals noted that the General Assembly has the power to address the issue again, if it chooses to do so and its rules permit.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - April 7, 2000  
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