

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 683 (Delegates Barve and Brown)

Economic Matters

Judicial Proceedings

Corporations - Meetings of Directors and Stockholders

This bill provides that, subject to the bylaws of the corporation, a meeting of the board of directors or stockholders of a Maryland corporation may be held by remote communication. In addition, individual stockholders and proxy holders may participate in a meeting by remote communication. The bill also contains provisions allowing “electronic transmission” for certain purposes between a corporation and its stockholders, board members, and proxies.

The bill takes effect June 1, 2001.

Fiscal Summary

State Effect: None. The bill pertains exclusively to private sector activities.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Electronic transmission” is any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retrieved, retained, reviewed, and reproduced on paper by the recipient through an automated process.

The bill provides that unanimous consent may be given by electronic transmission to any action to be taken by the board of directors without a meeting of the board of directors or a committee of the board, provided that the consent is filed with the minutes in paper or electronic form. The bill also provides that board meetings may be held by means of remote communication and meeting notices may be delivered by electronic transmission. The bill also authorizes a person to electronically transmit a waiver of notice of a meeting.

The bill permits notice of a board or stockholders meeting to be given by electronic transmission.

The bill also provides that a board of directors that is authorized by the corporate by-laws to determine the place of a stockholders meeting may determine that such a meeting will be held solely by means of remote communication or that some stockholders and/or proxy holders may be considered present in person and may participate by means of remote communication, if the corporation takes reasonable measures to: (1) verify the identity and voting authority of each remote participant; (2) implement measures to provide remote stockholders and/or proxy holders an opportunity to participate; and (3) maintain a record of votes. However, at a stockholder's request, the board of directors shall provide a place for a stockholder's meeting.

Current Law: Board meetings and meetings of stockholders must be held in a physical location and a person must be present to vote and participate. There are no specific provisions for remote communication or electronic transmission with regard to corporate activities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader – March 5, 2001
ef/cer Revised – House Third Reader – March 29, 2001

Analysis by: Brian D. Baugus

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510

