

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**

House Bill 472  
Economic Matters

(Delegate Doory)

Judicial Proceedings

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**Corporations - Bylaws**

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This bill provides that after the required organization meeting of a corporation's board of directors, the power to adopt, alter, and repeal the corporation's bylaws is vested in the stockholders except to the extent that the charter or bylaws vest all or any part of that power in the board of directors. The bill specifies that the stockholder vote required to adopt, alter, or repeal the bylaws may be specified in the charter or bylaws and may be greater than a majority of the votes cast.

The bill is effective June 1, 2002.

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**Fiscal Summary**

**State Effect:** The bill would not directly affect governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** After the State Department of Assessments and Taxation accepts a corporation's articles of incorporation for recordation, at the call of a majority of the directors named in the articles, the directors must hold an organization meeting to adopt bylaws, elect officers, and transact any other business that may come before the meeting. After the organization meeting, the power to adopt, alter, and repeal the corporation's

bylaws is vested in the stockholders, except to the extent that the corporation's charter or bylaws vest it in the board of directors.

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### **Additional Information**

**Prior Introductions:** A similar bill, SB 517, failed third reading in the Senate during the 2002 session.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 18, 2003  
mdf/jr

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