

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 990 (Senator Gladden)
Judicial Proceedings

**Corporations and Associations - Charter Documents - Execution Requirements
for Business Trusts**

This bill adds a business trust to provisions governing execution of specified charter documents (articles supplementary and articles of amendment, restatement, restatement and amendment, consolidation, merger, share exchange, transfer, extension, and dissolution) by a corporation or real estate investment trust (REIT).

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: General fund revenues could increase minimally beginning in FY 2008 from charter documents recorded with the State Department of Assessments and Taxation (SDAT). Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Articles supplementary and articles of amendment, restatement, restatement and amendment, consolidation, merger, share exchange, transfer, extension, and dissolution (with limited exceptions) must be signed and acknowledged for each corporation or REIT party to the articles by chairman or vice chairman of the board of directors or board of trustees, its chief executive officer (CEO), chief operating officer

(COO), president, or one of its vice presidents. The documents must be attested by the secretary or assistant secretary, or if authorized by the bylaws or resolution of the board (and the articles provide for it), by any other officer or agent of the corporation or REIT. They must be signed and acknowledged for each other entity party to the articles by a majority of the entire board of trustees or other governing body.

Generally, for a Maryland corporation or REIT, the matters and facts established in the articles concerning authorization and approval are required to be verified under oath by the chairman or secretary of the meeting at which the articles or transactions were approved, or by the chairman or vice chairman of the board, CEO, COO, president, vice president, secretary, or assistant secretary to the corporation or REIT.

For a foreign corporation party to the articles, the matters and facts must be verified under oath by the CEO, COO, president, vice president, secretary, or assistant secretary of the corporation.

For any other entity party to the articles, the matters and facts must be verified under oath by the CEO, COO, president, vice president, secretary, assistant secretary, managing trustee, or persons acting in a similar position for the entity.

State Revenues: SDAT advises that there are 322 REITs, 279 business trusts, and 162,362 corporations (including both stock and nonstock corporations) registered with the State. The number of documents received by SDAT in fiscal 2006 is shown in **Exhibit 1** below.

Exhibit 1
Charter Documents Approved for Recordation in Fiscal 2006

Amendment or Related Document	2,335
Merger or Consolidation	437
Transfer	376
Dissolution	2,068
Revival	2,384

Source: State Department of Assessments and Taxation

Each document recorded with SDAT would be subject to a \$100 processing fee. Revenues from the fee go to the general fund. The number of new charter documents recorded with SDAT because of the bill is unknown, but is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 1165 (Delegate Feldman) – Economic Matters.

Information Source(s): State Department of Assessments and Taxation, Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2007
mll/hlb

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510