

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 335

(Senator Sydnor)

Judicial Proceedings

Judiciary

Courts – Nongovernmental Corporate Parties – Disclosure Statements

This bill requires a nongovernmental corporate party to file in court, as specified, a disclosure statement that (1) identifies any parent corporation and any publicly held corporation owning 10% or more of its stock; (2) identifies any member or owner in a joint venture or limited liability corporation; (3) identifies all partners in a partnership or limited liability partnership; (4) identifies any corporate member, if the party is any other unincorporated association; or (5) states that there is no such corporation.

Fiscal Summary

State Effect: The bill does not materially affect the operations or finances of the Judiciary.

Local Effect: The bill does not materially affect the operations or finances of the circuit courts.

Small Business Effect: Minimal, as discussed below.

Analysis

Bill Summary: A nongovernmental corporate party must file one copy of the disclosure statement with its first appearance, pleading, petition, motion, response, or other request addressed to the court. If any information filed in accordance with the bill's requirements changes, the party must file a supplemental statement.

Current Law: Neither statute nor the Maryland Rules specifically address the disclosures required under the bill. Rule 7.1 of the Federal Rules of Civil Procedure requires a

nongovernmental corporate party to file two copies of a disclosure statement that (1) identifies any parent corporation and any publicly held corporation owning 10% or more of its stock or (2) states that there is no such corporation. A party must (1) file the disclosure statement with its first appearance, pleading, petition, motion, response, or other request addressed to the court and (2) promptly file a supplemental statement if any required information changes. Rule 7.1 does not prohibit federal courts from imposing local rules that require additional disclosures. The U.S. District Court for the District of Maryland, for example, requires counsel to file a statement containing the identity of all members of any party that is a business entity established under State law, other than a corporation.

Related requirements for federal appellate actions are addressed in Rule 26.1 of the Federal Rules of Appellate Procedure.

Small Business Effect: Small business litigants covered by the bill's reporting requirements must file disclosure statements; other small business entities may be identified in such disclosure statements. Nonetheless, the Judiciary notes that such ownership information about affected business entities can generally be obtained through discovery already, thus limiting any significant impact exclusively due to the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2021
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Analysis by: Tyler Allard

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