

# HOUSE BILL 1378

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By: **Delegates Terrasa, Lehman, and Ruth**  
Introduced and read first time: February 13, 2026  
Assigned to: Government, Labor, and Elections

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## A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations – Limitations on Election and Ballot Issue**  
3 **Activities**  
4 **(Maryland Corporate Power Reset Act)**

5 FOR the purpose of prohibiting certain domestic or foreign entities formed, organized, or  
6 authorized in the State from engaging in certain election activities or ballot issue  
7 activities; requiring the State Department of Assessments and Taxation to adopt  
8 regulations that provide for the determination of violations, procedures for forfeiture  
9 and reinstatement of charter privileges, disgorgement, due process, and coordination  
10 with the Office of the Attorney General; and generally relating to the election activity  
11 or ballot issue activity of entities in the State.

12 BY adding to  
13 Article – Corporations and Associations  
14 Section 1–601 through 1–605 to be under the new subtitle “Subtitle 6. Limitation on  
15 Election and Ballot Issue Activity”; and 2–101(c), 4–201.1, 4A–203.2, 5–704,  
16 7–106, 9A–108, and 12–106  
17 Annotated Code of Maryland  
18 (2025 Replacement Volume)

19 BY repealing and reenacting, with amendments,  
20 Article – Corporations and Associations  
21 Section 8–601.1 and 10–108  
22 Annotated Code of Maryland  
23 (2025 Replacement Volume)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
25 That the Laws of Maryland read as follows:

26 **Article – Corporations and Associations**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           **SUBTITLE 6. LIMITATION ON ELECTION AND BALLOT ISSUE ACTIVITY.**

2   **1-601.**

3           **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
4 **INDICATED.**

5           **(B) (1) “ARTIFICIAL PERSON POWERS” MEANS THE SAME POWERS AS AN**  
6 **INDIVIDUAL TO DO ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT LAWFUL**  
7 **BUSINESS OR CHARITABLE, COOPERATIVE, OR ORGANIZATIONAL PURPOSES.**

8           **(2) “ARTIFICIAL PERSON POWERS” DOES NOT INCLUDE THE POWER**  
9 **TO DIRECTLY OR INDIRECTLY ENGAGE IN ELECTION ACTIVITY OR BALLOT ISSUE**  
10 **ACTIVITY.**

11           **(C) “BALLOT ISSUE ACTIVITY” MEANS PAYING, CONTRIBUTING, OR**  
12 **EXPENDING MONEY OR ANYTHING OF VALUE TO SUPPORT OR OPPOSE ANY**  
13 **INITIATIVE, REFERENDUM, RECALL, CONSTITUTIONAL AMENDMENT, CHARTER**  
14 **AMENDMENT, OR OTHER QUESTION THAT IS CERTIFIED OR SUBMITTED TO THE**  
15 **ELECTORS OF THE STATE OR A POLITICAL SUBDIVISION OF THE STATE.**

16           **(D) “CHARTER PRIVILEGE” MEANS ANY BENEFIT THAT EXISTS ONLY**  
17 **BECAUSE THE STATE HAS GRANTED THE BENEFIT TO AN ARTIFICIAL PERSON,**  
18 **INCLUDING:**

19                   **(1) ENTITIES OF LIMITED LIABILITY OR PERPETUAL DURATION;**

20                   **(2) SUCCESSION IN ENTITY NAME; OR**

21                   **(3) ANY STATUTORY LIMITATION ON THE PERSONAL LIABILITY OF**  
22 **OWNERS, DIRECTORS, OFFICERS, MEMBERS, MANAGERS, PARTNERS, OR TRUSTEES.**

23           **(E) “DISGORGEMENT” MEANS A PAYMENT TO THE STATE OF AN AMOUNT**  
24 **EQUAL TO THE MONEY OR THING OF VALUE EXPENDED, CONTRIBUTED, OR**  
25 **TRANSFERRED FOR ELECTION ACTIVITY OR BALLOT ISSUE ACTIVITY.**

26           **(F) (1) “ELECTION ACTIVITY” MEANS PAYING, CONTRIBUTING, OR**  
27 **EXPENDING MONEY OR ANYTHING OF VALUE TO SUPPORT OR OPPOSE:**

28                           **(I) A CANDIDATE;**

29                           **(II) A POLITICAL PARTY;**

1 (III) A POLITICAL COMMITTEE; OR

2 (IV) A NEWS ORGANIZATION THAT IS OWNED OR CONTROLLED  
3 BY A CANDIDATE, POLITICAL PARTY, OR POLITICAL COMMITTEE.

4 (2) "ELECTION ACTIVITY" DOES NOT INCLUDE PAYING,  
5 CONTRIBUTING, OR EXPENDING MONEY OR ANYTHING OF VALUE ON ANY BONA FIDE  
6 NEWS STORY, COMMENTARY, OR EDITORIAL DISTRIBUTED THROUGH THE  
7 FACILITIES OF AN INDEPENDENT NEWS ORGANIZATION.

8 1-602.

9 (A) THE GENERAL ASSEMBLY FINDS THAT:

10 (1) ALL POLITICAL POWER IN THE STATE IS INHERENT IN THE  
11 PEOPLE, AND THE CREATION OF AN ARTIFICIAL PERSON IS A PRIVILEGE GRANTED  
12 BY THE STATE AND NOT A NATURAL RIGHT;

13 (2) UNDER § 1-102(E) OF THIS TITLE, THE CHARTER OF EVERY  
14 ARTIFICIAL PERSON FORMED UNDER THE LAWS OF THE STATE IS SUBJECT TO  
15 REPEAL OR MODIFICATION BY THE LAWS OF THE STATE;

16 (3) THE GENERAL ASSEMBLY RETAINS FULL AUTHORITY TO DEFINE,  
17 REVISE, LIMIT, OR WITHDRAW THE POWERS AND PRIVILEGES GRANTED TO AN  
18 ARTIFICIAL PERSON WHEN REQUIRED FOR THE PUBLIC GOOD;

19 (4) BROAD STATUTORY PROVISIONS IN STATE LAW THAT AUTHORIZE  
20 ARTIFICIAL PERSONS TO DO ALL THINGS NECESSARY OR CONVENIENT TO CARRY  
21 OUT LAWFUL PURPOSES HAVE BEEN CONSTRUED TO INCLUDE PARTICIPATION IN  
22 ELECTION AND BALLOT ISSUE ACTIVITY BUT THIS AUTHORITY WAS NEVER  
23 INTENDED UNDER STATE LAW; AND

24 (5) EVERY ARTIFICIAL PERSON FORMED UNDER THE LAWS OF THE  
25 STATE IS SUBJECT TO THE MODIFICATION OF THE LAWS OF THE STATE AND HAS NO  
26 VESTED RIGHT TO THE CONTINUATION OF ANY GRANT OF POWER.

27 (B) THE PURPOSE OF THIS SUBTITLE IS TO REVOKE ANY PRIOR IMPLIED  
28 AUTHORITY FOR ARTIFICIAL PERSONS TO ENGAGE IN ELECTION ACTIVITY OR  
29 BALLOT ISSUE ACTIVITY AND GRANT ONLY THOSE POWERS NECESSARY OR  
30 CONVENIENT FOR:

31 (1) LAWFUL BUSINESS;

- 1           **(2) CHARITABLE, COOPERATIVE, OR ORGANIZATIONAL PURPOSES;**  
2           **(3) ESTABLISHING A UNIFORM RULE ACROSS ALL FORMS OF**  
3 **BUSINESS;**  
4           **(4) PRESERVING THE RIGHTS OF NATURAL PERSONS; OR**  
5           **(5) ENSURING THAT NO AUTHORITY REVOKED IN THIS SUBTITLE IS**  
6 **REVIVED BY IMPLICATION OR JUDICIAL CONSTRUCTION.**

7 **1-603.**

8           **(A) THIS SUBTITLE APPLIES TO DOMESTIC OR FOREIGN ARTIFICIAL**  
9 **PERSONS FORMED, ORGANIZED, OR AUTHORIZED UNDER THE LAWS OF THE STATE,**  
10 **INCLUDING:**

- 11           **(1) CORPORATIONS;**  
12           **(2) NONSTOCK CORPORATIONS;**  
13           **(3) PROFESSIONAL CORPORATIONS;**  
14           **(4) LIMITED LIABILITY COMPANIES;**  
15           **(5) LIMITED PARTNERSHIPS;**  
16           **(6) LIMITED LIABILITY PARTNERSHIPS;**  
17           **(7) REAL ESTATE INVESTMENT TRUSTS;**  
18           **(8) STATUTORY TRUSTS;**  
19           **(9) BUSINESS TRUSTS; AND**  
20           **(10) REAL ESTATE INVESTMENT TRUSTS, STATUTORY TRUSTS,**  
21 **BUSINESS TRUSTS, OR SIMILAR ARRANGEMENTS TO THE EXTENT STATE LAW**  
22 **GRANTS LIMITED LIABILITY, PERPETUAL DURATION, SUCCESSION IN NAME, OR ANY**  
23 **OTHER CHARTER PRIVILEGE.**

24           **(B) THIS SUBTITLE DOES NOT APPLY TO:**

- 25           **(1) NATURAL PERSONS ACTING IN AN INDIVIDUAL CAPACITY; OR**

1           **(2) ANY AGENCY, INSTRUMENTALITY, OR POLITICAL SUBDIVISION OF**  
2 **THE STATE.**

3           **(C) NOTHING IN THIS SUBTITLE RESTRICTS THE LAWFUL ACTIVITIES OF**  
4 **POLITICAL COMMITTEES ORGANIZED UNDER LAW.**

5 **1-604.**

6           **(A) (1) NOTWITHSTANDING § 1-403 OF THIS TITLE OR ANY OTHER**  
7 **PROVISION OF LAW, AN ARTIFICIAL PERSON MAY NOT ENGAGE IN ELECTION**  
8 **ACTIVITY OR BALLOT ISSUE ACTIVITY.**

9           **(2) IF AN ARTIFICIAL PERSON ENGAGES IN ELECTION ACTIVITY OR**  
10 **BALLOT ISSUE ACTIVITY, THE ACTIVITY SHALL BE CONSIDERED ULTRA VIRES, VOID,**  
11 **AND UNENFORCEABLE.**

12           **(B) AN ELECTION ACTIVITY OR BALLOT ISSUE ACTIVITY MAY NOT BE**  
13 **RATIFIED, VALIDATED, OR GIVEN EFFECT BY ESTOPPEL, RELIANCE, OR ANY OTHER**  
14 **EQUITABLE DOCTRINE.**

15 **1-605.**

16           **(A) THE DEPARTMENT SHALL ADOPT PROCEDURES AND REGULATIONS**  
17 **NECESSARY TO IMPLEMENT AND ENFORCE THIS SUBTITLE.**

18           **(B) A REGULATION ADOPTED UNDER THIS SECTION SHALL PROVIDE FOR:**

19                   **(1) ADMINISTRATIVE DETERMINATION OF VIOLATIONS; AND**

20                   **(2) PROCEDURES FOR:**

21                           **(I) FORFEITURE AND REINSTATEMENT OF CHARTER**  
22 **PRIVILEGES;**

23                           **(II) CERTIFICATION OF COMPLIANCE FOLLOWING**  
24 **DISGORGEMENT;**

25                           **(III) NOTICE AND OPPORTUNITY TO BE HEARD THAT IS**  
26 **CONSISTENT WITH DUE PROCESS; AND**

27                           **(IV) COORDINATION WITH THE OFFICE OF THE ATTORNEY**  
28 **GENERAL.**

1 2-101.

2 (C) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CORPORATION  
3 FORMED UNDER THIS TITLE IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

4 4-201.1.

5 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CLOSE CORPORATION  
6 IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

7 4A-203.2.

8 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A LIMITED LIABILITY  
9 COMPANY IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

10 5-704.

11 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CORPORATION  
12 FORMED UNDER THIS TITLE IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

13 7-106.

14 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A FOREIGN  
15 CORPORATION REGISTERED UNDER THIS TITLE IS SUBJECT TO TITLE 1, SUBTITLE  
16 6 OF THIS ARTICLE.

17 8-601.1.

18 (A) Sections 2-113, 2-116 through 2-118, 2-201(c), 2-309(a) and (e), 2-313,  
19 2-502(e), 2-503(b), 2-504(f), and 2-701 through 2-707 of this article and, except as  
20 otherwise provided in § 8-601 of this subtitle or in the declaration of trust, § 2-405.1 of this  
21 article shall apply to real estate investment trusts.

22 (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A REAL ESTATE  
23 INVESTMENT TRUST IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

24 9A-108.

25 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PARTNERSHIP IS  
26 SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.

27 10-108.

1           **(A)** The provisions of Title 9A of this article with respect to partnerships shall  
2 apply to limited partnerships except to the extent that those provisions are inconsistent  
3 with or are modified by the provisions of this title.

4           **(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A LIMITED**  
5 **PARTNERSHIP IS SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.**

6 **12-106.**

7           **NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A STATUTORY TRUST IS**  
8 **SUBJECT TO TITLE 1, SUBTITLE 6 OF THIS ARTICLE.**

9           SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing obligation  
10 or contract right may not be impaired in any way by this Act.

11           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 2026.