

SENATE BILL 631

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6lr2300
CF HB 996

By: **Senators West and Waldstreicher**

Introduced and read first time: February 5, 2026

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations – Revisions**

3 FOR the purpose of requiring the State Department of Assessments and Taxation to notify
4 a person who files a charter document if the Department does not accept the
5 document; requiring the Department to accept a corrected charter document under
6 certain circumstances; authorizing certain governing bodies of certain corporations
7 to take certain actions without a meeting of the governing body subject to certain
8 conditions; authorizing certain individuals to take certain actions to carry out a final
9 order under bankruptcy law subject to certain conditions; repealing the authority of
10 certain persons to maintain a suit in a State court; repealing the penalty imposed on
11 each officer of a foreign corporation for certain actions; providing the means and
12 conditions for amending a partnership agreement are governed by the partnership
13 agreement; specifying the parties bound by the partnership agreement and the
14 manner in which the agreement may be adopted and amended; and generally
15 relating to corporations and associations.

16 BY repealing and reenacting, with amendments,
17 Article – Corporations and Associations
18 Section 1–201, 2–408, 3–301, 7–301, 7–302, 9A–103, and 10–302
19 Annotated Code of Maryland
20 (2025 Replacement Volume)

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

23 **Article – Corporations and Associations**

24 1–201.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) The Department may not accept for record any charter document of a Maryland corporation which does not conform with law. However, any document which purports to be acknowledged may be treated by the Department as properly acknowledged.

(b) **(1) IF THE DEPARTMENT DOES NOT ACCEPT A CHARTER DOCUMENT FOR RECORD, THE DEPARTMENT SHALL NOTIFY THE PERSON WHO FILED THE DOCUMENT OF THE REJECTION AND THE REASON FOR THE REJECTION.**

(2) IF A CORRECTED CHARTER DOCUMENT IS REFILED AND ACCEPTED BY THE DEPARTMENT FOR RECORD WITHIN 30 DAYS AFTER THE DEPARTMENT'S MAILING OF THE NOTICE OF THE REJECTION, THE DEPARTMENT SHALL ACCEPT FOR RECORD THE CORRECTED CHARTER DOCUMENT AS OF THE DATE THE REJECTED CHARTER DOCUMENT WAS ORIGINALLY FILED.

(C) The Department may not accept for record or filing any charter document, qualification, registration, change of resident agent or principal office, report, service of process or notice, or other document until all required recording, filing, organization and capitalization, and other special fees have been paid to the Department.

[(c)] (D) (1) The Department may accept documents that are filed for record by electronic transmission.

(2) Documents filed for record by electronic transmission are subject to the regular filing fees and expedited processing fees provided in § 1-203 of this subtitle.

[(d)] (E) (1) On payment of the regular processing fee and, if applicable, expedited processing fee provided in § 1-203 of this subtitle, the Department may accept for preclearance any document or draft of any document listed in § 1-203(b)(1) or (4) of this subtitle.

(2) The Department may adopt regulations to administer the preclearance process.

2-408.

(a) Unless the charter or bylaws of the corporation require a greater proportion or this article requires a different proportion, the action of a majority of the directors present at a meeting at which a quorum is present is the action of the board of directors.

(b) (1) Unless the bylaws of the corporation provide otherwise, a majority of the entire board of directors constitutes a quorum for the transaction of business.

(2) The bylaws may provide that less than a majority, but not less than one-third of the entire board of directors, may constitute a quorum unless:

(i) There are only two or three directors, in which case not less than two may constitute a quorum; or

(ii) There is only one director, in which case that one will constitute a quorum.

(c) Any action required or permitted to be taken at a meeting of the board of directors or of a committee of the board may be taken without a meeting if a unanimous consent which sets forth the action is:

(1) Given in writing or by electronic transmission by each member of the board or committee entitled to vote on the matter; and

(2) Filed in paper or electronic form with the minutes of proceedings of the board or committee.

(D) UNLESS THE CHARTER REQUIRES OTHERWISE, ANY ACTION REQUIRED OR PERMITTED TO BE TAKEN AT A MEETING OF THE BOARD OF DIRECTORS OR OF A COMMITTEE OF THE BOARD OF A CORPORATION THAT IS REGISTERED AS AN OPEN-END INVESTMENT COMPANY UNDER THE FEDERAL INVESTMENT COMPANY ACT OF 1940 MAY BE TAKEN WITHOUT A MEETING IF THE CONSENT OF A MAJORITY OF THE ENTIRE BOARD OF DIRECTORS OR A MAJORITY OF THE DIRECTORS SERVING ON THE COMMITTEE AND IN THE MANNER AND BY THE VOTE REQUIRED UNDER THE FEDERAL INVESTMENT COMPANY ACT OF 1940 WHICH SETS FORTH THE ACTION IS:

(1) GIVEN IN WRITING OR BY ELECTRONIC TRANSMISSION BY THE DIRECTORS WHO CONSENT TO THE ACTION;

(2) FILED IN PAPER OR ELECTRONIC FORM WITH THE MINUTES OR PROCEEDINGS OF THE BOARD OR COMMITTEE; AND

(3) SENT WITHIN 3 DAYS AFTER THE EFFECTIVE DATE OF THE ACTION TO ALL DIRECTORS OR TO ALL MEMBERS OF THE COMMITTEE.

(E) A DIRECTOR WHO DID NOT CONSENT AND RECEIVES A NOTICE UNDER SUBSECTION (D) OF THIS SECTION MAY FILE A DISSENT TO THE ACTION BY SENDING A NOTICE OF DISSENT TO THE SECRETARY OF THE CORPORATION WITHIN 10 DAYS OF RECEIPT OF THE NOTICE BY:

(1) CERTIFIED MAIL, RETURN RECEIPT REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES POSTAL SERVICE; OR

(2) ELECTRONIC TRANSMISSION.

1 [(d)] (F) (1) An individual, whether or not then a director, may assent to an
2 action by a consent that will be effective at a future time that is no later than 60 days after
3 the consent is delivered to the corporation or its agent.

4 (2) The effective time of a consent under this subsection may include a time
5 determined on the happening of an event that occurs no later than 60 days after the consent
6 is delivered to the corporation or its agent.

7 (3) A consent under this subsection shall be deemed to have been given at
8 the effective time if the individual:

9 (i) Is a director at the effective time; and

10 (ii) Did not revoke the consent before the effective time.

11 (4) Unless otherwise provided in the consent, a consent under this
12 subsection is revocable before the effective time.

13 [(e)] (G) (1) The charter may provide that one or more directors or a class of
14 directors shall have more or less than one vote per director on any matter.

15 (2) If the charter provides that one or more directors shall have more or
16 less than one vote per director on any matter, every reference in this article to a majority
17 or other proportion of directors shall refer to a majority or other proportion of votes entitled
18 to be cast by the directors.

19 3–301.

20 (a) (1) [If the] **SUBJECT TO SUBSECTION (B) OF THIS SECTION, IF A** final
21 order [of a court makes a plan of reorganization] **FOR RELIEF HAS BEEN ENTERED OR IS**
22 **OTHERWISE EFFECTIVE UNDER FEDERAL BANKRUPTCY LAW AND IS** binding on the
23 stockholders of a corporation, the board of directors **OF THE CORPORATION, THE** trustee
24 **APPOINTED BY THE BANKRUPTCY COURT, or THE** receiver **APPOINTED BY THE**
25 **BANKRUPTCY COURT, as the case may be, may AMEND THE CHARTER, AMEND THE**
26 **BYLAWS, TRANSFER ASSETS, DISSOLVE THE CORPORATION, OR** take any **OTHER**
27 action necessary to carry out the [plan] **ORDER** without any [other corporate approval]
28 **ACTION BY THE STOCKHOLDERS.**

29 (2) **IF THE FINAL ORDER AUTHORIZES A TRUSTEE OR A RECEIVER TO**
30 **TAKE ACTION, THE TRUSTEE OR THE RECEIVER MAY TAKE THE ACTION WITHOUT**
31 **THE APPROVAL OF THE BOARD OF DIRECTORS.**

32 (b) (1) **ON THE ENTRY OF A FINAL DECREE IN THE BANKRUPTCY**
33 **PROCEEDING CLOSING A CASE AND DISCHARGING THE TRUSTEE OR THE RECEIVER,**
34 **SUBSECTION (A) OF THIS SECTION SHALL NO LONGER APPLY TO THE CORPORATION.**

1 **(2) THE CLOSING OF THE CASE AND DISCHARGE OF THE TRUSTEE OR**
2 **THE RECEIVER MAY NOT AFFECT THE VALIDITY OF ANY ACT TAKEN PRIOR TO THE**
3 **CLOSING AND DISCHARGE UNDER SUBSECTION (A) OF THIS SECTION.**

4 **(C)** If a charter document is required to be filed with the Department to carry out
5 a transaction under subsection (a) of this section, it shall state:

6 (1) That the transaction was carried out under [a plan of reorganization
7 pursuant to a] **THE** final order of a **BANKRUPTCY** court having jurisdiction;

8 (2) The name of the court and the caption and docket number of the
9 proceedings; and

10 (3) That the transaction was approved by the board of directors, **THE**
11 trustee, or **THE** receiver, as the case may be.

12 **[(c)] (D)** If the action is taken by a trustee or receiver, he may sign and
13 acknowledge the charter document for the corporation, and no other execution,
14 acknowledgment, or affidavit on behalf of the corporation is required.

15 7–301.

16 If a foreign corporation is doing or has done any intrastate, interstate, or foreign
17 business in this State without complying with the requirements of Subtitle 2 of this title,
18 [neither] the corporation [nor any person claiming under it] may maintain a suit in any
19 court of this State [unless] **IF** it shows to the satisfaction of the court that:

20 (1) The foreign corporation [or the person claiming under it] has paid the
21 penalty specified in § 7–302 of this subtitle; and

22 (2) Either:

23 (i) The foreign corporation or a foreign corporation successor to it
24 has complied with the requirements of Subtitle 2 of this title; or

25 (ii) The foreign corporation and any foreign corporation successor to
26 it are no longer doing intrastate, interstate, or foreign business in this State.

27 7–302.

28 (a) **[(1)]** If a foreign corporation does any intrastate, interstate, or foreign
29 business in this State without qualifying or registering as required by Subtitle 2 of this
30 title, the Department shall impose a penalty of \$200 on the corporation.

1 **[(2)] (B)** This penalty may be reduced or abated under § 14–704 of the Tax
2 – Property Article.

3 **[(b)** Each officer of a foreign corporation which does intrastate, interstate, or
4 foreign business in this State without qualifying or registering as required by Subtitle 2 of
5 this title, and each agent of the foreign corporation who transacts intrastate, interstate, or
6 foreign business in this State for it is guilty of a misdemeanor and on conviction is subject
7 to a fine not exceeding \$1,000.]

8 9A–103.

9 (a) Except as otherwise provided in subsection (b) of this section, relations among
10 the partners and between the partners and the partnership **AND THE MEANS AND**
11 **CONDITIONS FOR AMENDING THE PARTNERSHIP AGREEMENT** are governed by the
12 partnership agreement. To the extent the partnership agreement does not otherwise
13 provide, this title governs relations among the partners and between the partners and the
14 partnership.

15 (b) The partnership agreement may not:

16 (1) Vary the rights and duties under § 9A–105 of this subtitle except to
17 eliminate the duty to provide copies of statements to all of the partners;

18 (2) Unreasonably restrict the right of access to books and records under §
19 9A–403(b) of this title;

20 (3) Eliminate the duty of loyalty under § 9A–404(b) or § 9A–603(b)(3) of
21 this title, but:

22 (i) The partnership agreement may identify specific types or
23 categories of activities that do not violate the duty of loyalty; however, the partnership
24 agreement may not be amended to expand or add any specific types or categories of
25 activities that do not violate the duty of loyalty without the consent of all partners after full
26 disclosure of all material facts; or

27 (ii) All of the partners or a number or percentage of not less than a
28 majority of disinterested partners specified in the partnership agreement may authorize or
29 ratify, after full disclosure of all material facts, a specific act or transaction that otherwise
30 would violate the duty of loyalty;

31 (4) Unreasonably reduce the duty of care under § 9A–404(c) or §
32 9A–603(b)(3) of this title;

33 (5) Eliminate the obligation of good faith and fair dealing under §
34 9A–404(d) of this title, but the partnership agreement may prescribe the standards by
35 which the performance of the obligation is to be measured, if the standards are not
36 manifestly unreasonable;

(6) Vary the power to dissociate as a partner under § 9A–602(a) of this title, except to require the notice under § 9A–601(1) of this title to be in writing;

(7) Vary the right of a court to expel a partner in the events specified in § 9A–601(5) of this title;

(8) Vary the requirement to wind up the partnership business in cases specified in § 9A–801(4), (5), or (6) of this title;

(9) Vary the law applicable to a limited liability partnership under § 9A–106 of this subtitle; or

(10) Restrict rights of third parties under this title.

10–302.

(a) A partnership agreement may provide for classes or groups of limited partners having the relative rights, powers, and duties that the partnership agreement may provide, and may provide for the future creation, in the manner provided in the partnership agreement, of additional classes or groups of limited partners having the relative rights, powers, and duties senior to existing classes and groups of limited partners as the partnership agreement may provide.

(b) Subject to § 10–303 of this subtitle, the partnership agreement may grant to all or certain identified limited partners or a specified class or group of limited partners the right to vote (on a per capita or any other basis) separately or together with the general partners or with all or any other class or group of limited partners or on any matter.

(c) A partnership agreement that grants a right to vote may set forth provisions relating to notice of the time, place, or purpose of any meeting at which any matter is to be voted on by any limited partners, waiver of any notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any right to vote.

(D) A LIMITED PARTNERSHIP IS BOUND BY AND MAY ENFORCE THE PARTNERSHIP AGREEMENT WHETHER OR NOT THE LIMITED PARTNERSHIP HAS ITSELF MANIFESTED ASSENT TO THE AGREEMENT.

(E) A PERSON THAT BECOMES A PARTNER IS DEEMED TO ASSENT TO THE PARTNERSHIP AGREEMENT.

(F) TWO OR MORE PERSONS INTENDING TO BECOME THE INITIAL PARTNERS OF A LIMITED PARTNERSHIP MAY MAKE AN AGREEMENT THAT PROVIDES THAT ON THE FORMATION OF THE LIMITED PARTNERSHIP THE AGREEMENT WILL BE THE PARTNERSHIP AGREEMENT.

1 **(G) UNLESS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT,**
2 **THE AFFIRMATIVE VOTE OR CONSENT OF ALL THE PARTNERS IS REQUIRED TO**
3 **AMEND THE PARTNERSHIP AGREEMENT.**

4 **(H) (1) A PARTNERSHIP AGREEMENT MAY SPECIFY THAT AN AMENDMENT**
5 **TO THE AGREEMENT REQUIRES:**

6 **(I) THE APPROVAL OF A PERSON THAT IS NOT A PARTY TO THE**
7 **AGREEMENT; OR**

8 **(II) THE SATISFACTION OF A CONDITION.**

9 **(2) IF THE ADOPTION OF THE AMENDMENT DOES NOT INCLUDE THE**
10 **REQUIRED APPROVAL OR SATISFY THE SPECIFIED CONDITION, AN AMENDMENT TO**
11 **A PARTNERSHIP AGREEMENT IS INEFFECTIVE.**

12 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
13 **October 1, 2026.**