

MARLON AMPREY
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Baltimore City

DEPUTY MAJORITY WHIP

Economic Matters Committee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Tuesday, February 27, 2024

Testimony of Delegate Marlon Amprey in support of HB 888 Corporations and Associations - Ratification of Defective Corporate Acts - Alterations

Dear Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

House Bill 888 would revise Subtitle 7 to Title 2 of the Maryland General Corporation Law in an effort to provide a statutory safe harbor procedure for ratifying corporate acts or transactions and stock that, due to a "failure of authorization", would be void or voidable.

HB88 proposes the following alterations:

- (1) The removal of certain words to avoid limitations and clarify the purpose of certain subtitles
- (2) The replacement of several words to further clarify the intention of several subtitles
- (3) The addition of certain words, or phrases, to further clarify the intention of certain subtitles
- (4) The other alterations to Section 2-702 clarify the approval, quorum, and other requirements that apply to a ratification when those approval, quorum, and other requirements are different now than when the defective corporate act purportedly occurred.
- (5) The revision in Section 2-703(b) corrects an incorrect internal Section reference.
- (6) The alterations to Section 2-704 clarify the "notice" requirements.
- (7) Section 2-705, in respect to a new charter document, Articles of Validation, clarifies what must be stated in the Articles and removes a provision that duplicates Section 2-703(a)(2)
- (8) The revisions to Section 2-706 alter the process to bring an action in court to determine the validity of any ratification under this Subtitle or to modify or waive any ratification procedure. The revisions also provide that any such action must be brought in a court of this State or a Federal Court sitting in this State.

House Bill 888 and its proposed amendments would clarify certain provisions, address internal inconsistencies, and bring this Subtitle more in line with the Model Business Corporation Act and, in respect to a few provisions, with Section 204 of the Delaware General Corporation Law.

For these reasons, I urge a favorable report on House Bill 888.

Respectfully,

A handwritten signature in black ink, appearing to read "Marlon Amprey". The signature is written in a cursive style with a large initial "M" and a distinct "A".

Delegate Marlon Amprey
40th Legislative District of Maryland