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Legislative Session Review

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Foreword: 2020 Legislative Session Review

DELEGATE KATHLEEN M. DUMAIS*[©]

Due to the COVID-19 pandemic, our lives are on hold as we comply with unprecedented restrictions on businesses, as well as the Executive Order requiring Maryland citizens to stay at home and in their residences, except for specified essential activities, in order to “flatten the curve” and, hopefully, contain the spread of the Coronavirus. The 2020 Legislative session adjourned early for the first time since the Civil War. The ninety day session adjourned on the seventy-first day due to the mounting concern about the spread of the virus.

The 440th Session of the Maryland General Assembly opened historically with new leadership in both Chambers. House Speaker Adrienne Jones – the first woman and first African American – began her tenure following the death of Speaker Michael E. Busch who served as Speaker for seventeen years. Senate President William Ferguson began his tenure after President Emeritus Thomas V. Mike Miller stepped down from the position after serving as President for a record thirty-three years. President Emeritus Miller retains the title of the longest serving Senate President in the country.

The grave public health threat dictated that the public interest was best served by the legislature expeditiously completing priority matters. In mid-March, leadership sent most legislative support staff home. The two legislative chambers then quickly completed work on the budget and important legislation with a skeletal staff. All legislators then joined millions of Americans in responsible collective action aimed at saving lives and went home.

Honoring the constitutional mandate and assuring the state had an operating budget for Fiscal Year 2021, the legislature presented the governor with a balanced budget. Additionally, emergency legislation passed to help fight COVID-19 that the Governor promptly signed into law. Further, more than 650 bills passed addressing education; crime prevention, corrections and public safety; courts and civil proceedings; transportation; health and human services; environmental issues; and business and economic matters. Leadership presented the legislation that passed both chambers to the Governor in early April. As constitutionally mandated, the

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governor had thirty days from presentment of the passed bills to veto or sign the legislation into law. Alternatively, the Governor could simply allow the legislation to become law without his signature. On May 7, 2020, the Governor vetoed approximately forty of the 650 bills and allowed all other bills to become law without his signature. Although this is unusual, the Governor elected not to hold formal bill signings given the COVID-19 restrictions.

Senator Chris West and I sponsored legislation of particular note in the business law area discussed below. The bills are the result of extensive study and drafting by the Business Law Section of the Maryland State Bar Association (“MSBA”). Over the course of my eighteen years in the legislature, I worked with many of the MSBA sections on legislation to improve the practice of law in the area of family law, estates and trusts, criminal law, domestic violence and sexual assault. It is important to note that the involvement of the bar is critical to the legislative process. Maryland has a citizen legislature and legislators represent a broad variety of professions and businesses. Of the 141 members of the House of Delegates, thirty-four are attorneys. Of the forty-seven members of the Senate, there are only six attorneys. This is why we rely heavily on members of the bar in drafting, reviewing and presenting legislation that affects practice.

As noted above, Senator West and I sponsored important bills revising the Corporations and Associations Article of the Maryland Annotated Code. Senator West sponsored the Senate bills and I sponsored the identical House bills. The bills passed both chambers and become effective October 1, 2020 as part of the number of bills the Governor allowed to become law without his signature.

HB668/SB649

Titled *Corporations and Associations – Corporations and Real Estate Investment Trusts – Miscellaneous* alters several provisions of Section 8-101 of the Corporations and Associations Article and amends several other sections for consistency. Specifically, in addition to clarifying and technical changes, this legislation:

Amends provisions relating to various types of corporation filings with the State Department of Assessments and Taxation (“SDAT”) and their effective dates;

Specifies the additional right of inspection of certain stockholders;

Clarifies the process for determining whether indemnification of directors is proper;

Alters provisions regarding approvals by specified Maryland corporations that are registered as open-end companies;

Modernizes and clarifies the contents of charters or bylaws of non-stock corporations; and

Delineates the authority of real estate investment trusts (“REITs”).

Foreword

HB983/SB888

Titled *Corporations and Associations-Limited Liability Companies and Partnerships – Series – Conversions* alters the process for dissolution of a limited liability company (“LLC”); alters the registration process for a foreign LLC that is a series company; repeals duplicative provisions, including those relating to the conversion of partnerships into LLCs; and defines specified terms. Although technical in nature, the new law updates the handling of Maryland’s LLCs so that the dissolution of an LLC and the registration of foreign LLCs are more consistent with other states.

Thank you for the opportunity to contribute to the Journal of Business & Technology Law for my alma mater. I hope and encourage students and graduates of the Law School to become involved in the legislative process. In fact, I hope some of you run for office. The legislative process needs assistance and participation by members of the bar.

Stay safe and healthy during this unprecedented time.