

Delegate Grumbacher.

DELEGATE GRUMBACHER: Are there any other states which have this type problem with corporations, or have they disappeared by this point in time?

THE CHAIRMAN: Mr. Gallagher.

DELEGATE GALLAGHER: We have not researched that point, Delegate Grumbacher.

THE CHAIRMAN: Any other questions?

Delegate Gallagher, the Chair has one or two questions. It directs your attention to the sentence beginning in line 35, and extending down to 41, and I will ask you if that does not have a much broader import than the B&O railroad or the other corporations you mentioned with respect to tax exemptions?

DELEGATE GALLAGHER: Yes, sir, it does. In actuality, the first two sentences were in the 1851 Constitution, and the sentence beginning "The General Assembly shall not alter --" on line 41 came in with the 1851 constitutional amendment, and it was passed as a general corporate desire rather than specifically with the B&O Railroad in mind.

THE CHAIRMAN: And is not merely a transitional provision?

DELEGATE GALLAGHER: No, sir; that is not transitional.

THE CHAIRMAN: Are there any other questions?

Delegate Scanlan.

DELEGATE SCANLAN: My question is prompted by the question that the Chairman put to you. He called attention to line 35, and the sentence that follows down to line 41.

Is this statement of legislative authority over the chartering of corporations necessary in this day and age, or is it not now well established that, even without a sentence of that sort, the State of Maryland would have plenary power in amending corporate charters?

DELEGATE GALLAGHER: I do not think that is certain. As long as we have Court of Appeals' decisions which say that a charter confers a right which cannot be removed or tampered with after the conferral you have to have a kind of existing blanket sentence such as this so that any corporation created takes its charter subject to this overall caveat.

DELEGATE SCANLAN: If we started with a blank slate could the legislature not pass an overall incorporation statute after which, of course, the chartering and amending of corporate charters would take place?

I am not suggesting that the legislature would not act under a master set of laws.

Does the General Assembly of Maryland not have plenary power except where the limitations of contract might intervene?

DELEGATE GALLAGHER: Yes, you are correct. I think the question is a policy one. If the legislature had that power, it would also have the power to make exceptions. In the constitution it could not make exceptions.

THE CHAIRMAN: Delegate Henderson.

DELEGATE HENDERSON: Is it not true that for the first time in the history of the State we have adopted in the constitution a contract clause which heretofore has been present only in the Federal Constitution?

DELEGATE GALLAGHER: I believe that is correct, Judge.

DELEGATE HENDERSON: Is that not an additional reason for incorporating this provision, to make sure that charters are not irrepealable contracts?

DELEGATE GALLAGHER: Yes, sir, that would be an additional reason.

THE CHAIRMAN: Are there any other questions of the Committee Chairman?

If not, if you will return to your seat, we will take up the section-by-section consideration of the committee recommendation.

Are there any amendments to section 3.03(b)?

Delegate Gilchrist.

DELEGATE GILCHRIST: Mr. Chairman, we have an amendment to strike 3.03(b) in its entirety, which was requested about an hour ago.

THE CHAIRMAN: Just a second. Is the Chief Page here?

Is your amendment to delete the entire section 3.03(b)?

DELEGATE GILCHRIST: Yes, Mr. Chairman.

THE CHAIRMAN: Are there any other amendments in preparation which would affect or amend section 3.03(b)?