MAINE STATE LEGISLATURE

The following document is provided by the

LAW AND LEGISLATIVE DIGITAL LIBRARY

at the Maine State Law and Legislative Reference Library

http://legislature.maine.gov/lawlib



Reproduced from scanned originals with text recognition applied (searchable text may contain some errors and/or omissions)

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 281

H. P. 217 House of Representatives, February 9, 1977
Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Trafton of Auburn.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED SEVENTY-SEVEN

AN ACT to Provide for Cumulative Voting by Corporations Registered in Maine.

Be it enacted by the People of the State of Maine, as follows:

- Sec. 1. 9-B MRSA § 314, sub-§ 3, ¶ C, as enacted by PL 1975, c. 500, § 1, is amended to read:
 - **C.** Preferred stock shall have the same voting rights, including that of cumulative voting, which **is or** may be granted to holders of common stock; provided that, except for election of directors, the articles of incorporation may specify that preferred shares shall vote as a class;
- Sec. 2. 13-A MRSA § 622, as enacted by PL 1971, c. 439, § 1, is repealed and the following enacted in its place:

§ 622. Cumulative voting

Notwithstanding any provision to the contrary in the articles of incorporation, each holder of shares entitled to vote at an election of directors shall have the right to as many votes as shall equal the number of directors who are to be elected and for whose election he has a right to vote, multiplied by the number of shares owned by that holder. Each such shareholder may either give all of his votes, so computed, to one candidate or he may distribute his votes on the same principle among any number of candidates.

Sec. 3. Effective date. This Act shall take effect on January 1, 1978.

STATEMENT OF FACT

The purpose of this bill is to grant all shareholders in corporations the right of cumulative voting in elections of directors. The present law states that this method of voting may be employed if the corporation's articles of incorporation so provide.

Cumulative voting gives to a minority of shareholders, as long as it is a minority of reasonable size, the opportunity to obtain representation on a board of directors. For example, a holder of 6 shares, when there are 3 seats up for election, could vote cumulatively by casting 18 (6 times 3) votes for the same candidate.