

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 2164

6
7 H.P. 1529

House of Representatives, March 11, 1986

8 Referred to the Committee on Business and Commerce. Sent up for
concurrence and ordered printed.

9 EDWIN H. PERT, Clerk

10 Presented by Representative Stevens of Bangor.

Cosponsored by Representative Warren of Scarborough, Representative
Priest of Brunswick and Senator Chalmers of Knox.

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12 STATE OF MAINE
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14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-SIX
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17 AN ACT to Amend the Law Giving Protection to
18 Shareholders in Maine Corporations.
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20 Be it enacted by the People of the State of Maine as
21 follows:

22 13-A MRSA §910, as enacted by PL 1985, c. 394,
23 §3, is repealed.

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STATEMENT OF FACT

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In the matter of purchase and sale of publicly offered shares of stock, the State should favor no party in the transaction. The State's current law favors interests of corporate management over shareholders and would-be purchasers. Repeal of the Maine Revised Statutes, Title 13-A, section 910, will restore the neutrality of the State in these business transactions.

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In Edgar v. Mite, the United States Supreme Court determined that an Illinois statute similar to the Maine Takeover Bid Disclosure Act was unconstitutional as an undue burden on interstate commerce. Many other similar Acts have subsequently been invalidated by other courts. In Edgar v. Mite, the court also questioned whether any state attempt to upset the balance between management and purchasers set by the Williams Act might run afoul of the supremacy clause.

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The Maine Revised Statutes, Title 13-A, section 910, of the Maine Business Corporation Act affects interstate commerce in much the same manner as Maine's Takeover Bid Disclosure Act. Moreover, section 910 tilts the balance in prospective corporate takeovers toward entrenched management and against would-be purchasers. Thus section 910 of the Maine Business Corporation Act is subject to the same constitutional challenges which have already been upheld by the United States Supreme Court. This section should be repealed for the same reasons requiring the repeal of the Takeover Bid Disclosure Act.

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