

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1411-05
Bill No.: HCS for SB 394 with HPA 1
Subject: Secretary of State: Business and Commerce
Type: Original
Date: April 24, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State- Corporations Division** assume no fiscal impact.

Officials of the **Department of Labor and Industrial Relations** assume no fiscal impact.

Officials of the **Department of Insurance** assume no fiscal impact.

In response to similar legislation the Office of Attorney General assumed no fiscal impact. Oversight assumes the Attorney General could absorb any duties with current appropriation levels.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This substitute makes several changes relating to business entities. In its main provisions, the substitute:

- (1) Allows a corporation to confer the power to vote upon holders of bonds, debentures, or other obligations;
- (2) Gives a shareholder with voting shares who objects to a merger or consolidation the right to appraisal if the objection is filed prior to the meeting of shareholders;
- (3) Allows a corporation to adopt a provision in its articles renouncing any interest in specified business opportunities;
- (4) Authorizes domestic general partnerships to merge or consolidate with other business entities and establishes a procedure for approving a merger or consolidation;
- (5) Establishes a procedure approving a domestic limited partnership merger or consolidation;
- (6) Establishes that the remedy available pursuant to Section 351.455, RSMo, will be the exclusive remedy only when shareholders have exercised their right to appraisal or have affirmatively elected to accept the offered consideration (except in cases of fraud or lack of authorization for the transaction).

The substitute also creates the Missouri Corporate Governance Act relating to the regulation of securities in the state. The substitute:

- (1) Requires corporations with at least 25 Missouri investors to have one independent director on their board of directors before their securities can be sold in Missouri;

DESCRIPTION (continued)

- (2) Prohibits corporations with at least 25 Missouri investors from making loans to their officers or directors;
- (3) Prohibits the destruction of any evidence or documents relating to any securities investigation; and
- (4) Authorizes the Commissioner of Securities to enforce the act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State- Corporations
Office of Attorney General
Department of Insurance
Department of Labor and Industrial Relations

NOT RESPONDING

None



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