

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 578-01
Bill No.: SB 288
Subject: Secretary of State: Corporations
Type: Original
Date: February 17, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State and the Department of Insurance** stated there would be no fiscal impact to their entities.

Oversight assumes there would be no fiscal impact to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act would allow a correction to an annual registration report to be filed if the information on file has changed during after the report has been filed and before the next report is due. Notice requirements for a postponed meeting are changed and state that notice of the new date and place will be provided to shareholders and it may be by public notice. The previous language required public notice.

A section is added to allow for agreements among shareholders to:

- (1) Eliminate or restrict authority of the board of directors;
- (2) Making distributions whether or not in proportion to ownership of shares;

DESCRIPTION (continued)

- (3) Establish who shall be directors or officers; govern the exercise of voting power;
- (4) Establish agreements between the corporation and shareholders, directors or employees;
- (5) Require the dissolution of the corporation; or
- (6) Govern the exercise of corporate powers or management of the corporation.

These agreements must be set forth in writing, set forth in the articles of incorporation or bylaws and approved by all persons who are shareholders at the time of the agreement. The existence of the agreement must also be noted on all outstanding shares of the corporation and provides a remedy of rescission for a new shareholder who does not receive notification of the existence of the agreement. These agreements will relieve the directors of, and impose on the person in whom powers are vested, the liability for acts or omissions imposed by law on directors for the exercise of those powers. These provisions will apply to agreements entered into before and after the effective date of the bill.

This act provides a designation of "constituent corporation" for corporations proposing to merge or those corporations proposing to consolidate. Articles of merger or consolidation shall be filed with the Secretary of State and shall be effective pursuant to Section 351.048 (usually the date it is filed). The act also provides what documentation shall be necessary for a consolidation or merger of a foreign corporation to become effective in this state.

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
Department of Insurance



Jeanne Jarrett, CPA
Director
February 17, 2001