

HCS#2 SB 123 -- CORPORATIONS

SPONSOR: Bartle (Byrd)

COMMITTEE ACTION: Voted "do pass" by the Committee on Judiciary by a vote of 12 to 0.

This substitute allows a corporation, through its articles of incorporation or bylaws, to specify that classes or series of its stock will be uncertificated shares. Corporations must, upon request, furnish to holders of uncertified shares information regarding the voting powers, designations, and preferences, as well as relative, participating, optional, or other special rights of each class of stock. The substitute requires every holder of stock represented by certificates to be entitled to have a certificate, and every holder of uncertificated shares to be entitled to receive a statement of holdings as evidence of share ownership.

If a corporation is administratively dissolved for failure to file an annual registration report and the Secretary of State determines that the failure was due to military service, the substitute authorizes the Secretary of State to waive the reinstatement fees and other associated penalties, cancel the certificate of dissolution, prepare a certificate of reinstatement, and provide a copy to the corporation.

FISCAL NOTE: No impact on state funds in FY 2006, FY 2007, and FY 2008.

PROPOSERS: Supporters say that corporations will be allowed to specify that certain classes or series of its stock will be uncertificated shares.

Testifying for the bill was Senator Bartle.

OPPOSERS: There was no opposition voiced to the committee.

Amy Woods, Senior Legislative Analyst