
DIGEST

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HB 310 Engrossed

2017 Regular Session

Reynolds

Abstract: Provides for revisions to the Business Corporation Act.

Present law (R.S. 12:1-140(25B)) defines "votes entitled to be cast" with respect to the proportion of votes required to provide shareholder approval.

Proposed law retains present law and adds a reference to the proportion of votes required to provide a shareholder quorum.

Present law (R.S. 12:1-402(C)) reserves a terminated corporation's name for three years by operation of law.

Proposed law extends the time period for which a terminated corporation's name is reserved from three years to five years.

Present law (R.S. 12:1-727(A)) sets forth a minimum quorum requirement for shareholders of no lower than 25% of the shares entitled to vote on a matter.

Proposed law clarifies the minimum quorum requirement for shareholders as no lower than shares having 25% of the votes entitled to be cast on a matter.

Present law (R.S. 12:1-728(A)) provides that greater quorum or voting requirements for shareholders may be included in the articles of incorporation.

Proposed law retains present law and further provides that if a quorum is not present at a meeting for the election of directors, the meeting may be adjourned to the next day by a majority vote of the shareholders present at the meeting, and the shareholders present at the next day's meeting will constitute a quorum for the purposes of the election of directors.

Proposed law (R.S. 12:1-742.2) provides for the exercise of personal jurisdiction over a nonresident who is or has been a director of a domestic corporation for actions relating to the nonresident's position as director.

Proposed law (R.S. 12:1-742.3) requires the venue of a derivative proceeding to be the parish in which the corporation's registered office is located.

Present law (R.S. 12:1-1435(I)) provides that a corporation's purchase of a withdrawing shareholder's

shares is subject to the rules on a corporation's acquisition of its own shares and to the limitations on distribution.

Proposed law amends present law to further subject the purchase of a withdrawing shareholder's shares to the present and proposed law provisions of R.S. 12:1-1436 and other provisions of state or federal law applicable to the corporation.

Present law (R.S. 12:1-1436(E)) provides exceptions to the general rules on payment terms for a corporation's purchase of a withdrawing shareholder's shares in the event that the payment would violate statutory provisions concerning distributions of shareholders (R.S. 12:1-640) or cause undue harm to the corporation or its creditors.

Proposed law amends present law to replace the reference of R.S. 12:1-640 with references to limitations or requirements as described in present and proposed law (R.S. 12:1-1435(I)).

Proposed law deletes from present law the court's requirement to render certain final judgments. Requires the court to provide relief as close in value and effect as feasible to that contemplated by the general rules on payment terms, but adjusted as necessary to avoid circumstances described in present law (R.S. 12:1-1435(D)) or the additional limitations as described in present and proposed law (R.S. 12:1-1435(I)).

Present law (R.S. 12:1-1444) provides that a terminated corporation may be reinstated if the corporation makes the request to the secy. of state no later than three years after termination. Further requires the secy. of state to file articles of reinstatement only if the corporation delivers the articles to the secy. of state within three years after termination.

Proposed law extends the present law time period from three years to five years.

(Amends R.S. 12:1-140(25B), 1-402(C), 1-727(A), 1-728(A), 1-1435(I), 1-1436(E) and (F), and 1-1444(A)(2) and (F)(1); Adds R.S. 12:1-742.2 and 1-742.3)