

2020 Second Extraordinary Session

SENATE BILL NO. 33

BY SENATOR FOIL

CORPORATIONS. Provides for revisions to the Business Corporation Act relative to virtual shareholder meetings and mergers. (gov sig) (Item #53)

1 AN ACT

2 To amend and reenact R.S. 12:1-1005(5) and 1-1105(A) and (C) and to enact R.S.
3 12:1-709(C) and 1-1105(D), relative to corporations; to provide for the holding of
4 annual and special shareholders' meetings solely by means of remote
5 communication; to provide relative to articles of incorporation; to remove certain
6 corporate name change requirements; to provide for additional provisions related to
7 mergers between the parent and subsidiary, or between subsidiaries; to provide for
8 certain terms, conditions, and procedures; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 12:1-1005(5) and 1-1105(A) and (C) are hereby amended and
11 reenacted, and R.S. 12:1-709(C) and 1-1105(D) are hereby enacted to read as follows:

12 §1-709. Remote participation in annual and special meetings

13 * * *

14 C. Notwithstanding any provision of Subpart A of Part 7 of this Chapter
15 to the contrary, unless the bylaws expressly require the meeting of shareholders
16 to be held at a place, the board of directors may determine that any meeting of
17 shareholders shall be held solely by means of remote communication, in

1 accordance with the provisions of Subsection B of this Section and the
2 guidelines and procedures as the board of directors adopts.

3 * * *

4 §1-1005. Amendment by board of directors

5 Unless the articles of incorporation provide otherwise, a corporation's board
6 of directors may adopt amendments to the corporation's articles of incorporation
7 without shareholder approval to do any of the following:

8 * * *

9 (5) Change the corporate name ~~by substituting the word "corporation",~~
10 ~~"incorporated", "company", "limited", or the abbreviation, with or without~~
11 ~~punctuation, "corp", "inc", "co", or "ltd", for a similar word or abbreviation in the~~
12 ~~name, or by adding, deleting, or changing a geographical attribution for the name.~~

13 * * *

14 §1-1105. Merger between parent and subsidiary or between subsidiaries

15 A. Unless the articles of incorporation of any of the corporations
16 otherwise provide, or unless, in the case of a foreign subsidiary, approval by the
17 subsidiary's board of directors or shareholders is required by the laws under
18 which the subsidiary is organized, A a domestic parent corporation that owns
19 shares of a domestic or foreign subsidiary corporation that carry at least ninety
20 percent of the voting power of each class and series of the outstanding shares of the
21 subsidiary that have voting power may do either of the following:

22 (1) merge Merge the subsidiary into itself or into another such subsidiary, ~~or~~
23 without the approval of the shareholders of the parent corporation or board of
24 directors or shareholders of the subsidiary.

25 (2) merge Merge itself into the subsidiary, without the approval of the board
26 of directors or shareholders of the subsidiary, ~~unless the articles of incorporation of~~
27 ~~any of the corporations otherwise provide, or unless, in the case of a foreign~~
28 ~~subsidiary, approval by the subsidiary's board of directors or shareholders is required~~
29 ~~by the laws under which the subsidiary is organized.~~

* * *

C. As a result of a merger pursuant to this Section, the articles of incorporation of the parent corporation may be amended only as provided in R.S. 12:1-1005.

D. Except as provided in Subsections ~~A and B~~ **A, B, and C** of this Section, a merger between a parent and a subsidiary shall be governed by the provisions of this Part applicable to mergers generally.

Section 2. The provisions of this Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provide by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, the provisions of this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

DIGEST

SB 33 Engrossed

2020 Second Extraordinary Session

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Present law provides for remote participation in shareholders' meetings.

Proposed law retains present law and provides that the board of directors (board) may determine shareholders' meetings be held only by remote communication, unless the bylaws require meetings be held at a place, and such meeting does not conflict with present law.

Present law provides the board may adopt a corporation's name change by substitution of a similar word or abbreviation, or by adding, deleting, or changing a geographical attribution for the name without shareholder approval, unless approval is required by the articles of incorporation.

Proposed law removes a corporation's name by substitution or a similar word or abbreviation or by adding, deleting, or changing a geographical attribution from the corporation's name from present law and retains a corporate name change may be approved by the board without shareholder approval, unless approval is required by the articles of incorporation.

Present law provides a domestic parent corporation owing at least 90% of the voting power of each class or series for a domestic or foreign subsidiary corporation, may merge the subsidiary into itself or another subsidiary, or merge itself into the subsidiary without board or shareholder approval.

Proposed law retains present law and adds, unless the corporation's articles of incorporation or the laws under which the subsidiary was organized requires approval, the domestic parent corporation may merge the subsidiary into itself or another subsidiary, without approval of the shareholders of the parent corporation or board or shareholders of the subsidiary.

Proposed law adds to present law that as a result of a merger, the articles of incorporation of the parent corporation may be amended only as provided by law.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 12:1-1005(5) and 1-1105(A) and (C); adds R.S. 12:1-709(C) and 1-1105(D))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the original bill

1. Makes technical corrections.