

Chapter 11

2025 Regular Session

Subject Minnesota Business Corporation Act

Bill H.F. 747

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Overview

This act makes changes to the Minnesota Business Corporations Act.

Summary

Section	Description
1	Beneficial owner; beneficial ownerships. Makes clarifying changes.
2	Defective corporate act. Provides definition.
3	Emergency. Provides definition.
4	Failure of authorization. Provides definition.
5	Overissue. Provides definition.
6	Putative shares. Provides definition.
7	Time of defective corporate act. Provides definition.
8	Validation effective time. Provides definition.
9	Valid shares. Provides definition.

Section	Description
10	<p>Statutory provisions that may be modified only in articles or in a shareholder control agreement.</p> <p>Adds when the corporation's business and affairs must be managed by or under the board's direction (section 302A.201).</p>
11	<p>Emergency powers.</p> <p>Provides default requirements relating to notice for meetings of directors and shareholders in an emergency.</p>
12	<p>[302A.166] Defective corporate acts and shares; ratification.</p> <p>Subd. 1. Effect of ratification or validation. States that a defective corporate act or putative share is not void or voidable if it is ratified under this section or validated by a court proceeding.</p> <p>Subd. 2. Board approval; generally. Provides how a board can ratify a defective corporate act, other than ratifying an election of the first board of directors.</p> <p>Subd. 3. Board approval; election of first board. Provides process to ratify a defective corporate act in respect to the election of the first board of directors.</p> <p>Subd. 4. Shareholder approval; when required. Specifies when a defective corporate act must be submitted for approval by the shareholders.</p> <p>Subd. 5. Shareholder approval; process. Provides process to ratify a defective corporate act that must be submitted to the shareholders.</p> <p>Subd. 6. Certificate of validation. Describes circumstances under which a certificate of validation must be filed with the secretary of state. Provides requirements for contents of certificate of validation.</p> <p>Subd. 7. Retroactive effect. Provides that after the validation effective time, ratified defective corporate acts and putative shares are no longer void or voidable and are effective retroactively.</p> <p>Subd. 8. Postratification notice. Provides timing and content requirements for notice to shareholders of ratification of defective corporate act.</p>
13	<p>[302A.167] Validity of defective corporate acts and shares; proceedings.</p> <p>Subd. 1. When permitted. Provides a system for court review of a ratification.</p> <p>Subd. 2. Remedies. Provides possible court remedies for an action related to a ratification.</p>

Section	Description
	Subd. 3. Service. States when service of process occurs.
	Subd. 4. Considerations. Allows the court to consider certain information when making a determination in an action related to a ratification.
	Subd. 5. Statute of limitations. Creates statute of limitation for an action related to a ratification.
14	Emergency bylaws. Provides information to be included in emergency bylaws.
15	Board to manage. Allows articles of incorporation to limit board powers if certain requirements are met.
16	Agreements and other instruments; authorization. Allows a board of directors to ratify an agreement when a certificate must be filed with the secretary of state.
17	Liability; elimination or limitation. Allows the articles of incorporation to limit an officer's personal liability, subject to certain limitations.
18	Right to inspect. Allows a court to require a corporation that violates this section to allow for inspection and award expenses to the plaintiff.
19	Actions creating rights. Allows a shareholder to dissent and obtain payment for their shares if the corporation diminishes or abolishes the boards right to manage the corporation.
20	Rights not to apply. Makes technical change.
21	Additional remedies; shareholder representatives. Allows a plan of merger or exchange to include penalties for party's failure to perform its obligations and that an appointment is irrevocable and unamendable.



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