

HOUSE RESEARCH

Bill Summary

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Authors: Rosenthal and Selcer

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Analyst: Rebecca Pirius, 651.296.5044

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Overview

This bill amends provisions relating to corporations and limited liability companies.

Section

- 1** **Prefiling document review.** Formalizes the process of the secretary of state conducting a prefiling review of a business document. Imposes a \$250 review fee and requires the fee to be credited to the UCC account.
- 2** **Offeror.** Adds limited liability companies to the list of business entities included in the definition of “offeror.”
- 3** **Officer.** Provides that the chair of the board is not presumed to be an “officer” unless provided for in the articles or bylaws.
- 4-5, 19, 37** **Converted organization.** Add “domestic or foreign” to definitions of “converting organization.”
- 6** **Statutory provisions that may be modified.** Adds the following provisions that govern a corporation unless modified in articles or shareholder control agreement: 1) dissenter’s rights and 2) shareholders entitled to vote as a class or series.
- 7** **Optional provisions.** Conforming cross-reference. See sec. 13.
- 8, 29** **Class or series voting on amendments.** Provide for combined voting groups if a proposed amendment would affect the groups in the same or a substantially similar way.

Section

- 9, 32** **Delegation.** Provide that the duties of a delegating officer or manager are measured with respect to the act of delegation and supervision of the person to whom duties are delegated.
- 10, 33** **Standard of conduct.** Provide that an officer or manager who complies with statutory duties is not liable by virtue of being an officer or manager.
- 11** **Restrictions; rights.** Provides that, subject to the right of dissenting shareholders, a determination by the board of the fair value of fractions of shares is conclusive.
- 12, 30** **Notice and liability.** Clarify that notice of written action taken by less than all shareholders or members does not need to be given to those who executed the written action.
- 13** **Actions creating rights.** Adds the following to the list of events that trigger a dissenter's rights: an amendment that reduces the number of shares owned by the shareholder to a fraction of the share if the corporation exercises its right to repurchase.
- 14, 31** **Definitions; interest.** Cross-reference the interest rate at the short-term Treasury Rate (minimum of 4%) on all payments to dissenters, regardless of amount.
- 15, 34** **Contents of plan.** Permit a plan of merger or exchange to provide that shares may be canceled for no consideration.
- 16** **Articles of merger.** Amends short-form mergers by allowing a statement that the parent owns "at least 90 percent" of the outstanding shares and would no longer require a precise number.
- 17, 35** **Effect on organization.** Change reference from "real estate" property to include "personal or mixed property."
- 18, 36** **Foreign surviving organization.** Cross-reference service of process provisions in section 5.25 pertaining to the secretary of state.
- 20-26** **Cross-border conversions.** Permit cross-border conversions and domestications for corporations and LLCs to extent allowed by the other state's laws.
- 27, 38** **Certificate.** Amend certificates of dissolution to provide for varying effective dates.
- 28** **Statutory provisions that may be modified.** Adds the following provision that governs a LLC unless modified in articles or member control agreement - members entitled to vote as a class or series.