

**File Number:** H.F. 13  
**Version:** As introduced

**Date:** January 9, 2017

**Authors:** Smith

**Subject:** Nonprofit corporations

**Analyst:** Larie Ann Pampuch

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

---

### Overview

Statutory changes were made to the Minnesota Business Corporation Act in 2015 to allow for entities to convert into other forms. This bill makes conforming and technical changes to the Minnesota Nonprofit Corporation Act.

#### Section

- 1 **Members with voting rights.** Removes “voting members” from definition.
- 2 **Written action.** Makes changes to the definition of “written action” to include a record and electronic communication.
- 3 **Role of incorporators.** Clarifies that upon election of a director, or filing of articles, the power of incorporators ceases.
- 4 **Meeting.** Clarifies that the election of directors is an action to be taken at the initial meeting of the incorporators or directors.
- 5 **Number.** Makes technical changes.
- 6 **Generally.** Clarifies that a board of directors can establish a special litigation committee through resolution, and that this type of committee is not subject to the direction and control of the board.
- 7 **Other officers.** Makes technical changes.
- 8 **Generally.** Makes technical changes.

**Section**

**9 [317A.621] Merger of subsidiary.**

**Subd. 1. Definitions.** Provides definitions.

**Subd. 2. When authorized; content of plan.** Allows a parent corporation to merge a subsidiary corporation into itself when a resolution is approved by a majority of directors, and the resolution contains certain information.

**Subd. 3. Approval by board and members with voting rights.** (a) Unless the articles of incorporation or bylaws require a greater vote, a plan of merger is adopted when a majority of the members with voting rights affirm the board's resolution.

(b) Unless the articles of incorporation or bylaws require a greater vote, a plan of merger is adopted when a majority of the board, if there are no members with voting rights, affirm.

**10 Certain assets not to be diverted.** Makes technical changes.

**11 [317A.681] Conversion.**

**Subd. 1. Definitions.** Provides definitions.

**Subd. 2. Conversion requirements.** Provides the structural and legal requirements for an entity to convert into a different type of entity.

**Subd. 3. Contents of plan of conversion.** Requires that the plan of conversion contain certain information

**12 [317A.683] Action of plan of conversion by converting corporation.**

**Subd. 1. Approval.** Provides that a plan of conversion must be approved and adopted in accordance with this section.

**Subd. 2. Approval by board and members with voting rights.** Unless the articles of incorporation or bylaws of the corporation require a greater vote, a plan of conversion is adopted when a majority of the members with voting rights affirm the board's resolution to convert.

**Subd. 3. Approval by board.** Unless the articles of incorporation or bylaws of the corporation require a greater vote, a plan of conversion is approved by a board of directors, if there are no members with voting rights, when the majority of the board affirms.

**13 [317A.685] Filings required for conversion; effective date and time.**

**Subd. 1. Articles of conversion.** Requires that articles of conversion, which are filed with the secretary of state, include certain information.

**Subd. 2. Effective date and time of conversion.** Provides the system by which the articles of conversion become effective.

**Subd. 3. Certificate.** Requires the secretary of state to issue certificates of conversion.

**14 [317A.687] Abandonment.** Allows for a plan of conversion to be amended or abandoned under certain circumstances.

**Section**

**15 [317A.689] Effect of conversion.**

**Subd. 1. Effect on corporation; general.** Provides that an entity is, for all purposes, the same entity that existed prior to conversion, including ownership rights, debts, actions, and rights.

**Subd. 2. Effect on fiduciary capacity.** Provides that, with exceptions, an entity has the same fiduciary obligations it had prior to conversion, after conversion.

**Subd. 3. Foreign organization.** Provides requirements and liabilities relating to foreign organizations.

**16 When required.** Makes technical changes.

**17 Restriction on transfer.** Makes technical changes.

**18 Exception.** Makes technical changes.

**19 Revisor's instruction.** Instructs revisor to change the term "voting member" to "member with voting rights" in certain sections of chapter 317A.