

Committee on Commerce and Tourism

CS/CS/SB 1198 — Corporate Actions

by Rules Committee; Commerce and Tourism Committee; and Senator Martin

The bill provides a statutory ratification procedure for corporate actions that may not have been properly authorized, and for shares that may have been improperly issued. These improperly authorized corporate actions, that would otherwise be proper, are called defective corporate actions.

The bill provides a statutory ratification process that is intended to supplement common law ratification. The ratification procedure is intended to be available only where there is objective evidence that a corporate action was defectively implemented. Subsequent ratified defective corporate actions will remain subject to equitable review. The bill gives specified affected parties the ability to file motions in the circuit court of the applicable county.

The bill also provides a statutory method, through filing a single composite statement, for a registered agent to resign from more than one corporate entity at a time, if the specified entity has been dissolved, administratively or voluntarily, for 10 years or longer. The bill applies to the following business entity types:

- Limited liability companies or foreign limited liability companies;
- Corporations; and
- Corporations not for profit.

Finally, the bill keeps the fee to file the registered agent resignation the same for the above listed business entity types, even if filing to resign from more than one entity at a time.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect July 1, 2024.

Vote: Senate 39-0; House 114-0