

State Corporation Commission

2001 Fiscal Impact Statement

1. Bill Number HB2162

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☒ Substitute ☐ Enrolled

2. Patron Woodrum

3. Committee Passed Senate

4. Title Corporations; domestication and conversion.

5. Summary/Purpose:

Corporations; domestication and conversion. Adopts the Revised Model Business Corporations Act procedures for (i) domestication of foreign corporations in Virginia and Virginia corporations in foreign jurisdictions and (ii) for converting domestic corporations to domestic limited liability companies and, vice versa. A foreign corporation may domesticate in Virginia by complying with the laws under which the foreign corporation was incorporated and filing articles of domestication with the State Corporation Commission. A domestic corporation may domesticate in a foreign jurisdiction by having obtained board and shareholder approval of a plan of domestication and filing articles of incorporation surrender with the Commission. Domestic corporations may convert into domestic limited liability companies, and vice versa, by obtaining board and shareholder approval of a plan of entity conversion and filing articles of entity conversion with the Commission. The bill also sets forth the effects of domestication or conversion of the entity, including transfer of assets and liabilities from the converting entity to the surviving entity, continuation of legal proceedings by or against the entity, reclassification of shares and interests, and continuation of the entity without interruption since the date the original entity was organized. There is a July 1, 2002 effective date.

6. Fiscal Impact Estimates are tentative:

6a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2000-01 | 100,000 | | 0217 |
| 2001-02 | | | |
| 2002-03 | | | |

7. Budget amendment necessary: No

8. Fiscal implications: The Clerk's Office estimates it would need one person full-time for 10 months to support the bill. In order to meet a 01/01/02 deadline, the Clerk's Office would have to begin the project this summer, thus adversely impacting the revised UCC Article 9 project. A 07/01/02 deadline would negatively impact the Business Entity project planned for next fiscal year.

9. Specific agency or political subdivisions affected: State Corporation Commission's Clerk's Office.

10. Technical amendment necessary: No.

11. Other comments: This bill has passed the Senate. The House must act on the Senate substitute.

Date: 02/15/01

Analyst: Joel H. Peck

cc: Secretary of Commerce and Trade

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