

State Corporation Commission 2021 Fiscal Impact Statement

1. **Bill Number:** HB2121

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

2. **Patron:** Keam

3. **Committee:** Labor and Commerce

4. **Title:** State Corporation Commission; business entities filings; Virginia Stock Corporation Act.

5. **Summary:** Aligns provisions governing the filings by nonstock corporations, limited liability companies, business trusts, and partnerships related to cancellations, abandonments, name restrictions and registered agent resignations, and entity conversions to the provisions governing such filings for stock corporations. The Virginia Stock Corporation Act was comprehensively updated during the 2019 Session of the General Assembly. The bill includes adjustments to the assessment of annual fees after certain entity conversions or domestications. The bill also provides that certain legacy terms will be construed to mean their updated counterparts during a two-year transition. The bill amends various provisions of the Virginia Stock Corporation Act (the Act). The bill provides that for any notice to shareholders required by the Act, such notice is not required for a shareholder for whom notice of two consecutive annual meetings and all notices of meetings in between, or all distributions in a 12-month period or two consecutive distributions in a period of more than 12 months, have been sent and have been returned undeliverable or could not be delivered. The bill authorizes a board of directors to adopt certain emergency bylaws and exercise its emergency powers when there is a catastrophic event, including an attack on the United States or in any locality in which the corporation conducts its business or customarily holds meetings of the board of directors or shareholders, an epidemic or pandemic, or a declaration of a national emergency by the United States government or an emergency by the government of the locality in which the corporation's principal office is located, that affects the corporation and regardless of whether a quorum of the board of directors or a committee can be readily convened for action. The bill provides that during such an emergency, a board of directors is authorized to take any action it deems practicable and necessary to address the circumstances of the emergency, including (i) postponing any meeting; (ii) for certain corporations, notifying shareholders of any such postponement by filing with the U.S. Securities and Exchange Commission; and (iii) for a distribution that has been declared by the record date that has not occurred, canceling distribution or changing the amount of distributions, or changing the record date or the payment date of such distributions. The bill provides that if the articles of incorporation provide that a board of directors may by adoption of an amendment to the articles of incorporation classify or reclassify unissued shares, the articles of incorporation are deemed to authorize the board of directors to amend the articles unless the articles expressly state that shareholder action is required. The bill provides that the shareholder's list required for inspection by any

shareholder may be made available on a reasonably accessible electronic network, provided that the information to gain access to such list is provided with the notice of the shareholders' meeting. The bill also amends provisions regarding when shareholder approval is not required for a plan of merger or share exchange.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Fiscal Impact Estimates are Final

7a. Expenditure Impact: See Item 8

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|------------------|
| 2021 | (191,663) | 0 | 02173 (Cardinal) |

8. Fiscal Implications: Total one-time programming cost that will be realized in fiscal year 2021 is \$191,663.

9. Specific Agency or Political Subdivisions Affected: None

10. Technical Amendment Necessary: No

11. Other Comments: The State Corporation Commission Clerk's Office worked with Delegate Keam on the provisions of this bill.