

State Corporation Commission 2015 Fiscal Impact Statement

1. Bill Number: HB1878

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|------------------------|---------------------------------------|--|------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input checked="" type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Kilgore

3. Committee: Passed Senate

4. Title: Stock corporations and nonstock corporations; procedures.

5. Summary: Stock corporations and nonstock corporations; procedures. Compiles multiple revisions to the Virginia Stock Corporation Act and the Virginia Nonstock Corporation Act, including provisions (i) authorizing corporate bylaws to include a requirement that a circuit court or federal district court in Virginia or in the jurisdiction where the corporation has its principal office shall be the sole and exclusive forum for derivative actions and certain other legal proceedings; (ii) providing a process for persons to provide that a written consent will be effective at a future time not exceeding 60 days in the future; (iii) providing that any required notice of a new meeting date for an adjourned meeting be given not less than 10 days before the meeting date; (iv) updating procedures relating to the duties of inspectors with regard to determining voting results; (v) establishing procedural requirements for legal actions to determine matters relating to elections, voting, appointment and removal of directors and officers, and nominations; (vi) removing limits on the duration of voting trusts and shareholder agreements; (vii) addressing the qualifications for nomination to and membership on a board of directors; (viii) establishing an alternative scenario in which shareholder approval of a plan of merger or share exchange involving a public corporation is not required, which may be exercised when a corporation or limited liability company irrevocably accepts as payment shares tendered pursuant to a tender or exchange offer for any and all of the outstanding shares of a constituent corporation representing sufficient votes to approve the plan or merger or share exchange; (ix) authorizing a foreign parent corporation that owns a share of a domestic subsidiary corporation that possesses at least 90 percent of the voting power of each class and series of the outstanding shares of the subsidiary that have voting power to merge the subsidiary into itself or into another domestic or foreign subsidiary, or merge itself into the subsidiary if permitted by the laws under which any such foreign parent or subsidiary corporation is organized or by which it is governed, without the approval of the board of directors or shareholders of the subsidiary; (x) limiting the appraisal rights of a shareholder in a corporate action involving the consummation of a disposition of assets under certain circumstances and adding appraisal rights upon the consummation of certain domestications; (xi) requiring shareholders who wish to assert appraisal rights to deliver written notice of their intent to demand payment prior to certain proposed corporate actions becoming effective, subject to certain conditions; (xii) removing the provision that limits a shareholder's right to contest the legality of

fundamental transactions if notice of the adoption of the corporate action was provided at least 10 days before the corporate action was effected; and (xiii) specifying certain factors to be considered by a court when determining the fair value of a petitioner's shares in a proceeding under which a corporation may purchase the petitioner's shares in lieu of corporate dissolution. The measure also includes numerous technical and conforming amendments.

6. Budget Amendment Necessary: No fiscal impact on the State Corporation Commission

8. Fiscal Implications: None on the State Corporation Commission

9. Specific Agency or Political Subdivisions Affected: None

10. Technical Amendment Necessary: No

11. Other Comments: None