

March 20, 2023

The Honorable Fred Patton, Chairperson
House Committee on Judiciary
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Patton:

SUBJECT: Fiscal Note for HB 2455 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2455 is respectfully submitted to your committee.

HB 2455 would amend and make technical corrections to existing law concerning the Kansas General Corporation Code (Code), the Business Entity Transactions Act, the Business Entity Standard Treatment Act, the Revised Uniform Limited Partnership Act, and the Uniform Partnership Act.

The bill would add a new section to the Code that would allow corporations to conduct electronic transactions, as well as use electronic signatures and electronic transmissions. In addition, under the Code, the bill would:

- Require the filing of a business entity information reports to include a corporation's location of the principal office including the building, suite number, street number, or rural route number with box number, city, state, and zip code;
- Amend provisions limiting the personal liability of a director of the corporation;
- Amend the type of agreements for which a civil action would determine the validity of the provisions of the agreements;
- Limit who a corporation could indemnify for acts or omissions occurring after June 30, 2023;
- Amend the process for stockholder approval of defective corporate acts ratified by board of directors;

- Revise and add criteria for mergers of Kansas constituent corporations to occur without a vote of the corporation's stockholders; and
- Amend the process for stockholders to revoke the dissolution of the corporation or restore the corporation's articles of incorporation.

The Business Entity Transactions Act (BETA) defines "merging entity" as an entity that is a party to a merger and exists immediately before the merger becomes effective. Under current law, the merger agreement would be required to be signed by each merging entity. The bill amends the BETA to allow the merger agreement to only be signed on behalf of the merging entity owning at least 90.0 percent of the other entity subject to the merger.

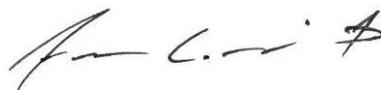
The Business Entity Standard Treatment Act applies to all business documents required to be filed with the Secretary of State. Under HB 2455, the Secretary of State would prescribe the form to be used by a corporation to get consent to use a name that is not distinguishable from the name of another corporation. The bill would also amend provisions concerning the filing of a certificate of resignation of a corporation's resident agent.

HB 2455 also amends the Revised Uniform Limited Partnership Act and the Uniform Partnership Act to require a partnership's written business entity information report to include the location of the partnership's principal office, including the building and suite number, street name or rural route number with box number, city, state, and zip code.

The bill also amends Kansas taxation statutes by removing the Secretary of State's authority to review annual Kansas income tax returns of corporations as well as banks, banking businesses, trust companies, and savings and loans associations for verifying information contained in the company's business entity information report filed with the Secretary. The bill also amends the fees the Secretary of State would charge limited liability companies for copies.

The Secretary of State and the Department of Revenue indicate HB 2455 would not have a fiscal effect.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Sandy Tompkins, Office of the Secretary of State
Lynn Robinson, Department of Revenue
Sherry Rentfro, Department of Commerce