

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4529-01
BILL NO.: HB 2060
SUBJECT: Corporations: Business and Commerce
TYPE: Original
DATE: March 6, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Attorney General** stated there would be no fiscal impact to their office.

Officials of the **Office of Secretary of State** stated this proposal would do the following:

1. Section 350.055 seeks to permit a corporation to limit the personal liability of a director of a corporation to the shareholders in certain situations.
2. Section 351.245 would limit the ability to vote shares owned by the corporation.
3. Section 350.3000 would permit a corporation to pay cash in lieu of issuing fractional shares of stock.
4. Section 351.355 would allow a corporation to choose (in its articles or bylaws) whether to indemnify its agents that are successful in certain court proceedings.

Officials assume no fiscal impact to their office, or to total State Revenues.

Oversight assumes no fiscal impact to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill modifies statutes relating to corporations by allowing the articles of incorporation to set forth a provision limiting the personal liability of a director to the corporation or its shareholders. The provision may not limit the director's liability for a breach of the director's duty of loyalty to the corporation, for acts of intentional misconduct, for knowingly paying a dividend in violation of law, or for any transaction from which the director derived an improper

DESCRIPTION (continued)

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personal benefit. The articles of incorporation may include provisions concerning the indemnification of a director, officer, or employee of the corporation when that person has been successful on the merits in defending an action related to the fact that the person was a director, officer, employee of the corporation. The bill also prohibits a person from being admitted to vote on any shares belonging to the corporation which issued the shares. In addition, a corporation is authorized to pay cash equal to the value of a fractional share.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Secretary of State
Office of Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is cursive and somewhat stylized, with the first name being more prominent.

Jeanne Jarrett, CPA
Director
March 6, 2000