

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 228
Version:	Engrossed
Request Number:	
Author:	O'Donnell
Date:	3/30/2021
Impact:	Please see previous summary of this measure

Research Analysis

SB 228 modifies the Oklahoma General Corporation Act and the Oklahoma Limited Liability Company Act. The measure authorizes members of a corporate board of directors to consent to a future action, provided that the action occurs within 60 days. The measure also provides new language regarding document form, signature and delivery.

The measure allows resolutions authorizing the issuance of capital stock to be issued in one or more transactions in a manner determined by the board in the resolution, provided that the resolution fixes a maximum number of shares to be issued, a time period during which shares can be issued, and a minimum amount of consideration for which shares may be issued.

Additionally, the measure prohibits corporations from sending defective corporate acts to shareholders if there are no shares of valid stock outstanding and entitled to vote upon. The measure also defines *stock ledger* as used in the Oklahoma General Corporation Act to mean one or more records administered by or on behalf of a corporation in which the names of all shareholders, the address and number of shares registered in the name of each such shareholder and all issuances and transfers of stock are recorded.

The measure requires agreements of mergers or consolidations to include any other securities of the surviving or resulting corporation or of any other corporation or entity the shares, rights or other securities of which are to be received. The measure amends the definition of *entity* as used in the measure to include foreign corporation and domestic or foreign limited liability companies, and amends certain references pertaining to such entities as they are governed in mergers or consolidations of domestic and foreign corporations or conversions of entities to domestic corporations or limited liability companies and vice versa.

The measure also removes language prohibiting appraisal rights from being available for any shares of stock of the constituent corporation surviving a merger if the merger did not require an approval vote by the shareholders.

The measure specifies that when a manager of a limited liability company delegates rights, power and duties, such delegation shall not cause the delegate to become the manager nor shall restrict the manager's power and authority. The delegation may be irrevocable if it states that it is irrevocable.

The measure also creates the Oklahoma Public Benefit Limited Liability Company Act, which allows existing domestic limited liability companies to become a public benefit limited liability company by amending its articles of organization and domestic entities to become a public benefit limited liability company through a merger, consolidation, exchange or conversion. The measure prohibits public benefit limited liability companies to take certain actions without

approval of members who own at least two-thirds of the then-outstanding membership interests. The measure outlines duties of members or managers of public benefit limited liability companies and requires such companies to biennially provide statements to its members regarding promotion of its public benefits.

Prepared By: Emily McPherson

Fiscal Analysis

The measure includes numerous modifications and updates to the Oklahoma General Corporation Act. No direct revenue or fiscal impact to the state or its political subdivisions is anticipated.

Prepared By: Mark Tygret

Other Considerations

None.