

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 495 Business Organizations
SPONSOR(S): Judiciary Committee, Civil Justice Subcommittee, Robinson
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 838

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Civil Justice Subcommittee	14 Y, 0 N, As CS	Mawn	Luczynski
2) Transportation & Tourism Appropriations Subcommittee	10 Y, 0 N	Cobb	Davis
3) Judiciary Committee	16 Y, 0 N, As CS	Mawn	Luczynski

SUMMARY ANALYSIS

A corporation is a legal entity created through the laws of its state of incorporation. As of November 2019, approximately 974,990 active corporations exist in Florida, regulated under the Florida Business Corporation Act (FBCA), a law modeled after the Model Business Corporation Act (MBCA) promulgated by the American Bar Association in 1950. In 2014, the Florida Bar's Business Law Section organized a drafting task force to conduct a full FBCA study and propose FBCA revisions to:

- Bring the FBCA in line with the revised MBCA;
- Maintain Florida's competitiveness with other jurisdictions;
- Fix issues created by the existing FBCA; and
- Encourage the formation and use of Florida corporations.

The result of the task force's effort was CS/CS/HB 1009, a comprehensive revision to the FBCA and other Florida business entity statutes signed into law by the Governor on June 7, 2019, with a January 1, 2020 effective date. However, the task force subsequently identified several errors in the enrolled bill, including grammatical, typographical, and cross reference errors and business entity statute inconsistencies. The task force also studied a proposal to amend the Florida Not-For-Profit Corporation Act to allow a person who is not a member of a not-for-profit corporation's board of directors to serve on a board committee under specified circumstances.

CS/CS/HB 495:

- Remedies identified errors in the 2019 FBCA and related business entity statute revisions;
- Authorizes a not-for-profit corporation to designate a non-board director to a board committee and to an advisory committee under certain circumstances; and
- Authorizes the Florida Department of State to direct interrogatories to a corporation under specified conditions to determine the corporation's FBCA compliance.

The bill does not appear to have a fiscal impact on state or local governments.

The bill provides an effective date of upon becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

A corporation is an independent legal entity created through the laws of its state of incorporation.¹ In 1950, the American Bar Association (ABA) promulgated the Model Business Corporations Act (MBCA), a body of laws designed to uniformly regulate United States corporations.² However, individual states may promulgate laws relating to the creation, organization, operation, and dissolution of corporations in their respective jurisdictions.³

As of November 2019, Florida has approximately 974,990 domestic⁴ and foreign⁵ for-profit and not-for-profit corporations⁶ active in the state,⁷ regulated under the Florida Business Corporation Act (FBCA),⁸ a law largely modeled after the MBCA.⁹ In 2014, the Corporations, Securities, and Financial Services Committee of the Florida Bar Business Law Section organized a drafting task force to recommend revisions to the FBCA, last overhauled in 1989, as the ABA was in the process of revising and modernizing the MBCA.¹⁰ The task force's mission statement included a full FBCA study and the proposal of FBCA revisions to:

- Bring the FBCA in line with MBCA revisions;
- Maintain Florida's competitiveness with other jurisdictions;
- Fix issues created by the existing FBCA; and
- Encourage the formation and use of Florida corporations.¹¹

The result of the task force's effort was CS/CS/HB 1009, a comprehensive revision to the FBCA and other Florida entity statutes¹² signed into law on June 7, 2019, with a January 1, 2020 effective date.¹³ However, the task force subsequently identified several errors in the enrolled bill, including grammar, punctuation, and cross reference errors and business entity statute inconsistencies.¹⁴ The task force also studied a proposal to amend the Florida Not-For-Profit Corporation Act¹⁵ (FNCA) to expressly allow a person who is not a director ("non-director") serving on a not-for-profit corporation's ("NPC") board of directors¹⁶ ("board") to serve on an NPC's board committee under specified circumstances.¹⁷

¹ *Corporations*, Legal Information Institute, available at <https://www.law.cornell.edu/wex/corporations> (last visited Jan. 23, 2020).

² William H. Clark, Jr., *The Relationship of the Model Business Corporation Act to Other Entity Laws*, Law and Contemporary Problems Vol. 74, No. 57, available at <https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=1609&context=lcp> (last visited Jan. 23, 2020).

³ *Id.*

⁴ "Domestic corporation" means an entity governed as to its internal affairs by the laws of this state. S. 607.01401(20), F.S.

⁵ "Foreign corporation" means an entity incorporated or organized under laws other than the laws of this state. Ss. 607.01401(36) and 617.01401(9), F.S.

⁶ A not-for-profit corporation is a corporation that does not distribute its income or profit to its members, directors, or officers, except as the FNCA otherwise allows. S. 617.01401(5), F.S.

⁷ *Yearly Statistics*, The Florida Department of State, Division of Corporations, available at <https://dos.myflorida.com/sunbiz/about-us/yearly-statistics/> (last visited Jan. 23, 2020).

⁸ Ch. 607, F.S.

⁹ The Florida Bar Business Law Section, *Proposed Modifications to Chapter 607 (Florida Business Corporation Act)*, (Jan. 24, 2019).

¹⁰ *Id.*

¹¹ *Id.*

¹² These included the Florida Revised Limited Liability Company Act of Ch. 605, F.S.,

¹³ Ch. 2019-90, Laws of Fla.

¹⁴ The Florida Bar Business Law Section, *White Paper for S.B. [838] & H.B. [495]: "An Act Relating to Business Organizations,"* (Oct. 21, 2019).

¹⁵ Ch. 617, F.S.

¹⁶ "Board of directors" means the group of persons vested with the management of the corporation's affairs irrespective of the name by which such group is designated, including, but not limited to, managers or trustees. S. 617.01401(2), F.S.

¹⁷ See *White Paper*, *supra* note 14.

Effect of Proposed Changes

Florida Department of State Interrogatories

Current Law

Prior to the 2019 FBCA revision, the FBCA permitted the Florida Department of State (“Department”) to direct interrogatories¹⁸ to a FBCA-regulated corporation, and to any of its officers or directors, if such interrogatories were reasonably necessary to determine the corporation’s FBCA compliance.¹⁹ However, the drafters of the 2019 FBCA revision inadvertently deleted this provision from the FBCA when intending to move it to a new stand-alone section, consistent with the placement of an identical provision in the Florida Revised Limited Liability Company Act.²⁰

Proposed Changes

CS/CS/HB 495 reinstates the Department’s authority to direct interrogatories to an FBCA-regulated corporation, and to any of its officers or directors, if such interrogatories are reasonably necessary to determine the corporation’s FBCA compliance. Like the deleted FBCA provision, the bill:

- Gives the corporation 30 days to respond or a longer period of time fixed by the Department.
- Requires that interrogatories directed to an individual be answered by said individual.
- Does not require the Department to file a court record relating to the interrogatories:
 - Until the interrogatories are answered.
 - When the answers disclose that the record does not conform to FBCA requirements.
 - If the Department determines that the parties to the record have not paid all fees, taxes, and penalties owed to the state.
- Authorizes the Department to:
 - Bring a circuit court action to collect any penalties, fees, or taxes owed to the state and to compel any legally required filing, qualification, or registration.
 - File a *lis pendens*²¹ against any property owned by the corporation.
 - Certify its findings to the Department of Legal Affairs (DLA) to initiate any action DLA may deem appropriate.

However, unlike the deleted FBCA provision, the bill also:

- Clarifies that a corporation served with interrogatories may be domestic or foreign.
- Requires interrogatories directed to a corporation to be answered by the corporation’s officers or directors, shareholders if there are no officers or directors, or fiduciaries if the corporation is in the hands of a receiver, trustee, or other court-appointed fiduciary.²²

¹⁸ “Interrogatories” are a list of questions one party in a civil action sends to another as part of the discovery process. The recipient must answer the questions under oath. See *Interrogatory*, Legal Information Institute, available at <https://www.law.cornell.edu/wex/interrogatory> (last visited Jan. 23, 2020).

¹⁹ S. 607.0130, F.S. (2018).

²⁰ See Ch. 2019-90, Laws of Fla.; see also *Proposed Modifications to Chapter 607*, *supra* note 9.

²¹ A “*lis pendens*,” filed with the clerk of the court, provides written notice that a lawsuit has been filed involving either title to or a claimed ownership interest in real property. See *Lis Pendens*, Legal Information Institute, available at https://www.law.cornell.edu/wex/lis_pendens (last visited Jan. 23, 2020).

²² The deleted FBCA provision required such interrogatories to be answered by the corporation’s president, vice president, secretary, or assistant secretary. S. 607.0130(1), F.S. (2018).

Not-For Profit Corporation Board Committees

Current Law

An NPC's board must have three or more directors, who must be natural persons²³ 18 years of age or older but need not be Florida residents or NPC members unless required by the articles of incorporation²⁴ or bylaws.²⁵ The board exercises all of the NPC's corporate powers²⁶ and directs its management to ensure the NPC fulfills its member, beneficiary, donor, and community obligations.²⁷

A director must discharge his or her duties in good faith,²⁸ with the care an ordinarily prudent person in a like position would exercise,²⁹ and in a manner he or she reasonably believes to be in the NPC's best interest.³⁰ A director is not liable for monetary damages for any statement, vote, decision to act or not act, or failure to act, unless the director breached his or her duties and such breach is:

- A criminal offense, unless the director reasonably believed his or her conduct was lawful.³¹
- A circumstance in which the director derived an improper personal benefit³² or the unlawful distribution liability provisions³³ apply.³⁴
- Conscious disregard for the NPC's best interests or willful or intentional misconduct in a proceeding by or in the right of a shareholder or the NPC.³⁵
- In a proceeding by or in the right of someone other than the NPC or a shareholder, recklessness or an act or omission:
 - Constituting bad faith; or
 - Done with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property.³⁶

In addition to its other duties and obligations, an NPC's board, by resolution, may appoint board directors to a committee with all the authority of the board.³⁷ However, no such committee may:

- Approve or recommend for approval actions or proposals that members must approve;³⁸
- Fill board or board committee vacancies;³⁹ or
- Adopt, amend, or repeal the bylaws.⁴⁰

The Model Not-For-Profit Corporation Act (MNCA) also permits an NPC's board to create an advisory committee comprised of any number of directors and non-directors, or exclusively of non-directors. An advisory committee is not a board committee, may not have board authority, and may only make

²³ "Person" means an individual, child, firm, association, joint adventure, partnership, estate, trust, business trust, syndicate, fiduciary, corporation, and other groups or combinations. "Natural person" means a living human being. See s. 1.01(3), F.S.; *Natural Person*, Legal Information Institute, available at https://www.law.cornell.edu/wex/natural_person (last visited Jan. 23, 2020).

²⁴ "Articles of Incorporation" means the corporate charter filed with the state at the time of incorporation including the corporation's name and purpose, information about the type and number of shares, and the process of electing a board of directors. *Articles of Incorporation*, Legal Information Institute, available at https://www.law.cornell.edu/wex/articles_of_incorporation (last visited Jan. 23, 2020).

²⁵ Ss. 617.0802(1) and 607.0803(1), F.S.

²⁶ Unless specified otherwise in the articles of incorporation, corporate powers include the power to: sue and be sued; purchase, lease, or acquire, and own, hold, improve, use, and deal with, real or personal property; sell, convey, mortgage, or otherwise dispose of all or part of its property; lend or borrow money; and make contracts and incur liabilities. S. 607.0302, F.S.

²⁷ Jeffrey A. Baskies and Cara Freedman, "To Protect and to Serve": The Duties and Responsibilities of Directors of Florida Not-For Profit Corporations, *Florida Bar Journal* Vol. 89, No. 9 (Nov. 2015), available at <https://www.floridabar.org/the-florida-bar-journal/to-protect-and-to-serve-the-duties-and-responsibilities-of-directors-of-florida-not-for-profit-corporations/> (last visited Jan. 23, 2020).

²⁸ S. 617.0830(1)(a), F.S.

²⁹ S. 617.0830(1)(b), F.S.

³⁰ S. 617.0830(1)(c), F.S.

³¹ S. 607.0831(1)(a), F.S.

³² S. 607.0831(1)(b), F.S.

³³ A director who assents to a distribution violating s. 607.06401, F.S., s. 607.1410(1), F.S., or the articles of incorporation is personally liable to the corporation for the amount of the distribution exceeding what could have been distributed without such a violation if it is established that the director did not comply with s. 607.0830, F.S. S. 607.0834, F.S.

³⁴ S. 607.0831(1)(c), F.S.

³⁵ S. 607.0831(1)(d), F.S.

³⁶ S. 607.0831(1)(e), F.S.

³⁷ S. 617.0825(1) and (3), F.S.

³⁸ S. 617.0825(1)(a), F.S.

³⁹ S. 617.0825(1)(b), F.S.

⁴⁰ S. 617.0825(1)(c), F.S.

recommendations to the board or the NPC's officers or members.⁴¹ However, the FNCA does not contain a similar provision, and neither does the FNCA expressly allow an NPC to appoint non-directors to its board committees.⁴² Despite a lack of express statutory authorization to do so, many NPCs are believed to organize their board committees to include non-directors.⁴³

Proposed Changes

The bill:

- Authorizes an NPC's board to appoint a non-director to certain board committees⁴⁴ if the majority of the other committee members are directors. The bill also allows an NPC's board committee to consist of fewer directors than non-directors, or entirely of non-directors, if the committee:
 - Is created by the board or otherwise authorized by the articles of incorporation or bylaws; and
 - Relates to director elections, nominations, or credentials or is involved in the director election process.
- Gives a non-director serving on a board committee the same responsibility and fiduciary duties regarding committee activities, and the same liability protections, as a director serving on the committee.
- Authorizes an NPC to create an advisory committee comprised of any number of non-directors that is not a board committee and may:
 - Not act on behalf of the board, exercise any board powers or authority, or bind the NPC to any action.
 - Make recommendations to the board or to the NPC's officers or members.

These changes give an NPC flexibility to organize its committees in the way in which it may already operate, bring the FNCA in line with the MNCA with respect to advisory committees, and add necessary corporate governance protections.

Entity Statute Inconsistency Corrections

In reviewing the 2019 FBCA revisions, the drafting task force discovered inadvertent inconsistencies between comparable provisions in the FBCA and other business entity statutes. The bill corrects such inconsistencies in ss. 607.0123, 607.0601, 607.0602, 607.1102, 607.1106, 607.11920, 607.11923, 607.11924, 607.11935, 607.1422, and 605.0207, F.S.⁴⁵ These corrections include:

- Adding references to obligations, other securities, eligible interests, and rights to acquire any combination of shares, securities, cash, or property in connection with organic transactions.
- Altering "filed" to "accepted, as evidenced by the department's endorsement" when referencing documents filed with the Department.
- Specifying that a domestic corporation may acquire one or more classes or series of shares of another domestic or foreign corporation.
- Changing references from "business entity" to "eligible entity."
- Specifying that a series of shares authorized to receive the corporation's net assets upon dissolution may be a series with voting rights.
- Clarifying that, if a corporation's articles of incorporation so provide, a board of directors may reclassify the unissued shares of any class into one or more series within a class.

⁴¹ American Bar Association Committee on Nonprofit Organizations, Model Nonprofit Corporation Act § 8.25 (3rd ed. 2008).

⁴² Ch. 617, F.S.

⁴³ See *White Paper*, *supra* note 14.

⁴⁴ This section does not apply to condominium, cooperative, or homeowners' association fining or architectural review committees established under ss. 718.303(3), 719.303(3), 720.303(2), or 720.3035(1), F.S.

⁴⁵ Bill sections 2, 8, 9, 28, 32, 33, 35, 36, 39, 49, and 71.

Clarifying Changes

The bill makes clarifying changes to ss. 607.0123, 607.0125, 607.0501, 607.0620, 607.0630, 607.0705, 607.0720, 607.0808, 607.0850, 607.0901, 607.1003, 607.1103, 607.11035, 607.11921, 607.1302, 607.1333, 607.1430, 607.1432, 607.14401, 607.1501, 607.1502, 607.1509, 607.15091, 607.1520, 607.1602, 607.504, 605.0116, and 605.0215, F.S.⁴⁶ These changes include:

- Changing “checks in payment” to “payment,” as not every relevant payment is made by check.
- Altering “bank accounts” to “accounts,” as not every applicable account is a bank account.
- Clarifying that the corporate representative to whom the Department must return a refused document must be an authorized representative.
- Changing “his or her” to “his, her, or its” in various sections describing subscribers or shareholders, as these may be natural or legal persons.
- Altering “shares” to “interests” when the term relates to affiliated transactions, as not every business entity has shares but all have interests.
- Clarifying that a foreign corporation may revoke its registered agent’s authority to accept service on its behalf, as the current language is ambiguous.
- Clarifying that a corporate shareholder may inspect and copy the corporation’s board committee records under specified circumstances, as the current language is overbroad.
- Adding “domestication” to the list of ways a business entity may become a social purpose corporation, as it was inadvertently left out.
- Specifying that a foreign corporation’s assignee may require a certificate of authority.
- Clarifying that the notice of a shareholder meeting to remove a director need only state that such action is one of the meeting’s purposes, as opposed to its sole purpose.
- Specifying that the term “expenses” includes reasonable attorney fees and expenses.
- Clarifying that a statement of change or other record designating a new registered agent is filed with the Department, not by it.
- Altering “copy” to “certified copy” when referencing the evidentiary effect of document copies delivered with Department certificates.
- Clarifying that a circuit court may dissolve a corporation if a shareholder dissolution proceeding establishes that the directors are deadlocked in corporate management and the corporation faces irreparable injury, the corporation’s business can no longer be conducted, or both.
- Clarifying that, to amend a corporation’s articles of incorporation, at least a majority of all shares entitled to vote on the amendment must vote in favor of the amendment.

Conforming Changes

The bill makes non-substantive conforming changes to ss. 607.0120, 607.0123, 607.0141, 607.1002, 607.1202, 607.1302, 607.1403, 607.1431, 607.1502, 607.1504, 607.1907, and 605.0207, F.S.⁴⁷ These changes include altering references from:

- “Act” to “chapter;”
- “Do business” to “transact business;”
- “Corporation” to “domestic or foreign corporation;”
- “Filed document” and “filing” to “record filed;”
- “Rights of action” to “proceedings and actions;”
- “Action” to “proceeding;” and
- “This Act” to “Chapter 2019-90, Laws of Florida.”

⁴⁶ Bill sections 2, 3, 7, 10, 12, 14, 16, 20, 22, 25, 27, 29, 30, 34, 42, 45, 50, 52, 53, 54, 55, 60, 61, 63, 64, 69, 70, and 72.

⁴⁷ Bill sections 1, 2, 6, 17, 26, 40, 47, 51, 55, 57, 68, and 71.

Cross Reference and Applicability Corrections

The bill corrects missing or erroneous cross references in ss. 607.1406, 607.1422, 607.1504, 607.1604, and 607.1622, F.S.⁴⁸ The bill also modifies the sections, subsections, or paragraphs to which specified provisions apply in ss. 607.0721, 607.11932, and 605.0702, F.S.⁴⁹

Grammar, Punctuation, and Duplicative Language Corrections

The bill corrects non-substantive grammar and punctuation errors in ss. 607.0127, 607.01401, 607.0501, 607.0623, 607.0630, 607.0704, 607.0732, 607.0750, 607.0832, 607.0855, 607.0858, 607.1003, 607.1103, 607.11045, 607.11932, 607.11933, 607.11935, 607.1303, 607.1320, 607.1340, 607.1430, 607.1501, 607.1503, 607.1505, 607.1507, 607.15101, 605.0215, 605.0716, and 617.0501, F.S.⁵⁰

The bill also deletes unnecessary duplicative language in ss. 607.0707 and 607.1301, F.S.⁵¹

B. SECTION DIRECTORY:

Section 1: Amends s. 607.0120, F.S., relating to filing requirements.

Section 2: Amends s. 607.0123, F.S., relating to effective time and date of document.

Section 3: Amends s. 607.0125, F.S., relating to filing duties of the department.

Section 4: Amends s. 607.0127, F.S., relating to certificates to be received in evidence; evidentiary effect of certified copy of filed document.

Section 5: Amends s. 607.01401, F.S., relating to definitions.

Section 6: Amends s. 607.0141, F.S., relating to notice.

Section 7: Amends s. 607.0501, F.S., relating to registered office and registered agent.

Section 8: Amends s. 607.0601, F.S., relating to authorized shares.

Section 9: Amends s. 607.0602, F.S., relating to terms of class or series determined by board of directors.

Section 10: Amends s. 607.0620, F.S., relating to subscriptions for shares.

Section 11: Amends s. 607.0623, F.S., relating to share dividends.

Section 12: Amends s. 607.0630, F.S., relating to shareholders' preemptive rights.

Section 13: Amends s. 607.0704, F.S., relating to action by shareholders without a meeting.

Section 14: Amends s. 607.0705, F.S., relating to notice of meeting.

Section 15: Amends s. 607.0707, F.S., relating to record date.

Section 16: Amends s. 607.0720, F.S., relating to shareholders' list for meeting.

Section 17: Amends s. 607.0721, F.S., relating to voting entitlement of shares.

Section 18: Amends s. 607.0732, F.S., relating to shareholder agreements.

Section 19: Amends s. 607.0750, F.S., relating to direct action by shareholder.

Section 20: Amends s. 607.0808, F.S., relating to removal of directors by shareholders.

Section 21: Amends s. 607.0832, F.S., relating to director conflicts of interest.

Section 22: Amends s. 607.0850, F.S., relating to definitions.

Section 23: Amends s. 607.0855, F.S., relating to determination and authorization of indemnification.

⁴⁸ Bill sections 48, 49, 57, 65, and 66.

⁴⁹ Bill sections 17, 37, and 73.

⁵⁰ Bill sections 4, 5, 7, 11, 12, 13, 18, 19, 21, 23, 24, 27, 29, 31, 37, 38, 39, 43, 44, 46, 50, 54, 56, 58, 59, 62, 72, 74, and 75.

⁵¹ Bill sections 15 and 41.

- Section 24:** Amends s. 607.0858, F.S., relating to variation by corporate action; application of ss. 607.0850-607.0859.
- Section 25:** Amends s. 607.0901, F.S., relating to affiliated transactions.
- Section 26:** Amends s. 607.1002, F.S., relating to amendment by board of directors.
- Section 27:** Amends. 607.1003, F.S., relating to amendment by board of directors and shareholders.
- Section 28:** Amends s. 607.1102, F.S., relating to share exchange.
- Section 29:** Amends s. 607.1103, F.S., relating to action on a plan of merger or share exchange.
- Section 30:** Amends s. 607.11035, F.S., relating to shareholder approval of a merger or share exchange in connection with a tender offer.
- Section 31:** Amends s. 607.11045, F.S., relating to holding company formation by merger by certain corporations.
- Section 32:** Amends s. 607.1106, F.S., effect of merger or share exchange.
- Section 33:** Amends s. 607.11920, F.S., relating to domestication.
- Section 34:** Amends s. 607.11921, F.S., relating to action on a plan of domestication.
- Section 35:** Amends s. 607.11923, F.S., relating to amendment of a plan of domestication; abandonment.
- Section 36:** Amends s. 607.11924, F.S., relating to effect of domestication.
- Section 37:** Amends s. 607.11932, F.S., relating to action on a plan of conversion.
- Section 38:** Amends s. 607.11933, F.S., relating to articles of conversion, effectiveness.
- Section 39:** Amends s. 607.11935, F.S., relating to effect of conversion.
- Section 40:** Amends s. 607.1202, F.S., relating to shareholder approval of certain dispositions.
- Section 41:** Amends s. 607.1301, F.S., relating to appraisal rights; definitions.
- Section 42:** Amends s. 607.1302, F.S., relating to right of shareholders to appraisal.
- Section 43:** Amends s. 607.1303, F.S., relating to assertion of rights by nominees and beneficial owners.
- Section 44:** Amends s. 607.1320, F.S., relating to notice of appraisal rights.
- Section 45:** Amends s. 607.1333, F.S., relating to limitation on corporate payment.
- Section 46:** Amends s. 607.1340, F.S., relating to other remedies limited.
- Section 47:** Amends s. 607.1403, F.S., relating to articles of dissolution.
- Section 48:** Amends s. 607.1406, F.S., relating to known claims against dissolved corporations.
- Section 49:** Amends s. 607.1422, F.S., relating to reinstatement following administrative dissolution.
- Section 50:** Amends s. 607.1430, F.S., relating to grounds for judicial dissolution.
- Section 51:** Amends s. 607.1431, F.S., relating to procedure for judicial dissolution.
- Section 52:** Amends s. 607.1432, F.S., relating to receivership or custodianship.
- Section 53:** Amends s. 607.14401, F.S., relating to deposit with Department of Financial Services.
- Section 54:** Amends s. 607.1501, F.S., relating to authority of foreign corporation to transact business required; activities not constituting transacting business.
- Section 55:** Amends s. 607.1502, F.S., relating to effect of failure to have a certificate of authority.
- Section 56:** Amends s. 607.1503, F.S., relating to application for certificate of authority.
- Section 57:** Amends s. 607.1504, F.S., relating to amended certificate of authority.
- Section 58:** Amends s. 607.1505, F.S., relating to effect of a certificate of authority.
- Section 59:** Amends s. 607.1507, F.S., relating to registered office and registered agent of foreign corporation.

- Section 60:** Amends s. 607.1509, F.S., relating to resignation of registered agent of foreign corporation.
- Section 61:** Amends s. 607.15091, F.S., relating to change of name or address by registered agent.
- Section 62:** Amends s. 607.15101, F.S., relating to service of process, notice, or demand on a foreign corporation.
- Section 63:** Amends s. 607.1520, F.S., relating to withdrawal and cancellation of certificate of authority for foreign corporation.
- Section 64:** Amends s. 607.1602, F.S., relating to inspection of records by shareholders.
- Section 65:** Amends s. 607.1604, F.S., relating to court-ordered inspection.
- Section 66:** Amends s. 607.1622, F.S., relating to annual report for department.
- Section 67:** Creates s. 607.1703, F.S., relating to interrogatories by department; other powers of department.
- Section 68:** Amends s. 607.1907, F.S., relating to saving provision.
- Section 69:** Amends s. 607.504, F.S., relating to election of social purpose corporation status.
- Section 70:** Amends s. 605.0116, F.S., relating to change of name or address by registered agent.
- Section 71:** Amends s. 605.0207, F.S., relating to effective date and time.
- Section 72:** Amends s. 605.0215, F.S., relating to certificates to be received in evidence and evidentiary effect of copy of filed document.
- Section 73:** Amends s. 605.0702, F.S., relating to grounds for judicial dissolution.
- Section 74:** Amends s. 605.0716, F.S., relating to judicial review of denial of reinstatement.
- Section 75:** Amends s. 605.1104, F.S., relating to interrogatories by department; other powers of department.
- Section 76:** Amends s. 617.0501, F.S., relating to registered office and registered agent.
- Section 77:** Amends s. 617.0825, F.S., relating to committees.
- Section 78:** Providing an effective date of upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have an impact on state revenues.

2. Expenditures:

The bill does not appear to have an impact on state expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have an impact on local government revenues.

2. Expenditures:

The bill does not appear to have an impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The Department retains its rulemaking authority under current law.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On December 12, 2019, the Civil Justice Subcommittee adopted three amendments and reported the bill favorably as a committee substitute. The amendments:

- Deleted language suggesting that a corporation could obtain a life insurance policy on a shareholder that is not a natural person.
- Clarified that, to amend a corporation's articles of incorporation, at least a majority of all shares entitled to vote on the amendment must vote in favor of the amendment.
- Provided that the provisions allowing a non-profit corporation's board of directors to appoint non-board members to certain board committees do not apply to condominium, cooperative, or homeowners' association fining or architectural review committees.

On January 23, 2020, the Judiciary Committee adopted two amendments and reported the bill favorably as a committee substitute. The amendments deleted duplicative language in both the FBCA and the Florida Revised Limited Liability Company Act specifying the powers and duties of the Department.

This analysis is drafted to the committee substitute to the committee substitute as passed by the Civil Justice Subcommittee.