Legislative History for Connecticut Act

SB 156 PA 431 fax scan 1984

House 6528-6533 (6)

Senate 1649-1657 (9)

Judiciary 78, 119, 212 (3)

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CONNECTICUT
GEN ASSEMBLY
HOUSE

PROCEEDINGS
1984

VOL. 27
PART 18
6333-6686

SPEAKER STOLBERG:

Have all the members voted? Have all the members voted? Have all the members voted? Have all the members voted? Have all the members please voted?

Have all the members voted? Have all the members voted? Have all the members voted and is your vote properly recorded? If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally?

CLERK:

Senate Bill No. 453	
Total Number Voting	135
Necessary for Passage	68
Those Voting Yea	135
Those Voting Nay	0
Those Absent and Not Voting	16

SPEAKER STOLBERG:

The bill is passed.

CLERK:

Calendar Page 9, Calendar No. 685, File No. 444, Substitute for Senate Bill No. 156, AN ACT CONCERNING RESERVATION OF CORPORATE NAMES AND APPROVAL OF MERGERS OR CERTAIN BUSINESS COMBINATIONS, as amended by Senate Amendment Schedule "A". Favorable Report of the Committee

on Judiciary.

REP. TULISANO: (29th)

Mr. Speaker.

SPEAKER STOLBERG:

Rep. Tulisano.

REP. TULISANO: (29th)

Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

SPEAKER STOLBERG:

Will you remark?

REP. TULISANO: (29th)

Mr. Speaker, the Clerk has an amendment, LCO No. 2977.

SPEAKER STOLBERG:

The Clerk has an amendment, LCO No. 2977, Senate "A". Will the Clerk please call?

CLERK:

LCO No. 2977, previously designated Senate Amendment Schedule "A", offered by Sen. Owens of the 22nd District.

REP. TULISANO: (29th)

Mr. Speaker.

SPEAKER STOLBERG:

Rep. Tulisano.

REP. TULISANO: (29th)

Mr. Speaker, permission to summarize?

SPEAKER STOLBERG:

Will you remark?

REP. TULISANO: (29th)

Mr. Speaker, the amendment that's before us is really technical, although it's of extreme length. It's designed to make the terminology in the file copy consistent with existing statutory language provisions which exempt certain small and medium-sized corporations in our existing statutes.

SPEAKER STOLBERG:

I'm sorry sir, just a moment, please. Will the House please come to order. It is our hope to do just a few more bills in a few more minutes and then try to adjourn. With your cooperation, I'm sure we can succeed in that. Rep. Tulisano.

REP. TULISANO: (29th)

Mr. Speaker, it further exempts companies that have 500 or more recordholders and not traded on the national stock exchange unless it has 500 or more recordholders of stock. That is, if it's under 500, a small corporation, it would not come under the provisions of the file copy. I move for adoption of the amendment.

SPEAKER STOLBERG:

Will you remark further on the amendment? Will you remark further? If not, all those in favor of the amendment, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER STOLBERG:

All those to the contrary, nay. The amendment is adopted. Will you remark further on the bill?

REP. TULISANO: (29th)

Yes, Mr. Speaker. The bill before us as amended has two provisions. One, it establishes another method or name for a corporation, SPA, which is a -- reflects a number of individuals in the State of Connecticut. We'd like to use that as a formal corporate name, in addition to Inc., Limited, and the rest.

Further, it establishes, and very importantly, fair price legislation which is similar to that which was recently enacted in Maryland, Ohio and Pennsylvania, and presently is being considered in other states. It requires a corporation a rate, or a person who's trying to buy out to pay all shareholders the same amount of money it pays to any other shareholders, not to have two separate payments when there is a proposed buy-out. I move passage of the

bill as amended.

SPEAKER STOLBERG:

Will you remark further? Will you remark further on the bill?

If not, will members please be seated. Will staff and guests come to the well of the House. The machine will be opened.

CLERK:

The House of Representatives is now voting by roll. Would the members please return to the Chamber immediately.

There is a roll call vote in progress in the Hall of the House. Would the members please return to the Chamber immediately.

SPEAKER STOLBERG:

Have all the members voted? Have all the members voted? Hvae all the members voted? If all the members have voted -- the machine is still opened.

Have all the members now voted? Have all the members voted? If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally?

CLERK:

Senate Bill No. 156, as amended by Senate Amendment Schedule "A".

Total Number Voting	133
Necessary for Passage	67
Those Voting Yea	133
Those Voting Nay	0
Those Absent and Not Voting	18

SPEAKER STOLBERG:

The bill is passed.

CLERK:

Calendar Page 5, Calendar No. 600, File No. 544, Senate Bill No. 495, AN ACT STRENGTHENING THE PENALTY FOR PERSONS PERFORMING AUTOMOBILE REPAIRS WITHOUT A LICENSE. Favorable Report of the Committee on Judiciary.

REP. ANASTASIA: (138th)

Mr. Speaker.

SPEAKER STOLBERG:

Rep. Anastasia.

REP. ANASTASIA: (138th)

Thank you, Mr. Speaker. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1984

VOL. 27
PART 5
1615-1937

SENATOR HARPER:

This bill, Mr. President, would require workers' compensation commissioners written statements of awards and approval of voluntary agreements to inform claimants of any rights they may have to participate in rehabilitation programs operated by the workers' compensation division of workers' rehabilitation.

If there is no objection, I move this to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Cal. 313, File 444. Substitute for Senate Bill No. 156. AN ACT CONCERNING RESERVATION OF CORPORATE NAMES AND APPROVAL OF MERGERS OR CERTAIN BUSINESS COMBINATIONS. Favorable report of the Committee on Judiciary. The Clerk has an amendment.

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

The Clerk please call the amendment.

THE CLERK:

The Clerk has Senate Amendment Schedule A. LCO. No. 2977. Senator Owens.

THE CHAIR:

Senator Owens.

SENATOR OWENS:

I move the amendment and waive its reading.

THE CHAIR:

Without objection, you may proceed.

SENATOR OWENS:

The amendment is a so-called fair price tender offer amendment and as we all know, the purpose of the fair price legislation is to provide greater assurance that a target corporation's stockholders will receive fair treatment during tender offer or takeover attempts. The fair price legislation enacted in Maryland, Ohio is being considered in other states. The legislation requires a corporate raider to pay all shareholders as much as the raider pays some shareholders to gain his control position or subjects the proposed transaction to the vote of the remaining shareholders. Without these protections, the raider who gained a control position in a

corporation could force the corporation to merge out the remaining shareholders on unattractive terms.

The amendment is technical to make the terminology of the bill consistent with the language used in existing Connecticut statutes except for a provision which exempts certain small or medium size corporations. It exempts from fair price a super majority requirement that any company not traded on the national exchange, unless the company has five hundred or more record holders and one million dollars in assets. The amendment then goes in and breaks up fair price legislation and would require either, one, a super majority and describes what super majority is, or, number two, that it equals fair price.

I would ask adoption of this amendment, Mr. President.

THE CHAIR:

Do you wish to remark further? If not, all those in favor of the amendment signify by saying Aye. Those opposed Nay. The Ayes have it. SENATE AMENDMENT SCHEDULE A IS ADOPTED.

Senator Owens.

SENATOR OWENS:

Yes, on the bill itself, Mr. President, the bill makes changes in the current law regarding appraisal rights of

stockholders who object to corporate transactions. It extends the time allowed for reservation of specified corporate names from sixty to one hundred twenty days. The bill also adds to the choice of terms presently required in the name of each corporation, either corporation, company, incorporator or limited under existing, the new name Societa Prodazioni, which is an Italian designation for a joint stock company.

I would ask, if there is no objection, that this bill as amended by Senate Amendment A be placed on the Consent Calendar.

THE CHAIR:

Will you remark further? Senator O'Leary.

SENATOR O'LEARY:

Mr. President, a question through you to the proponent of the bill.

THE CHAIR:

You may proceed.

SENATOR O'LEARY:

Is this the bill which requires the so-called super majority?

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Through you, Mr. President, that's the amendment that we adopted prior to the bill. But the answer to you is that's one aspect of it.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

What majority exactly would be required to approve a, I believe, it's a merger?

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Through you, Mr. President to Senator O'Leary. Super majority or the concept of super majority means an eighty percent vote of shareholders to approve mergers, consolidation, sale of assets and certain other major corporation transactions, and that a two-thirds majority of the corporation's unaffiliated directors approve the transactions. So, it is twofold. It is an or as well. The eighty percent plus a two-thirds majority of the corporation's unaffiliated directors.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

Through you, Mr. President, would this mean that twenty-one percent of the stockholders could block, or twenty-one percent of the stock could block the merger?

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Yes. I wonder if I might yield to Senator Schneller who is an expert in this particular area.

THE CHAIR:

I thought you handled corporate law. I didn't know that Senator Schneller is a member of the Bar.

SENATOR SCHNELLER:

Mr. President, for various reasons I got into this legislation. To answer Senator O'Leary, the only way that twenty percent can block a takeover is if all stockholders are not offered the same price. The advantage of this legislation is that it prevents a raider or someone that wants to take over a corporation from giving the up-front stockholders one price and then giving the rest of the stockholders a lesser price. But in the event that all stockholders are offered the same price, then the super majority does not trigger in.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. A question, again through you to Senator Owens, is there any particular reason why this similar agreement could not be incorporated into the corporate agreement of any individual company? Why is it necessary to have legislation affecting all companies?

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Through you, Mr. President, I think it could be put in by an agreement. However, this has been incorporated in statutes in other jurisdictions. It is something that certainly comes within the purview of legislative activity and the answer is it could be, but it is here for legislation purposes.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

Thank you. Another question, Mr. President, through you, how many states have this piece of legislation, identical piece of legislation?

THE CHAIR:

Senator Owens.

SENATOR OWENS:

Through you, Mr. President, at least four. Maryland, Ohio, Pennsylvania and it is being considered in quite a few other states.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. I would just request that it be kept off the Consent Calendar.

THE CHAIR:

You are objecting to this being referred to the Consent Calendar? The Clerk will please make an announcement for an immediate roll call.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please be seated. An immediate roll call has been called for in the Senate. Will all senators please take their seats.

THE CHAIR:

The question before the chamber is a motion to adopt Calendar 313, Substitute for Senate Bill No. 156, File 444.

as amended by Senate Amendment Schedule A. The machine is open. Please record your vote. The machine is closed. The Clerk please tally the vote.

RESULT OF THE VOTE: 33 Yea. 2 Nay. THE BILL IS ADOPTED.

THE CLERK:

Cal. 422, File 338. House Bill No. 5566. AN ACT CONCERNING PROFESSIONAL LIABILITY INSURANCE. Favorable report of the Committee on Insurance and Real Estate.

THE CHAIR:

Senator Baker.

SENATOR BAKER:

Mr. President, I have been asked to Pass Retain that, if I may.

THE CHAIR:

Without objection, that matter is Passed Retained.

THE CLERK:

Cal. 423, File 363. House Bill No. 5567. AN ACT CONCERNING MANDATORY LIABILITY INSURANCE FOR VANPOOL VEHICLES. Favorable report of the Committee on Insurance and Real Estate.

THE CHAIR:

Senator Baker.

JOINT
STANDING
COMMITTEE
HEARINGS

JUDICIARY
PART 1
1-360

1984
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MR. AUGER: (continued)
Senate Bill No. 156, An Act Concerning Reservation of Names. This bill amends the provisions of Connecticut General Statute Sections 33-287 and 33-424 to extend the time of a reservation of a name from 60 days to 120 days.

Senate Bill No. 157, An Act Concerning the Establishment of Expedited Service and Electronic Data Processing Services in the Office of the Secretary of the State's Corporations, Uniform Commercial Code and Trademark Divisions. This bill requests an appropriation for staff and equipment to provide for expedited services in this division, which appropriation is to be repaid to the state from the fees generated. There are two gentlemen signed up from the Bar Association representing law firms who are going to speak later on and explain. They served on the Secretary's task force which worked during the whole past year studying the need in the Secretary of the State's Office. And this is where this bill originated from, from that task force.

I'd be glad to answer any questions and the people with me would.

SEN. OWENS: Any questions?

REP. CHASE: Mr. Auger.

SEN. OWENS: Yes, Representative Chase.

REP. CHASE: I'm referring to Senate Bill 154.

MR. AUGER: Yes.

REP. CHASE: I don't see the reason for this bill. And--

SEN. OWENS: Which bill are you talking about?

REP. CHASE: Senate 154.

MR. AUGER: On the address.

REP. CHASE: An Act Concerning Addresses Recorded with the Secretary of the State. You know, we have many businessmen, small businessmen who operate out of their homes. Operating out of their homes they generate a lot of mail. Part of

MR. NELSON: (continued)
of service form with the Office of Secretary of State, where there's a clear residence address for that agent to receive process in a suit against a partnerships or a suit against the corporation. We don't propose to change that for a moment.

But we propose to clarify it so that a post office box would be a legitimate address, and so you would not have to put down the residence address. A year or so ago when there were changes in the corporation law it was recognized that some large businesses would prefer not to list the residence addresses of their senior officers for obvious reasons, but there was a provision for it so you could do it on a confidential basis.

I'd like to think that maybe next Wednesday that our executive committee may come to something along that line so that we will not have to disclose in all cases residence addresses. The next issue, section Senate Bill 155, I tend to think that that really is more addressed to issues which the Secretary of State's Office wants to concern itself with and we will, our executive committee will not.

SB 156

Lastly with respect to extending the time you can reserve a corporate name, I'm almost sure that the executive committee will vote in favor of supporting that. Now, are there any questions?

SEN. OWENS: Thank you very much. Mr. Fitzpatrick, followed by Dr. Kemmler. Then Bill Wholean.

JAMES FITZPATRICK: Mr. Chairman, members of the Judiciary Committee, I'm Jim Fitzpatrick, from Simsbury, Connecticut. I want to address you this afternoon on opposition to Bill SB 152, An Act Concerning the Right for a Natural Death.

One reason for my opposition to this bill is that the bill purports to grant to individuals a right which they already possess. The right to refuse medical treatment is rooted in common law. The legal system has been with us for centuries. The withdrawal of life support systems at the request of patient and/or family when all hope of recovery is gone is standard medical practice.

SUMMARY OF PROPOSED LEGISLATION

S.B.No.153 AN ACT CONCERNING LIMITED PARTNERSHIP NAMES.

This bill amends the provisions of Conn. Gen. Stat. Section 34-13 to conform the standards of limited partnership names to that of corporation names, i.e. distinguishable on the records of the Secretary of the State.

S.B.No. 154 AN ACT CONCERNING ADDRESSES RECORDED WITH THE OFFICE OF THE SECRETARY OF THE STATE.

This bill amends the provisions of Conn. Gen. Stat. Sections 33-284, 33-421 and 34-9 to define the term "address" as used in the filings submitted to the Secretary of the State's office due to the need for clarification of this term to avoid lengthy discussions of the meaning of this term.

S.B. No. 155 AN ACT CONCERNING RIGHTS AND LIABILITIES OF CORPORATIONS TRANSACTING BUSINESS WITHOUT AUTHORITY.

This bill amends the provisions of Conn. Gen. Stat. Sections 33-412 and 33-520 to authorize the Secretary of the State to levy the fees and penalties thereunder.

S.B. No. 156 AN ACT CONCERNING RESERVATION OF NAMES.

This bill amends the provisions of Conn. Gen. Stat. Sections 33-287 and 33-424 to extend the time of a reservation of name.

S.B. No. 157 AN ACT CONCERNING THE ESTABLISHMENT OF EXPEDITED SERVICE AND ELECTRONIC DATA PROCESSING SERVICES IN THE OFFICE OF THE SECRETARY OF THE STATE'S CORPORATIONS, UNIFORM COMMERCIAL CODE AND TRADEMARK DIVISION.

This bill requests an appropriation for staff and equipment to provide for expedited services in this division; which appropriation is to be repaid to the state from the fees generated.