

Legislative History for Connecticut Act

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HB 5814	PA 256	1996
Senate	5301, 5303 - 5305	(4)
House	1119-1120, 6300-6302	(5)
Jud.	2498, 2499, 2530 - 2532, 2612, 2614, 2630 - 2632	(10)
		total 19 pgs

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CONNECTICUT  
GEN ASSEMBLY  
SENATE

PROCEEDINGS  
1996

VOL 39  
PART 15  
VETO SESSION  
4994 5373

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THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Again, Madam President, on Senate Agenda #3, HB5442, under 1A, it's AN ACT CONCERNING LIABILITY OF LESSONS, LESSORS, LESSORS OF MOTOR VEHICLES. Madam President, I move that that item be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

And Madam President, again on Senate Agenda #3, HB5632. I would ask that, again under, HB5632 AN ACT CONCERNING PRIVATE EMPLOYER WORKERS' COMPENSATION GROUP SELF-INSURANCE. Madam President, I would move that that item be placed on the Consent Calendar.

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Without objection, so ordered.

SEN. FLEMING:

And Madam President, at this time I would ask that the Clerk please call the Consent Calendar.

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Page 16, Calendar 567, HB5430.

Page 17, Calendar 570, HB5431.

Page 17, Calendar 572, HB5518.

Page 24, Calendar 219, SB470.

Page 24, Calendar 283, SB437.

Page 28, Calendar 280, HJR22.

Senate Agenda #3, Substitute for HB5452, HB5814,  
HB5799, HB5632, Substitute for SB684.

THE CHAIR:

Mr. Clerk, did you call from that Agenda, HB5452?  
Did you call from that Agenda to be place on the  
Consent Calendar, HB5452?

SEN. FLEMING:

Madam President?

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Yes, Madam President, just for clarification on  
the Consent Calendar, did the Clerk call Calendar  
HB5452 from Senate Agenda #3?

THE CHAIR:

I believe he called sir, but I just confirmed with

Senate

Wednesday, May 8, 1996 005304

him that it was not on the Consent Calendar.

SEN. FLEMING:

So, Madam President, for the record Calendar 5452 is not on Consent. Is that correct? And was not called to be on Consent.

THE CHAIR:

Would the Clerk, excuse me, Senator Sullivan.

SEN. SULLIVAN:

Madam President, I'm sorry, it is still difficult to hear, on Calendar, regular Calendar Page 17, File 572, did the Clerk call that for the Consent Calendar?

THE CLERK:

Yes.

SEN. SULLIVAN:

Thank you.

THE CHAIR:

Would the Clerk please announce a roll call vote, the machine will be open.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Have all members voted? Senator Upson. Have all members voted? If all members have voted, machine will be locked. Clerk please take a tally.

THE CLERK:

Total Number Voting	36
Necessary for Passage	19
Those Voting Yea	36
Those Voting Nay	0

THE CHAIR:

Consent Calendar is adopted.

SEN. FLEMING:

Madam President?

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Thank you Madam President. Madam President, I believe the Clerk has Senate Agenda #4.

THE CLERK:

Senate Agenda #4, dated Wednesday, May 8th 1996.

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Madam President.

THE CHAIR:

Senator Fleming.

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

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1996

VOL. 39  
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1048-1389

House of Representatives

Tuesday, April 16, 1996

REP. GODFREY: (110TH)

Mr. Speaker, I would move that House Bill Number 5456 be referred to the Committee on Human Services.

REP. GODFREY: (110TH)

Seeing no objection, so ordered. Calendar 417.

CLERK:

Page 19, Calendar 417, Substitute for House Bill Number 5396, AN ACT CONCERNING CHILDREN ORPHANED BY THE DEATH OR INCAPACITY OF A PARENT AND CO-GUARDIANSHIP. Favorable Report of the Committee on Judiciary.

DEPUTY SPEAKER HYSLOP:

Representative Godfrey.

REP. GODFREY: (110TH)

Mr. Speaker, I would move that Substitute for House Bill Number 5396 be referred to the Appropriations Committee.

DEPUTY SPEAKER HYSLOP:

Seeing no objection, so ordered. Calendar 420.

CLERK:

Page 19, Calendar 420, Substitute for House Bill Number 5814, AN ACT ADOPTING THE CONNECTICUT REVISED NON-STOCK CORPORATION ACT. Favorable Report of the Committee on Judiciary.

DEPUTY SPEAKER HYSLOP:

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gmh.

House of Representatives

Tuesday, April 16, 1996

REP. GODFREY: (110TH)

Mr. Speaker, I would move that Substitute for  
House Bill Number 5914 be referred to the Committee on AB5814  
Finance, Revenue and Bonding.

DEPUTY SPEAKER HYSLOP:

Seeing no objection, so ordered. Calendar 434.

CLERK:

On page 22, Calendar 434, Substitute for Senate  
Bill Number 608, AN ACT CONCERNING FAMILY SUPPORT  
MAGISTRATES, as amended by Senate Amendment Schedule  
"A". Favorable Report of the Committee on Judiciary.

DEPUTY SPEAKER HYSLOP:

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Mr. Speaker, I would move that Substitute for  
Senate Bill 608 be referred to the Committee on  
Government Administration and Elections.

DEPUTY SPEAKER HYSLOP:

Seeing no objection, so ordered. Calendar 132.

CLERK:

On page 26, Calendar 132, House Bill Number 5439,  
AN ACT CONCERNING VETERANS ADMITTED TO STATE HUMANE  
INSTITUTIONS. Favorable Report of the Committee on  
Public Health.

DEPUTY SPEAKER HYSLOP:

H 759

CONNECTICUT  
GEN ASSEMBLY  
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6223-6611

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303

House of Representatives

Wednesday, May 8, 1996

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On page 24, Calendar 420, substitute for House Bill Number 5814. AN ACT ADOPTING THE CONNECTICUT REVISED NONSTOCK CORPORATION ACT. Favorable report of the committee on Finance, Revenue and Bonding.

SPEAKER RITTER:

Representative Abrams of the 83rd.

REP. ABRAMS: (83rd)

Thank you Mr. Speaker. I move for acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER RITTER:

Motion is on acceptance and passage, please proceed sir.

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Thank you Mr. Speaker. Mr. Speaker, this is, this bill is a companion bill to the bill we recently PT'd and revises the nonstock corporation act to correspond with many of the changes to the stock corporation act. Mr. Speaker, the Clerk has an amendment, LCO 6035, I ask that the Clerk read the amendment and I be allowed to summarize.

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Clerk has LCO 6035 if you may call and Representative Abrams will summarize.

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304

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Wednesday, May 8, 1996

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Lawlor, etal.

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Question on adoption, will you remark further? Why don't we stand at ease until everybody gets the amendment, apparently the people behind me don't have it. Can we get some copies to people and are we all se Representative Prelli? Okay, question is on adoption of House "A" will you remark further? If not I'll try your minds, all those in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, House "A" is adopted, will you remark further on this bill as amended? If not, staff and

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CLERK:

House Bill Number 5814 as amended by House "A."

Total Number Voting	149
Necessary for Passage	75
Those voting Yea	149
Those voting Nay	0
Those absent and not voting	1

SPEAKER RITTER:

Bill as amended passes. Clerk please recall Calendar 590.

CLERK:

On page 14, Calendar 590, substitute for Senate Bill Number 684, AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT AND THE CONNECTICUT STATUTORY

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HB5814

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JOINT  
STANDING  
COMMITTEE  
HEARINGS

JUDICIARY  
PART 9  
2435-2830

1996

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gmh

JUDICIARY COMMITTEE

March 22, 1996

help them get their needs met and this is just bad legislation and Doctor Marcus is throwing numbers around.

At a recent consumer meeting, he told us there was only 20 people that they were going to service. Now he is telling us 40. Now he is telling us it is going to clean the hospitals. This is absurd. You passed the Patient's Rights Act. Connecticut has taken a step forward. We have closed the hospitals and you are putting money into the General Fund, not into treatment. How are you going to treat these people if the system is already overwhelmed?

That's basically what I have to say.

SEN. UPSON: Any questions? Any questions? Thank you very much.

Secretary of State Rapoport on SB681. No, SB684 and then it looks like HB5814.

SEC. OF STATE MILES RAPOPORT: Mr. Chairman, thank you. Thank you for the opportunity to address the committee. I am joined by Maria Greenslate from the Secretary of the State's office. I know you have a very busy agenda so I will make this testimony brief.

I just want to give you the Secretary of the State office's view on three bills before you that would effect the corporation statutes for the state.

The first is SB684, AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT. This bill makes a number of revisions to the Business Corporation Act. We think that it is an appropriate set of revisions. We have some substitute language on a number of small and relatively technical points which would relate to the administration of the act by our office. If we want to administer the act, do it as efficiently as we can.

We have been given some money already from the Legislature in previous sessions. We hope to get

the final bit of it this year that would make it possible for this to go into effect as scheduled on January 1, 1997.

HB5814, the Non-Stock Corporation Act, this is a major overhaul of the Non-Stock Act which would make it parallel for us, the administrative functions, of receiving, approving and indexing filings along with the Business Corporation Act. We think it is an appropriate revision again. We think those two acts should be synchronized with the respects to the filing over at the Commercial Reporting Division. So again, we have small technical substitute language pieces which we would hope would be included with the final draft that the committee JF's, but would generally support it.

SEN. UPSON: Were these prepared by the Attorney General's office, these two bills?

SEC. OF STATE MILES RAPOPORT: The bills, I think, were initiated from the Bar Association -- the relevant sections of the Bar Association, but ultimately drafted by LCO.

SEN. UPSON: Oh.

SEC. OF STATE MILES RAPOPORT: HB5837 is an ACT ADOPTING THE CONNECTICUT STATUTORY TRUST ACT. This actually would create a new type of business that would be allowed to function in Connecticut, which would again, we think, would be a benefit to certain forms of businesses that desire to use it. It would track our legislation more closely to that of other states and surrounding states.

The one question -- the one concern that we have about it is the effective date. This will involve, as Maria will mention, some computer revisions in our office. So we would like to have an effective date of October 1, 1997 so that when we estimate the costs, we can do so for the 1997-98 fiscal year.

I want to make one very quick comment, if I may, Mr. Chairman, on a matter that was before this committee last year. We have been implementing a

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JUDICIARY COMMITTEE

March 22, 1996

WILLIAM DWYER: Well, that's a point that is constantly in debate. And I don't have an answer for you. But I think that the rights of society, the rights of society are tied to the rights of the individual. And I think that we can't forget that.

REP. HAMZY: Thank you.

SEN. UPSON: Any other questions? Thank you very much. Where did he go?

WILLIAM DWYER: I am right here.

SEN. UPSON: (INAUDIBLE - MICROPHONE NOT ON)

WILLIAM DWYER: (INAUDIBLE - WALKED AWAY FROM THE MICROPHONE)

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Alright. (INAUDIBLE - MICROPHONE NOT ON)

TIMOTHY LYMAN: Right. I am here to read testimony for HB 5814  
ug cG . y y n.

SEN. UPSON: We just had a problem with that. Can you paraphrase in your own words?

TIMOTHY LYMAN: Hugh's testimony?

SEN. UPSON: Your testimony.

TIMOTHY LYMAN: Yes, I can. We have here the two --

SEN. UPSON: (INAUDIBLE - MICROPHONE NOT ON)

TIMOTHY LYMAN: We have here the two reporters for the Connecticut Bar Association's Task Force of the Business Law Section on the Non-Stock Act revisions. The purpose of the Task Force was at the request of the Judiciary Committee to suggest revisions to their Connecticut Non-Stock Corporation Act to bring it back in parallel relationship to the Connecticut Business Corporation Act which will become effective in January of 1997.

We are the -- two of the members of the Task Force

with primary drafting responsibilities and our task was to suggest revisions to the Non-Stock Act to recreate when the new Connecticut Business Corporation statute becomes effective in January of 1997. The parallelism that exists between the State's basic non-stock and stock corporation acts that presently exists in has existed since 1961 in attempting our task we worked closely with a task force of eighteen practitioners from firms across the state and also from non-stock corporations and our objective was to do as little substantive change to the existing Connecticut Non-Stock Corporation Act as we needed to do in order to bring the form of the act into a parallel relationship with the Connecticut Business Corporation Act.

Hugh has basically said this in more elaborate pros which is going to be entered into the written record and perhaps the best thing would be just to open up for questions if you have any.

SENATOR RENNIE: This is a technical matter in which most of us have no clue as to what is going on. We simply rely on your expertise. I shouldn't say most of us. Most of the other members.

TIMOTHY LYMAN: I trust that that reliance is appropriately placed. We were, in fact, working at the behest of this committee who wanted to see the two statutes brought back in parallel. When it was considered, this committee was considering the changes to the stock corporation enabling legislation and we believe that is what we have offered up here.

SEN. UPSON: Is this a (INAUDIBLE) correct?

TIMOTHY LYMAN: No, it was task work.

SEN. RENNIE: Well, sort of a special task force.

TIMOTHY LYMAN: Yes, it is a task force of the Connecticut Bar Association's business law section.

SEN. UPSON: Okay. I will have to bring this out in the Senate, thank you very much.

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JUDICIARY COMMITTEE

March 22, 1996

SEN. RENNIE: You provided a very simple summary of that.

SEN. UPSON: Alright. Is that gentleman with you also on the same thing?

TIMOTHY LYMAN: (INAUDIBLE) is my co-reporter.

SEN. UPSON: Okay. (INAUDIBLE - MICROPHONE NOT ON)  
Any questions? Okay. Thank you very much.

TIMOTHY LYMAN: Thank you.

SEN. UPSON: Next is (INAUDIBLE - MICROPHONE NOT ON)

EDWARD MATTISON: My name is Edward Mattison and I am HB 5821  
here to take some heat as the Executive Director of  
the Connecticut Legal Rights Project.

What I would like to do is answer a question that was asked -- how do you balance the rights of society against the rights of the individual? And I commend the Department of Mental Health for raising this issue. This is a real problem. This is not something that they made up that we can pretend is going to go away if we don't do something.

I don't agree with their solution at all. I really think for all the reasons many, many witnesses have said, is weak. It really hasn't been thought through and it is kind of amateurish, but that there is a problem, there is no question. A lot of this, unfortunately, is money. What has happened over the last year --

SEN. UPSON: (INAUDIBLE - MICROPHONE NOT ON)

EDWARD MATTISON: What?

SEN. UPSON: (INAUDIBLE - MICROPHONE NOT ON)

EDWARD MATTISON: The problem is that there exists a group of people who are not getting what they need from the mental health system and as a result of that --

**TESTIMONY BY SECRETARY OF THE STATE MILES S. RAPOPORT**

Friday, March 22, 1996 before the Committee on Judiciary

RE: S.B. 684 An Act Concerning the Connecticut Business Corporation Act  
H.B. 5814 An Act Adopting the Connecticut Revised Nonstock Corporation Act  
H.B. 5837 An Act Adopting the Connecticut Statutory Trust Act

Thank you very much for the opportunity to testify this morning on a number of bills that the Committee is considering. I am joined by Maria Greenslade of my office. I have a number of brief comments on bills before the Committee, and we would be please to respond to any questions you may have.

**S.B. 684 An Act Concerning the Connecticut Business Corporation Act**

Makes a number of revisions to the Business Corporation Act. I would like to ask the Committee to support this bill with substitute language which we have prepared and are submitting to LCO. The changes we are proposing would allow our office to administer these statutes much more efficiently.

**H.B. 5814 An Act Adopting the Connecticut Revised Nonstock Corporation Act**

This Act would revise the entire Nonstock Act to parallel the Administrative functions of receiving, approving and indexing filings with the Business Corporation Act. In order for the office to continue being efficient and servicing customers effectively both the Business Corporation Act and the Nonstock Act should be synchronized with respect to filings presented to the Commercial Recording Division. Therefore, we ask the Committee to support this bill with substitute language which we are submitting to LCO.

**H.B. 5837 An Act Adopting the Connecticut Statutory Trust Act**

This Act would allow for a new type of business to be filed with my office. We would be required to receive, approve, index and administer all filings for statutory trusts. We are in favor of this bill and request that the bill receive an effective date of October 1, 1997. This later effective date would allow the Commercial Recording Division to budget for development, testing and implementation into the new biennium budget beginning 1997. We will work with OFA in calculating the total cost of implementing this new Act.

H.B. 5814**An Act Adopting the Connecticut Revised Nonstock Corporation Act**

## Changes:

Section 7 Line 295 add "except for the certificate of incorporation of a domestic incorporation, or a certificate of authority of a foreign corporation."

Section 12 (b) &(c) Lines 365-387 in its entirety to read as follows "The issuance of a certificate of existence, or authorization shall be conclusive evidence that such corporation's most recent annual report required by Section 33-953 has been delivered to the Secretary of the State and that a certificate of dissolution, or a certificate of withdrawal has not been filed with respect to such corporation."

Section 14 Line 436 remove "under section 12 of this Act".  
Line 440 remove "under section 12 of this Act".  
Line 450 remove subsection (d) in its entirety.

Section 146 Line 3332 through Line 3334 delete "and (6)..."

H.B. 5847 An Act Adopting the Connecticut Statutory Trust Act

Effective date October 1, 1997.

TESTIMONY OF  
HUGH P. MCGEE, JR.  
BEFORE THE JUDICIARY COMMITTEE  
IN SUPPORT OF HOUSE BILL NO. 5814  
AN ACT ADOPTING THE  
CONNECTICUT REVISED NONSTOCK CORPORATION ACT

March 22, 1996

Mr. Chairman, members of the Judiciary Committee, my name is Hugh McGee. I am an attorney with the law firm of Murtha, Cullina, Richter and Pinney in Hartford, Connecticut. I am here today to speak on behalf of the Business Law Section of the Connecticut Bar Association in support of House Bill 5814, An Act Adopting The Connecticut Revised Nonstock Corporation Act.

I am a member of the Executive Committee of the Business Law Section of the Connecticut Bar Association, and I have served as co-chair of the Nonstock Act Task Force appointed by the Business Law Section to draft revisions to the Connecticut Nonstock Corporation Act. The other co-chair is Irving Schloss of the law firm of Tyler, Cooper & Alcorn, and the co-reporters are Timothy Lyman of Day, Berry & Howard and David Hadden of Robinson & Cole. A list of the other members of the Task Force is attached as Exhibit A to the written copy of my remarks.

There has long been a parallelism in Connecticut law between the laws governing stock corporations and the laws governing nonstock corporations. Particularly since 1961, when the current Connecticut Stock Corporation Act and the current Connecticut Nonstock Corporation Act became effective, many of the provisions of those two Acts were closely parallel. In fact, some of the provisions of the two current acts track each other verbatim. This parallelism has made it easier for practitioners and their clients to work with both types of corporations and has made it possible for corporations organized under one Act to apply and be guided by judicial decisions concerning corporations organized under the other Act.

When the proposal to revise the Stock Corporation Act was submitted to the General Assembly in 1994, the Business Law Section of the Bar Association committed to undertake a revision of the Nonstock Corporation Act so as to retain the benefits of the long-established parallelism between the two sets of laws. The Nonstock Act Task Force was assigned this job, and we have been working on it for approximately a year and a half. In addition to the co-chairs and the co-reporters, the Task Force involved 18 other practitioners from various firms and nonstock corporations throughout the State. This was done in order to draw on the experience of lawyers exposed to different aspects of the nonstock corporation law and to different types of nonstock corporations. As you probably know, nonstock corporations can vary

considerably in their size, sophistication and purpose, from the local youth hockey associations to the private golf or tennis clubs to the major hospitals and universities.

Early in our efforts, it became clear that there was a consensus among members of the Task Force that there were few significant problems with the current Connecticut nonstock corporation law; that is, there were very few, if any, provisions which people believed cried out for change. However, there was also a consensus that it would be desirable to retain the parallelism between the laws governing stock corporations and nonstock corporations that had long existed in the State. Therefore, the guiding principle followed by the Task Force in preparing the Act before you was to conform the nonstock law to the new Connecticut Business Corporation Act in terms of administrative procedures at the Office of the Secretary of the State, format and structure of the statutes, and substance, while changing as few of the substantive provisions of the current law as possible. We believe we were successful in this purpose. In general, where we found that a provision of the Connecticut Business Corporation Act was different from the parallel provision under the Nonstock Corporation Act, we followed the Connecticut Business Corporation Act unless we felt that there was a significant policy or practical reason why a nonstock corporation should be treated differently. In most cases, those differences which we retained in the Revised Nonstock Corporation Act reflect differences that had also existed between the old Connecticut Stock Corporation Act and the old Connecticut Nonstock Corporation Act simply because of the difference in the two types of corporations.

Unlike the procedure that was followed in drafting the Connecticut Business Corporation Act, we did not base the revised Connecticut Nonstock Corporation Act on a model act, for two reasons. First, although there is a model nonprofit corporation act, it does not parallel closely the model business corporation act which served as a guide for the Connecticut Business Corporation Act. Second, the model nonprofit corporation act has a structure which is very different from existing Connecticut nonstock corporation law. Therefore, although we did refer to the model nonprofit corporation act from time to time to see how a particular issue was treated, we did not base the Revised Nonstock Corporation Act on it.

We believe that we have fulfilled our commitment to keep the stock and the nonstock corporation laws in harmony, and we submit the Revised Nonstock Corporation Act for your approval.

Thank you for listening.

EXHIBIT A

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