

Legislative History for Connecticut Act

SB 684 PA 271 ~~274~~ 1996

Senate : 1491, 3337-3342, 5300,
5303-5305 (11)

House : 6292 - 6299, 6302 - 6308 (15)

Judiciary : 2498 - 2499, 2547 - 2549,
2611 - 2612, 2613 (8)

total 34 pg

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1996

VOL 39
PART 5
1343-1701

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 399, Madam President, I would move that that item be referred to the Committee on Finance, Revenue and Bonding.

SB606

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 400, is marked Go.

Calendar 401, Madam President, I would move that that item be referred to the Committee on Finance, Revenue and Bonding.

SB684

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 402, Madam President, I would move that that item be placed at the Foot.

THE CHAIR:

Motion is to refer this item to the Foot of the Calendar. Without objection, so ordered.

SEN. FLEMING:

Calendar Page 21, Calendar 403, is marked pass retained.

On Calendar Page 24, the bottom of the page,

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DRS for this very minor exemption that will be applied almost exclusively to the Stonington fishing fleet.

THE CHAIR:

Will you remark further on Senate Amendment "B"?
Would you remark further? If not, I'll try your minds.
All those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "B" is
adopted. Will you remark further on the bill as
amended?

SEN. FLEMING:

Madam President.

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Yes, thank you, Madam President. At this time I
would like to ask that this item be passed retaining
its place.

THE CHAIR:

This item is passed retaining its place on the
Calendar, without objection.

THE CLERK:

Page 18, Calendar 401, Substitute for SB684, File

557, An Act Concerning the Connecticut Business Corporation Tax and the Connecticut Statutory Trust Act. Favorable Report of the Committee on Judiciary and Finance. The Clerk has two amendments.

THE CHAIR:

Senator Rennie.

SEN. RENNIE:

Thank you, Madam President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

The question is on passage. Will you remark?

SEN. RENNIE:

Yes, Madam President. This bill is the result of about a year and a half of work by a number of distinguished lawyers of which I do not claim to be one, here in Connecticut. And the original act that we passed last year revised the Connecticut Business Corporation Act.

In the meantime, it has been scrutinized by a number of others and they have come back with some revisions. It does not go into effect until next year. And in addition to that, in the interest of conserving legislative resources, we attached in the Judiciary Committee the Connecticut Statutory Trust Act, which

creates a statutory trust in Connecticut.

Currently at common law there is a business trust. Other states have been stating that because we don't have a statute that we are therefore at some disadvantage. We don't believe that is the case, but in order to accommodate our competitiveness, we have included that in this act.

The Clerk has an amendment, LC05644.

THE CLERK:

Senate Amendment Schedule "A", LC05644 offered by Senator Rennie.

THE CHAIR: (SENATOR MCDERMOTT IN THE CHAIR)

Will you remark?

SEN. RENNIE:

I move acceptance, adoption of the amendment, please, Mr. President.

THE CHAIR:

Very well. Will you remark?

SEN. RENNIE:

Yes, Mr. President. This bill, this amendment makes some further clarifications and it also does change the effective date of part of the act and it has no fiscal impact.

THE CHAIR:

Will you remark further? I'll try your minds.

All those in favor signify by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

All those opposed? The ayes have it. The amendment is adopted.

SEN. RENNIE:

Thank you, Mr. President. That ends my explanation of this comprehensive and sophisticated bill and I would ask that it take its distinguished place on the Consent Agenda.

THE CHAIR:

Hearing no objection, so ordered.

SEN. RENNIE:

And I would withdraw the other amendment, Mr. Clerk.

SEN. FLEMING:

Mr. President.

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Yes, Mr. President. That item was moved to the Consent Calendar, is that correct?

THE CHAIR:

That's correct.

SEN. FLEMING:

Mr. President, at this time, I would like to ask the Clerk to call the Consent Calendar.

THE CHAIR:

The Clerk will call the Consent Calendar.

THE CLERK:

An immediate roll call on the Consent Calendar has been ordered in the Senate. Will all Senators return to the Chamber.

An immediate roll call on the Consent Calendar has been ordered in the Senate. Will all Senators return to the Chamber.

THE CLERK:

- Page 9, Calendar 498. HB 5507
- Page 13, Calendar 112. SB 104
- Page 18, Calendar 401. SB 684

THE CHAIR:

The machine is now open. Senator Aniskovich. Senator Sullivan. Senator Cook.

THE CLERK:

An immediate roll call on the Consent Calendar. Will all Senators return to the Chamber.

An immediate roll call on the Consent Calendar. Will all Senators return to the Chamber.

THE CHAIR:

Senator Guglielmo. Have all members voted? Have all members voted? Would the Clerk call the tally please. The machine is closed. The Clerk please call the tally.

THE CLERK:

Total number voting, 34; necessary for passage, 18. Those voting "yea", 34; those voting "nay", zero.

THE CHAIR:

The Consent Calendar passes.

SEN. FLEMING:

Mr. President.

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Yes, Mr. President. I believe the Clerk is in possession of SR53. Would the Clerk please call the Resolution.

THE CLERK:

SR53, Resolution Concerning the 1996 Law Day Observance, LC03782 introduced by Senator Eads, Senator Fleming and Senator DiBella.

SEN. FLEMING:

Mr. President.

THE CHAIR:

Senator Fleming.

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THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

And then several items from Senate Agenda #3.

Madam President, I just, have we moved Senate Agenda #3, good. On Senate Agenda #3 Madam President, I would ask that SB684, which is item 1B, Calendar 684, is AN ACT CONCERNING THE BUSINESS CORPORATION ACT AND THE CONNECTICUT STATUTORY TRUST. Madam President, I would move that that item be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

And again on Senate Agenda #3, HB5799, which is item 1, under 1A, it's AN ACT CONCERNING THE ADMINISTRATION OF THE SECOND INJURY FUND AND AUTHORIZING THE DISCONTINUANCE OF CLAIMS MANAGEMENT FUNCTIONS OF THE SECOND INJURY FUND AND THE ISSUANCE OF REVENUE BONDS OF THE STATE PAYABLE SOLELY FROM ASSESSMENTS ON EMPLOYERS TO FINANCE THE SETTLEMENT OF SECOND INJURY CLAIMS. Madam President, I move that item be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Page 7, Calendar 506, HB5239.

Page 8, Calendar 517, HB5211.

Page 12, Calendar 541, HB5786.

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

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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Thank you Mr. Speaker. Mr. Speaker, for at this time I would make a motion for immediate transmittal to the Senate of all business that we have acted upon today that requires further action by the Senate. In addition sir, since we had acted on this bill, I believe essentially last night, I would like to add to that list Calendar 491, Senate Bill 301.

SPEAKER RITTER:

Are there any objections? It can be so ordered.

SPEAKER RITTER:

Clerk please call Calendar 590.

CLERK:

Page 14, Calendar 590, substitute for Senate Bill Number 684. AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT AND THE CONNECTICUT STATUTORY TRUST ACT. As amended by Senate amendment schedule "A." Favorable report of the committee on Finance Revenue and Bonding.

SPEAKER RITTER:

Please take your conversations out in the hallway. Will the sergeant of arms if we can clear the aisle way please. Representative Scalettar.

REP. SCALETTAR: (114th)

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

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bill in concurrence with the Senate.

SPEAKER RITTER:

Motion is on passage in concurrence with the Senate, please proceed madam.

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. Last year we passed this Connecticut Business Corporation Act and we had an effective date of January 1, 1997 so that we could have a review of this act by practitioners around the state since it is a very lengthy change to the statutes.

We have now had all those comments come in and there are technical changes which have been recommended to make the bill work properly and it is ready to do. The act also deals with the Corporation Trust Act and creates in statute what we already have as common law of Connecticut, which is a business trust.

Other states already have this in statute, it was important for us to enact it into law. So that this bill is now in good shape and ready to go into effect in the proper form. Mr. Speaker, the Clerk has Senate amendment "A" LCO 5644 will he call and I be permitted to summarize?

SPEAKER RITTER:

Clerk has LCO 5644 if you may call and Representative Scalettar would like to summarize.

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CLERK:

LCO 5644 Senate "A" offered by Senator Rennie.

SPEAKER RITTER:

Representative Scalettar.

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. I move adoption of Senate amendment "A" which is further technical clean up amendment to the bill and I would ask adoption.

SPEAKER RITTER:

Question is on adoption will you remark further?
If not I will try your minds, all in favor signify by
saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, Senate "A" is adopted. Will you remark
further madam?

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. I would like to yield to Representative Radcliffe.

SPEAKER RITTER:

Representative Radcliffe of the 123rd will you accept the yield sir?

REP. RADCLIFFE: (123rd)

Yes Mr. Speaker, I do. Mr. Speaker I believe this

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bill was accurately described as technical. A technical bill consisting of 245 sections, but
SPEAKER RITTER:

And I'm sure you read it all sir.

REP. RADCLIFFE: (123rd)

It was the subject of extensive discussion and worked by a committee of the Connecticut Bar Association, which as we contemplated initially would look at this bill again, would review it before the effective date, and that's why the effective date was so far in the future the last time.

I would only call the Chamber's attention to several indemnification requirements in this bill which do change existing law, and the specifying for a need for a service of process on a foreign corporation to make that easier.

Mr. Speaker, there are two additional amendments, both fairly technical, which I would ask to adopt right now. The Clerk has an amendment, LCO 5177, may he please call and read.

SPEAKER RITTER:

Would you say the LCO number again?

REP. RADCLIFFE: (123rd)

5177 Mr. Speaker, I ask that, it's a short amendment may he call and read.

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SPEAKER RITTER:

Clerk LCO 5177 you may call and you can read it please.

CLERK:

LCO 5177, House "A" offered by Representative Prelli, etal. In line 4253 strikes 33-877 and insert 33-872 in lieu their of.

REP. RADCLIFFE: (123rd)

I move adoption Mr. Speaker, this is purely technical.

SPEAKER RITTER:

Question is on adoption will you remark further?
If not I'll try your minds. All in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Oppose no. Senate "A" is adopted, or House "A" is adopted. Will you remark further on this bill as amended?

REP. RADCLIFFE: (123rd)

Yes, Mr. Speaker the Clerk has an amendment LCO 6608, may he please call and may I request leave of the Chamber to summarize?

SPEAKER RITTER:

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Clerk has LCO 6608 if you may call and Representative Radcliffe would like to summarize.

CLERK:

LCO 6608 House "B" offered Representatives Lawlor and Radcliffe.

REP. RADCLIFFE: (123rd)

Permission to summarize Mr. Speaker. This amendment deals with sections 36a-105 and 36a-108 of the general statutes. Essentially treats a savings bank or applies the same rules to a savings bank regarding preemptive rights that are applied to other corporations in the state CE to exercise preemptive stock rights, I move adoption.

SPEAKER RITTER:

Will you remark further on House "B"? If not all in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed nay, House "B" is adopted. Will you remark further on this bill as amended? If not staff and guests come to the well of the House, Representative Tulisano.

REP. TULISANO: (29th)

Mr. Speaker, the Clerk has amendment LCO 6074 or

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zero.

SPEAKER RITTER:

What's the LCO number?

REP TULISANO: (29th)

6074.

SPEAKER RITTER:

Clerk has LCO 6074 if you may call and Representative Tulisano would like to summarize.

CLERK:

LCO 6074 House "C" offered by Representative Tulisano.

REP. TULISANO: (29th)

Mr. Speaker, I bring this amendment before us today because it does amend the corporation act to.

SPEAKER RITTER:

One second Representative Tulisano, for what reason do you rise Representative Chase or Representative Flaherty.

REP. FLAHERTY:

Mr. Speaker, we don't have copies of the amendment on our side of the aisle sir.

SPEAKER RITTER:

Representative Godfrey.

REP. GODFREY: (110th)

Mr. Speaker I move that this item be passed

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temporarily.

SPEAKER RITTER:

Without objection, so ordered. Clerk please call
Calendar 614.

CLERK:

On page 17, Calendar 614, substitute for Senate
Bill 412. AN ACT CONCERNING MUNICIPAL REVALUATIONS AND
THE PROPERTY TAX. As amended by Senate amendment
schedule "A." Favorable report of the committee on
Finance, Revenue and Bonding.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

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

SPEAKER RITTER:

Representative Schiessl, hold on for one second.
Representative Schiessl, would you yield to the
Majority Leader for a second? Representative Godfrey.

REP. GODFREY: (110th)

Mr. Speaker, I would move that this item be passed
temporarily.

SPEAKER RITTER:

Without objection so ordered. Clerk please call
Calendar 420.

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guests to the well of the House, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER RITTER:

Have all the members voted? Please check the roll call machine to make sure your vote is properly cast. The sergeant of arms could be clearing out the. If all members have voted the machine will be locked. Clerk please take a tally. Clerk please announce the tally.

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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TRUST ACT. As amended by Senate amendment schedule "A", House "A" and "B" have been adopted.

SPEAKER RITTER:

Representative Scalettar.

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. I move acceptance of the Joint Committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER RITTER:

Motion is on acceptance and passage in concurrence with the Senate.

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. As explained earlier this bill makes the necessary changes in a bill passed last year. Mr. Speaker I believe we already passed Senate Amendment "A" but I will call it again.

SPEAKER RITTER:

They've already passed, they've already been adopted. House "C" has been designated I would suggest that you yield to Representative Tulisano so that he could, we could continue work on House "C."

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. I yield to Representative Tulisano.

SPEAKER RITTER:

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Representative Tulisano do you accept the yield
sir?

REP. TULISANO: 929th)

Yes, Mr. Speaker, at this time I withdraw my LCO
6074.

SPEAKER RITTER:

Without objection withdrawal of House "C" seeing
none, you have the floor sir.

REP. TULISANO: (29th)

Speaking on the bill itself Mr. Speaker, and the
reason I have been thinking of putting an amendment on
at this time, in reviewing this act, a bill that many
of us have worked on over the years, I was really in
the corporation laws. When the priority was, for
myself, was maintenance of the anti-corporate takeover
legislation that we passed in the late 80's which
helped manufacturing companies and other companies in
this state.

I found in reviewing that legislation, that
somehow, some interest in this state removed many anti-
corporation take over bill, legislation designed to
protect workers, communities and others of interest
when these things were occurring. A pre-condition of
getting the benefits of our protective statute to
business and industry was compliance was known and

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involvement in the procedure that was known as the Connecticut Partnership Compact.

Through some inadvertence shortly there after that provision was removed from our statutes by indicating it was an inactive corporation, an inactive commission. The commission existed as a pre-condition to getting a benefit to the statute. I bring this to the body's attention to indicate that we ought to know that this has occurred in our statutes and we ought to make some accommodation in the future to insure that corporate responsibility is a corollary to be involved with corporate, when they get corporate benefit from this legislature. Thank you Mr. Speaker.

SPEAKER RITTER:

Thank you sir, will you remark further?

Representative Prelli.

REP. PRELLI: (63rd)

Thank you Mr. Speaker. Mr. Speaker, I understand the corporate changes and when I read this bill I tried to understand the cites. My question comes to the second part of the bill and that's the Connecticut Statutory Trust Act. Through you a question to Representative Scalettar. Representative Scalettar, could you explain, are we the first state to do this? How many other states currently have a corporate, a

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Statutory Trust Act and is this modeled on some other state? Through you Mr. Speaker.

SPEAKER RITTER:

Representative Scalettar.

REP. SCALETTAR: (114th)

Thank you Mr. Speaker. It's very common in other states to have this in statutory form. We have only had this provision in the common law and we are now acting it into statute to maintain our competitive advantage with the other states. Mr. Speaker, if there is a further question I would yield to Representative Tulisano if necessary. Thank you Mr. Speaker.

SPEAKER RITTER:

Well, if you have any other questions Representative Prelli, why don't you frame them and then I'll direct them.

REP. PRELLI: (63rd)

I'm just, through you then to Representative Tulisano, Representative Tulisano can you tell me how many other states are not, this isn't common law but is now statutory law. Through you Mr. Speaker.

REP. TULISANO: (29th)

Through you Mr. Speaker. About a month ago when I was reviewing them, there were at least 7 or 8 states, including the state of Delaware which is always

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competing for corporate work with this state and others and I think there was another state in the midwest where lots of mutual funds get organized. Some mutual funds use this type of business organization because they can't have annual meetings.

So this is about a half a dozen active states in the financial have developed these. It started in Massachusetts as an idea and it has gone other places.

REP. PRELLI: (63rd)

And through you Mr. Speaker just one more question to Representative Tulisano. Representative Tulisano is this basically set up to financial institutions? And is this going to be a plus as we try to grow in the financial markets? Through you Mr. Speaker.

REP. TULISANO: (29th)

Yes Mr. Speaker, it does help in some very complex though very few number of financial arrangements including the establishment of mutual funds, this is a benefit to establishing them and competing in other areas in the financial institution area.

REP. PRELLI: (63rd)

Thank you Mr. Speaker. And I thank the two Representatives for their answers in helping understand this area.

SPEAKER RITTER:

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Will you remark further? If not, staff and guests to the well of the House, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER RITTER:

Have all the members voted? Please check the roll call machine to make sure your vote is properly cast. If it has the machine will be locked. Clerk please take a tally. Clerk please announce the tally.

CLERK:

Senate Bill 684 as amended by Senate "A" and House "A" and "B".

Total Number Voting	145
Necessary for Passage	73
Those voting Yea	145
Those voting Nay	0
Those absent and not voting	5

SPEAKER RITTER:

Bill as amended passes. Clerk please recall Calendar 614.

CLERK:

Page 17, Calendar 614, substitute for Senate Bill Number 412. AN ACT CONCERNING MUNICIPAL REVALUATIONS

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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

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March 22, 1996

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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March 22, 1996

There will be no negotiation. There will be either you are going to do what I am telling you what to do, and that's it. Like it or not. That is basically it.

SEN. UPSON: Alright. Thank you.

YVETTE SANGSTER: You are welcome.

SEN. UPSON: Thank you very much. I guess there is no discussion.

Bill Pinney followed by Roger Coleman followed by Howard Zonana. Joel is next. Do you want to talk about this bill at all? The one they have been talking about?

WILLARD PINNEY: Mine is much more mundane.

SEN. UPSON: Alright.

WILLARD PINNEY: Senator Upton, members of the committee

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SEN. UPSON: Upson.

WILLARD PINNEY: My name is Bill Pinney. I am Chairman of the Business Law Section of the Connecticut Bar Association. I submitted brief remarks concerning and in favor of the SB684, AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT and I will summarize those very briefly.

The bill consists essentially of technical corrections --

SEN. UPSON: Was this a task force?

WILLARD PINNEY: It is the result of a task force effort, a continuing task force that was involved in the adoption of the Connecticut Business Corporation Act in 1994.

SEN. UPSON: And who was part of the group?

WILLARD PINNEY: The task force chairmen are Jim Lotstein --

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SEN. UPSON: It was part of the Connecticut Bar Association?

WILLARD PINNEY: Yes.

SEN. UPSON: Only?

WILLARD PINNEY: The task force is formed under the Business Law Section of the Bar Association.

SEN. UPSON: Okay.

WILLARD PINNEY: And I would say virtually all members of the task force are members of the Bar.

SEN. UPSON: Okay.

WILLARD PINNEY: The bill is an effort to put forth technical corrections and modifications to the Act before the Act takes effect on January 1, 1997. For example, the Act as adopted, uses the phrase "articles of incorporation". That is inconsistent with cross references throughout the statutes. We intend to return to "certificate of incorporation" to avoid that problem.

SEN. UPSON: Are they minor changes?

WILLARD PINNEY: They are generally minor changes, yes.

SEN. UPSON: Any major changes?

WILLARD PINNEY: I would not characterize any as major. The Secretary of State testified earlier concerning certain changes that his office wishes. We have gone over those. We agree with them and we have been working with the Secretary of State for a smooth transition.

I have also spoken with the staff of the Banking Department. They have concerns with respect to cross references into the Banking statutes. We are working with them to make sure that those are handled smoothly as well.

SEN. UPSON: Okay.

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WILLARD PINNEY: Thank you.

SEN. UPSON: When you go out, talk to someone in Judiciary and we will put it down tomorrow, for Monday.

WILLARD PINNEY: For Monday.

SEN. UPSON: Alright. Alright? Thank you.

WILLARD PINNEY: Thank you, Mr. Chairman.

SEN. UPSON: Roger Coleman and Howard Zonana. Zonana, did I say it right? Zonana. I am sorry.

ROGER COLEMAN: Good afternoon, Senator Upson.

SEN. UPSON: Now that you have heard everyone talking against it, what do you say for it?

ROGER COLEMAN: I will give a statement for it. I am a psychiatrist. I am here primarily to represent the Connecticut Psychiatric Society's input in outpatient commitment. I am a psychiatrist. I also work as a clinical director for one of the State hospitals so I would like to state a little bit in relation to that.

Here's the Psychiatric Society's statement. The Connecticut Psychiatric Society supports HB5821, AN ACT CONCERNING OUTPATIENT COMMITMENT. We believe it will be useful as a beginning program for the successful treatment of persons whose psychiatric illness requires certain structured types of care. Programs such as this in other states have been successful in dealing with certain types of patients.

We endorse the plan of the Department of Mental Health and Substance Abuse to implement a program limited to only those who meet certain criteria. Implementation of an outpatient commitment program requires a delicate balance between the rights of the mentally ill individual and the rights of others in society.

We believe that this bill, if adopted, will reach

TESTIMONY OF WILLARD F. PINNEY, JR.

CONCERNING S.B. NO. 684 (Raised)

An Act Concerning the Connecticut Business Corporation Act

March 22, 1996

Senator Upson, Representative Lawlor and members of the Committee. My name is Willard F. Pinney, Jr.. I am a lawyer in private practice and Chairman of the Business Law Section of the Connecticut Bar Association. I am here today in support of Raised Senate Bill No. 684, entitled An Act Concerning the Connecticut Business Corporation Act. This bill consists, essentially, of technical corrections and amendments to the Connecticut Business Corporation Act as adopted by the legislature in 1994. The bill is the result of efforts of a task force of the Business Law Section to monitor comments on the new Connecticut Business Corporation Act, which is to take effect January 1, 1997, in order to incorporate desired corrections and changes into the Act prior to its effective date. For example, these corrections include a change from the use of the term "articles of incorporation" to the term "certificate of incorporation" which is used in our current Stock Corporation Act in order not to conflict with cross-references in other statutes.

A few of these changes have been suggested by the work of the Business Law Section's Task Force working on conforming changes to the Nonstock Act. Other changes have been suggested by the Secretary of the State. I understand the Secretary of the State has also suggested a few further changes in earlier testimony today. We have reviewed and agree with those changes and will continue to work with the Secretary of the State to provide for a smooth transition to the new Act. We are also working with and will continue to work with the Banking Commissioner to be sure that all cross references in the Act to the Banking statutes are to the satisfaction of the staff of the Banking Department.

We recommend adoption of this Act so that these changes will be in place when the Connecticut Business Corporation Act takes effect on January 1, 1997. I would be glad to respond to any questions. Thank you for your attention.



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.

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

Changes:

- Section 5 Line 194 add "except for the certificate of incorporation of a domestic incorporation, or a certificate of authority of a foreign corporation."
- Section 9 Lines 230-253 change in its entirety to read as follows language:
"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."
Line 313 delete "under section 33-615".
Line 317 delete "under section 33-615".
Line 321 delete the period.
Line 626 delete the bracket.
Line 630 delete the bracket (language to remain as part of the bill).
- Section 145 All references to biennial reports must remain in the Act since not all business who owe biennials reports have filed.