

PA 11-147

HB6590

House	3052-3055	4
Judiciary	4534, 4537, 4608-4609, 4902, 4934-4935	7
<u>Senate</u>	<u>6549-6550, 6573-6578</u>	<u>8</u>
		<b>19</b>

**H – 1100**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2011**

**VOL.54  
PART 9  
2762 – 3112**

pat/gbr  
HOUSE OF REPRESENTATIVES

30  
May 17, 2011

SPEAKER DONOVAN:

Thank you, Representative. Do you care to remark on the Resolution? Care to remark?

If not, let me try your minds. All those in favor of the Resolution, please indicate by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All those opposed, Nay. The Ayes have it. The Resolution is adopted.

The Clerk please call Calendar 433.

THE CLERK:

On Page 28, Calendar 433, House Bill Number 6590  
AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION  
ACT. Favorable Report of the Committee on Judiciary.

SPEAKER DONOVAN:

Representative Jerry Fox.

REP. FOX (146th):

Thank you, Mr. Speaker. I move for the acceptance of the Joint Committee's Favorable Report and passage of the Bill.

SPEAKER DONOVAN:

The question is on acceptance of the Joint Committee's Favorable Report and passage of the Bill. Will you remark?

REP. FOX (146th):

Thank you, Mr. Speaker. Back in 1994 the State of Connecticut adopted the Model Business Corporation Act and since that time what we've done is continuously updated that Act because the purpose behind it is to make sure that Connecticut's laws are consistent with other states when adopting procedures and taking certain actions.

What this does is, it involves primarily technical changes, but there are a few things involving electronic technology that this will also adopt, including the ability for shareholders to participate in meetings electronically so they do not have to be physically present at the meeting, and also it will allow for notices to be sent, notices of meetings to be sent in electronic means.

All of these are designed to make our operations more efficient and all our businesses to operate more effectively and I urge passage of the Bill.

SPEAKER DONOVAN:

Thank you, Representative. Would you care to remark further on the Bill? Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker. In 1994, Connecticut adopted the Model Business Corporation Act and this in effect updates that original Act and makes it current with the provisions of the current Model Business Corporation Act.

It has the support of the Connecticut Bar Association and it is very consistent with our efforts to be a business friendly state, and I would urge its adoption.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Would you care to remark further on the Bill? Would you care to remark further on the Bill?

If not, staff and guests please come to the Well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

pat/gbr  
HOUSE OF REPRESENTATIVES

33  
May 17, 2011

The House is voting by Roll Call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure that your vote has been properly cast.

If all the Members have voted, the machine will be locked and the Clerk will please take a tally.

The Clerk please announce the tally.

THE CLERK:

House Bill 6590.

Total Number Voting	141
Necessary for Passage	71
Those voting Yea	141
Those voting Nay	0
Those absent and not voting	10

SPEAKER DONOVAN:

The Bill is passed.

Are there any announcements or introductions?

Any announcements or introductions? Representative Fawcett.

Representative Davis.

REP. DAVIS ( ):

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**JUDICIARY  
PART 14  
4276 – 4609**

**2011**

REP. FOX: Okay, at this time, we'll reconvene the public hearing. The first name -- the first public official on our list is the Secretary of State, Denise Merrill.

SECRETARY OF STATE DENISE MERRILL: Good morning.

REP. FOX: Good morning.

SECRETARY OF STATE DENISE MERRILL: Chairman Cole -- not here. Chairman Coleman, Chairman Fox and members of the committee, nice to be here, nice to see you all. For the record my name is Denise Merrill. I'm the Secretary of the State of Connecticut.

I'm here this morning to testify in strong support of House Bill 6565, AN ACT CONCERNING BUSINESS ENTITIES FILINGS.

This is a concept that's been proposed in one way or another for each of the last two years and this change is long past due. I'll provide a brief overview of the bill and then I'll be happy to answer any questions.

Simply put, this bill mandates electronic filing of annual reports for all business entities in Connecticut. This includes corporations, limited liability companies, limited liability partnerships and limited partnerships. Currently companies have an option to file online, but the vast majority of the firms who are registered with the state submit paper copies by mail.

SB1059  
HB6590

This process is cumbersome, inefficient and costly. Passing this bill will save taxpayers hundreds of thousands of dollars every year from printing and mailing costs. It's also a green government bill because we estimate that

at the request of some legislators at the previous session.

And then Senate Bill 1059 does not include a section that provides for assignment or resignation of statutory agents, while the Judiciary's bill does. This provision would conform the LLP statute to other entity statutes and clear a prior drafting oversight.

So in short, I strongly urge that we take action this year to pass this bill. It means efficiency and savings for tax payers and a little bit of green government, which we could use.

Thank you very much. Oh, I also just wanted to throw in that I also -- our office also supports House Bill 6590, also on the agenda today, which is AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT. And there will be, I believe, someone shortly testifying to the details of that conformance of our statute to the national standards on electronic signatures and a few other things.

And that concludes my testimony. I'd be happy to answer questions. Thank you.

REP. FOX: Thank you, Madam Secretary. Are there any questions? Senator Kissel.

SENATOR KISSEL: First of all, Madam Secretary, congratulations on your election, -- well deserved.

All right. I'm trying to figure this out. There's a bill in GAE, there's a bill here. Which one is your favorite or you want to take something from one and put it in the other or just run with the one --

that have done it as far as increasing access to care for patients.

REP. HETHERINGTON: Thank you. Thank you, Mr. Chair.

REP. FOX: Are there any other questions? Thank you very much.

GREGORY SHANGOLD: Thank you.

REP. FOX: Next is John Lawrence.

JOHN LAWRENCE: Good afternoon, Chairman Fox and other members of the Judiciary Committee. I want to thank you for giving me an opportunity to comment on House Bill 6590 which is AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT.

My name is John Lawrence, I'm a partner at Shipman & Goodwin here in Hartford and I practice in the area of business and corporate law. I am currently the vice chair of the business law section of the Connecticut Bar Association and in that position, I'm the liaison for the legislation. The business law section represents over 600 business lawyers in Connecticut and we are here today to support Bill 6590. We also have the support of the secretary of state, which -- who I believe testified this morning in favor of the bill. And I would like to just give you a brief summary of what the bill does.

As most of you know, Connecticut has adopted the ABA's Model Business Corporation Act and we make a careful effort to follow the changes and the developments of the Model Act.

And these -- the three substantive issues dealt with by the bill we're supporting today follow

that pattern of keeping Connecticut's Act in conformity with the Model Act.

And I would like to just address briefly with you the three changes that we are proposing in the bill. The first change would allow remote participation in shareholder meetings, the use of Internet and conference calls for shareholder meetings.

The second would allow corporations to have two record dates for determining who is entitled to notice, and who is entitled to vote at a shareholder meeting. This is intended to prevent shareholders who are not owners at the date of the meeting from voting just because they were shareholders when the notice was given.

And finally, it has -- the bill includes a package of changes that will bring our act into conformity with a lot of the electronic technologies that have been talked about this morning in terms of providing email notices and allowing the use of computers to maintain corporate records.

We think all of these changes are important to keep Connecticut abreast, to make Connecticut an easy state to do business in where lawyers are comfortable with a current and updated business corporation act and I urge the committee to give this bill favorable consideration. I'd be happy to answer any questions that you would like.

REP. FOX: Thank you for your testimony. Are there any questions? Thank you.

JOHN LAWRENCE: Thank you.

REP. FOX: Ann Diamond.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**JUDICIARY  
PART 15  
4610 – 4935**

**2011**



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

Testimony of  
The Connecticut Business & Industry Association (CBIA)  
Before the Judiciary Committee  
Hartford, CT  
March 25, 2011

CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. Approximately 90 percent of our member companies have fewer than 50 employees.

Thank you for the opportunity to comment on the following bills:

- **SB-1211 AAC Postjudgment Interest; and**
- **HB-6590 AAC the Connecticut Business Corporation Act;**

**Postjudgment Interest**

CBIA supports **SB-1211**, *AAC Postjudgment Interest*. The bill clarifies that when the court orders installment payments for a money judgment, postjudgment interest shall be automatically granted and shall accrue on any portion of the judgment that remains unpaid.

This bill recognizes the time-value of money for businesses and ensures that they will not be required to make zero-interest loans to individuals who choose not to pay for their products or services. This bill affords simple and fair protections for businesses. Given our current economic conditions, it is important that these protections are codified into law. CBIA encourages the Judiciary Committee to approve **SB-1211**, *AAC Postjudgment Interest*.

**Model Business Corporation Act**

CBIA supports **HB-6590**, *AAC the Connecticut Business Corporation Act*. The bill amends the Connecticut Business Corporation Act in an effort to track changes to the Model Business Corporation Act.

**HB-6590** will promote uniformity with other states and make Connecticut more attractive for public corporations considering whether to organize under Connecticut law or to change their state of organization to another jurisdiction. CBIA supports tracking, where reasonable, the Model Business Corporation Act and urges adoption of this measure.



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Testimony of John H. Lawrence, Jr., Vice Chair  
Business Law Section  
Connecticut Bar Association

IN SUPPORT

**HB6590, An Act Concerning the Connecticut Business Corporation Act**

**Judiciary Committee**

**March 25, 2011**

Senator Coleman, Representative Fox, and members of the Judiciary Committee, thank you for the opportunity to appear before the Committee to comment on House Bill 6590, An Act Concerning the Connecticut Business Corporation Act.

My name is John H. Lawrence, Jr. I am a partner at Shipman & Goodwin in Hartford practicing in the areas of business and corporate law. I am the Vice Chair and legislative liaison of the Business Law Section of the Connecticut Bar Association (CBA). The Business Law Section includes over 600 Connecticut attorneys interested in business and corporate law issues.

The CBA Business Law Section has discussed House Bill 6590 with the office of the Secretary of the State and they have no objections to the proposed legislation.

The CBA Business Law Section **supports** House Bill 6590, An Act Concerning the Connecticut Business Corporation Act. On behalf of the Section, we wish to thank the Committee for raising it. We believe the bill is important to Connecticut corporations.

House Bill 6590 would amend the Connecticut Business Corporation Act (CBCA) to adopt recent changes to the Model Business Corporation Act (MBCA) concerning:

- (1) Remote participation in shareholder meeting,
- (2) Bifurcated record dates, and
- (3) Electronic technology amendments.

Connecticut adopted the MBCA in 1994. This bill is part of the ongoing process of updating Connecticut's corporation statutes and keeping them current with the MBCA.

There are a number of advantages to Connecticut in adopting the MBCA and keeping it current. First, the Model Act promotes uniformity among the states. Because Connecticut is a small state with relatively little corporate case law, case law from other states can provide valuable

insight to assist with interpreting the statute. Second, like the Uniform Commercial Code, the MBCA has an official commentary. These comments are a useful source of information to lawyers and the courts about the meaning and interpretation of the law. As the MBCA is updated, the official comments are updated as well.

The bill itself is quite lengthy, but the changes fall into several categories and can be summarized fairly succinctly. The bill, among other matters, would:

- Permit the Board of Directors to allow remote participation by shareholders in shareholder meetings, which is important because remote participation will allow shareholders of Connecticut corporations to attend and participate in shareholders meetings without being physically present at the meeting;
- Permit the Board of Directors to establish different dates for determining which shareholders are entitled to notice of a shareholders meeting and which shareholders are entitled to vote at the meeting, which is important primarily to publicly traded Connecticut corporations so that the Board of Directors can avoid the possibility that changes in share ownership between the record date and the actual meeting date would allow former shareholders who no longer have an economic interest in the corporation to vote on matters that come before the meeting; and
- Adopt the terminology and concepts in the Connecticut Uniform Electronic Transactions Act, C.G.S. §1-260 *et seq.* (UETA) and the federal Electronic Signatures in Global and National Commerce Act (ESIGN) 15 U.S.C. ch. 96 for notices and record keeping purposes for Connecticut corporations, which is an important step in modernizing the CBCA and using electronic technology concepts that have received widespread acceptance in Internet commerce.

We believe that House Bill 6590 is necessary to ensure that Connecticut's corporate statutes remain current and up to date.

\* \* \* \* \*

Thank you for the opportunity to appear before the Committee.

**S - 632**

**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2011**

**VOL. 54  
PART 21  
6546-6914**

mhr/cd/gbr  
SENATE

496  
June 7, 2011

So ordered.

SENATOR LOONEY:

Ah, thank you, Madam President.

Moving to calendar page 13, Calendar 511, House  
Bill Number 6356.

Madam President, move to place the item on the  
Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Continuing calendar page 13, Calendar 512,  
House Bill Number 6422.

Madam President, move to place this item on the  
Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Continuing on calendar page 13, Calendar 514,  
House Bill Number 6590.

Madam President, move to place the item on the  
Consent Calendar.

THE CHAIR:

mhr/cd/gbr  
SENATE

497  
June 7, 2011

So ordered.

SENATOR LOONEY:

Thank you Madam President.

Continuing calendar page 13. Calendar 515,  
House Bill Number 6221.

Madam President, move to place the item on the  
Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Also, calendar page 13, Calendar 516, House  
Bill Number 6455.

Madam President, move to place the item on the  
Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Moving to calendar page 14, Madam President,  
Calendar 519, House Bill Number 5437.

Madam President, move to the place the item on  
the Consent Calendar.

THE CHAIR:

mhr/cd/gbr  
SENATE

520  
June 7, 2011

Mr. Clerk.

THE CLERK:

Immediate roll call's been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber. Immediate roll call's been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

THE CLERK:

Madam President, the items placed...

THE CHAIR:

I would ask the Chamber to be quiet please so we can hear the call of the Calendar for the Consent Calendar.

Thank you.

Please proceed, Mr. Clerk

THE CLERK:

Madam President, the items placed on the first Consent Calendar begin on calendar page 5, Calendar 336, House Bill 5697.

Calendar page 7, Calendar 421, Substitute for House Bill 6126.

Calendar page 8, Calendar 449, Senate Bill 1149.

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SENATE

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Calendar page 10, Calendar 470, Substitute for House Bill 5340. Calendar 474, Substitute for House Bill 6274. Calendar 476, House Bill 6635.

Calendar page 12, Calendar 499, Substitute for House Bill 6638. Calendar 500, House Bill 6614. Calendar 508, House Bill 6222.

Calendar page 13, Calendar 511, House Bill 6356. Calendar 512, Substitute for House Bill 6422. Calendar 514, House Bill 6590. Calendar 515, House Bill 6221. Calendar 516, House Bill 6455.

Calendar page 14, Calendar 517, House Bill 6350. Calendar 519, House Bill 5437. Calendar 522, House Bill 6303.

Calendar page 15, Calendar 523, Substitute for House Bill 6499. Calendar 524, House Bill 6490. Calendar 525, House Bill 5780. Calendar 526, House Bill 6513. Calendar 527, Substitute for House Bill 6532.

Calendar page 16, Calendar 528, House Bill 6561. Calendar 529, Substitute for House Bill 6312. Calendar 530, Substitute for House Bill 5032. Calendar 532, House Bill 6338.

Calendar page 17, Calendar 533, Substitute for House Bill 6325. Calendar 534, House Bill 6352.

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SENATE

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June 7, 2011

Calendar 536, House Bill 5300. Calendar 537, House  
Bill 5482.

calendar page 18, Calendar 543, House Bill 6508.

Calendar 544, House Bill 6412. Calendar 546,  
Substitute for House Bill 6538. Calendar 547,  
Substitute for House Bill 6440. Calendar 548,  
Substitute for House Bill 6471.

Calendar page 19, Calendar 550, Substitute for  
House Bill 5802. Calendar 551, House Bill 6433.  
Calendar 552, House Bill 6413. Calendar 553,  
Substitute for House Bill 6227.

Calendar page 20, Calendar 554, Substitute for  
House Bill 5415. Calendar 557, Substitute for House  
Bill 6318. Calendar 558, Substitute for House Bill  
6565.

Calendar page 21, Calendar 559, Substitute for  
House Bill 6636.

Calendar page 22, Calendar 563, Substitute for  
House Bill 6600. Calendar 564, Substitute for House  
Bill 6598. Calendar 566, House Bill 5585.

Calendar page 23, Calendar 568, Substitute for  
House Bill 6103. Calendar 570, Substitute for House  
Bill 6336. Calendar 573, Substitute for House Bill  
6434.

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SENATE

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Calendar page 24, Calendar 577, Substitute for  
House Bill 5795.

Calendar page 25, Calendar 581, House Bill  
6354.

Calendar page 26, Calendar 596, Substitute for  
House Bill 6282. Calendar 598, Substitute for House  
Bill 6629.

Calendar page 27, Calendar 600, House Bill  
6314. Calendar 601, Substitute for House Bill 6529.  
Calendar 602, Substitute for House Bill 6438.  
Calendar 604, Substitute for House Bill 6639.

Calendar page 28, Calendar 605, Substitute for  
House Bill 6526. Calendar 608, House Bill 6284.

Calendar page 30, Calendar number 615,  
Substitute for House Bill 6485. Calendar 616,  
Substitute for House Bill 6498.

Calendar page 31, Calendar 619, Substitute for  
House Bill 6634. Calendar 627, Substitute for House  
Bill 6596.

Calendar page 32, Calendar 629, House Bill  
5634. Calendar 630, Substitute for House Bill 6631.  
Calendar 631, Substitute for House Bill 6357.  
Calendar 632, House Bill 6642.

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SENATE

524  
June 7, 2011

Calendar page 33, Calendar 634, Substitute for  
House Bill 5431. Calendar 636, Substitute for  
House, correction, House Bill 6100.

Page 34, Calendar 638, Substitute for House  
Bill 6525.

Calendar page 48, Calendar 399, Substitute for  
Senate Bill 1043.

Calendar page 49, Calendar 409, Substitute for  
House Bill 6233. Calendar 412, House Bill 5178.  
Calendar 422, Substitute for House Bill 6448.

Calendar page 52, Calendar 521, Substitute for  
House Bill 6113.

Madam President, that completes the item placed  
on the first Consent Calendar.

THE CHAIR:

Thank you, sir.

We call for another roll call vote. And the  
machine will be open for Consent Calendar number 1.

THE CLERK:

The Senate is now voting by roll on the Consent  
Calendar. Will all Senators please return to the  
Chamber. The Senate is now voting by roll on the  
Consent Calendar, will all Senators please return to  
the Chamber.

mhr/cd/gbr  
SENATE

525  
June 7, 2011

Senator Cassano, would you vote, please, sir.

Thank you.

Well, all members have voted. All members have voted. The machine will be closed, and Mr. Clerk, will you call the tally?

THE CLERK:

Motion is on option Consent Calendar Number 1.

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number 1 has passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

We might stand at ease for just a moment as we prepare the next item..

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)