SENATE BILL NO. 217-COMMITTEE ON JUDICIARY

(ON BEHALF OF SECRETARY OF STATE)

FEBRUARY 20, 2001

Referred to Committee on Judiciary

SUMMARY—Revises various provisions governing the filing of organizational and related documents. (BDR 7-628)

FISCAL NOTE: Effect on Local Government: No.

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Effect on the State: No.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to business; revising various provisions governing the filing of organizational and related documents; revising the fees for filing certain documents; providing for certificates of correction; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 78.1955 is hereby amended to read as follows:

78.1955 1. If the voting powers, designations, preferences, limitations, restrictions and relative rights of any class or series of stock have been established by a resolution of the board of directors pursuant to a provision in the articles of incorporation, a certificate of designation must be filed with the secretary of state setting forth the resolution. The certificate of designation must be executed by the president or vice president and secretary or assistant secretary. [and acknowledged by the president or vice president before a person authorized by the laws of Nevada to take acknowledgments of deeds.] The certificate of designation so executed [and acknowledged] must be filed before the issuance of any shares of the class or series.

2. Unless otherwise provided in the articles of incorporation or the certificate of designation being amended, if no shares of a class or series of stock established by a resolution of the board of directors have been issued, the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series may be amended by a resolution of the



board of directors pursuant to a certificate of amendment filed in the manner provided in subsection 4.

- 3. Unless otherwise provided in the articles of incorporation or the certificate of designation, if shares of a class or series of stock established by a resolution of the board of directors have been issued, the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series may be amended by a resolution of the board of directors only if the amendment is approved as provided in this subsection. Unless otherwise provided in the articles of incorporation or the certificate of designation, the proposed amendment adopted by the board of directors must be approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation, of:
 - (a) The class or series of stock being amended; and

- (b) Each class and each series of stock which, before amendment, is senior to the class or series being amended as to the payment of distributions upon dissolution of the corporation, regardless of any limitations or restrictions on the voting power of that class or series.
- 4. A certificate of amendment to a certificate of designation must be filed with the secretary of state and must:
- (a) Set forth the original designation and the new designation, if the designation of the class or series is being amended;
- (b) State that no shares of the class or series have been issued or state that the approval of the stockholders required pursuant to subsection 3 has been obtained; and
- (c) Set forth the amendment to the class or series or set forth the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series, as amended.
- The certificate of amendment must be executed by the president or vice president and secretary or assistant secretary. [and aeknowledged by the president or vice president before a person authorized by the laws of Nevada to take aeknowledgments of deeds.] NRS 78.380, 78.385 and 78.390 do not apply to certificates of amendment filed pursuant to this section.
 - **Sec. 2.** NRS 78.209 is hereby amended to read as follows:
- 78.209 1. A change pursuant to NRS 78.207 is not effective until after the filing in the office of the secretary of state of a certificate, signed by the corporation's president, or a vice president, and its secretary, or an assistant secretary, [and acknowledged by the president or vice president before a person authorized by the laws of this state to take acknowledgments of deeds,] setting forth:
- (a) The current number of authorized shares and the par value, if any, of each class and series, if any, of shares before the change;
- (b) The number of authorized shares and the par value, if any, of each class and series, if any, of shares after the change;



(c) The number of shares of each affected class and series, if any, to be issued after the change in exchange for each issued share of the same class or series:

- (d) The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby;
- (e) That any required approval of the stockholders has been obtained; and
- (f) Whether the change is effective on filing the certificate or, if not, the date and time at which the change will be effective, which must not be more than 90 days after the certificate is filed.
- The provisions in the articles of incorporation of the corporation regarding the authorized number and par value, if any, of the changed class and series, if any, of shares shall be deemed amended as provided in the certificate at the effective date and time of the change.
- 2. Unless an increase or decrease of the number of authorized shares pursuant to NRS 78.207 is accomplished by an action that otherwise requires an amendment to the corporation's articles of incorporation, such an amendment is not required by that section.
 - **Sec. 3.** NRS 78.380 is hereby amended to read as follows:
- 78.380 1. At least two-thirds of the incorporators or of the board of directors of any corporation, before issuing any stock, may amend the original articles of incorporation thereof as may be desired by executing or proving in the manner required for original articles of incorporation, and filing with the secretary of state a certificate amending, modifying, changing or altering the original articles, in whole or in part. The certificate must $\frac{1}{12}$:
- (a) Declare declare that the signers thereof are at least two-thirds of the incorporators or of the board of directors of the corporation, [and] state the corporation's name [-
- (b) State the date upon which the original articles thereof were filed with the secretary of state.
- (e) Affirmatively and affirmatively declare that to the date of the certificate, no stock of the corporation has been issued.
- 2. The amendment is effective upon the filing of the certificate with the secretary of state.
- 3. This section does not permit the insertion of any matter not in conformity with this chapter.
 - **Sec. 4.** NRS 78.580 is hereby amended to read as follows:
- 78.580 1. If the board of directors of any corporation organized under this chapter, after the issuance of stock or the beginning of business, decides that the corporation should be dissolved, the board may adopt a resolution to that effect. If the corporation has issued no stock, only the directors need to approve the dissolution. If the corporation has issued stock, the directors must recommend the dissolution to the stockholders. The corporation shall notify each stockholder entitled to vote on dissolution and the stockholders entitled to vote must approve the dissolution.



2. If the dissolution is approved by the directors or both the directors and stockholders, as respectively provided in subsection 1, the corporation shall file a certificate setting forth that the dissolution has been approved by the directors, or by the directors and the stockholders, and a list of the names and post office box or street addresses, either residence or business, of the corporation's president, secretary and treasurer and all of its directors, certified by the president, or a vice president, and the secretary, or an assistant secretary, in the office of the secretary of state. The secretary of state, upon being satisfied that these requirements have been complied with and that the corporate charter has not been revoked, shall lissuel file a certificate [that the corporation is dissolved.] of dissolution.

Sec. 5. NRS 78.785 is hereby amended to read as follows:

- 78.785 1. The fee for filing a certificate of change of location of a corporation's registered office and resident agent, or a new designation of resident agent, is \$15.
- 2. The fee for certifying articles of incorporation where a copy is provided is \$10.
- 3. The fee for certifying a copy of an amendment to articles of incorporation, or to a copy of the articles as amended, where a copy is furnished, is \$10.
- 4. The fee for certifying an authorized printed copy of the general corporation law as compiled by the secretary of state is \$10.
 - 5. The fee for reserving a corporate name is \$20.
- 6. The fee for executing a certificate of corporate existence which does not list the previous documents relating to the corporation, or a certificate of change in a corporate name, is [\$15.] \$20.
- 7. The fee for executing a certificate of corporate existence which lists the previous documents relating to the corporation is \$20.
- 8. The fee for executing, certifying or filing any certificate or document not provided for in NRS 78.760 to 78.785, inclusive, is \$20.
- 9. The fee for copies made at the office of the secretary of state is \$1 per page.
- 10. The fee for filing articles of incorporation, articles of merger, or certificates of amendment increasing the basic surplus of a mutual or reciprocal insurer must be computed pursuant to NRS 78.760, 78.765 and 78.770, on the basis of the amount of basic surplus of the insurer.
- 11. The fee for examining and provisionally approving any document at any time before the document is presented for filing is \$100.
 - **Sec. 6.** NRS 78A.030 is hereby amended to read as follows:
- 78A.030 1. Any corporation organized under chapter 78 of NRS may become a close corporation pursuant to this chapter by executing, filing and recording, in accordance with NRS 78.380 or 78.390, a certificate of amendment of the certificate of incorporation which must:
- (a) Contain a statement that the corporation elects to become a close corporation; and
 - (b) Meet the requirements of subsection 2 of NRS 78A.020.
- 2. Except as otherwise provided in subsection 3, the amendment must be adopted in accordance with the requirements of NRS **78.380** or **78.390**.



3. [The] When an amendment is adopted in accordance with the requirements of NRS 78.390, it must be approved by a vote of the holders of record of at least two-thirds of the shares of each class of stock of the corporation that are outstanding and entitled to vote, unless the articles of incorporation or bylaws require approval by a greater proportion.

Sec. 7. NRS 80.025 is hereby amended to read as follows:

- 80.025 1. If a foreign corporation cannot qualify to do business in this state because its name does not meet the requirements of subsection 2 or 3 of NRS 80.010, it may apply for a certificate to do business by having its board of directors adopt a resolution setting forth the name under which the corporation elects to do business in this state. The resolution may:
- (a) Add to the existing corporate name a word, abbreviation or other distinctive element; or
- (b) Adopt a name different from its existing corporate name that is available for use in this state.
- 2. In addition to the documents required by subsection 1 of NRS 80.010, the corporation shall file a {certified} copy of the resolution adopting the modified name.
- 3. If the secretary of state determines that the modified corporate name complies with the provisions of subsection 2 or 3 of NRS 80.010, he shall issue the certificate in the foreign corporation's modified name if the foreign corporation otherwise qualifies to do business in this state.
- 4. A foreign corporation doing business in this state under a modified corporate name approved by the secretary of state shall use the modified name in its dealings and communications with the secretary of state.

Sec. 8. NRS 80.030 is hereby amended to read as follows:

- 80.030 1. Each foreign corporation admitted to do business in this state shall, within [30] 60 days after the filing of any document amendatory or otherwise relating to the original articles in the place of its creation, file in the office of the secretary of state:
- (a) A copy of the document certified by an authorized officer of the place of its creation, or a certificate evidencing the filing, issued by the authorized officer of the place of its creation with whom the document was filed: and
- (b) A statement of an officer of the corporation of the change reflected by the filing of the document, showing its relation to the name, authorized capital stock [] or general purposes.
- 2. When a foreign corporation authorized to do business in this state becomes a constituent of a merger permitted by the laws of the state or country in which it is incorporated, it shall, within [30] 60 days after the merger becomes effective, file a copy of the agreement of merger filed in the place of its creation, certified by an authorized officer of the place of its creation, or a certificate, issued by the proper officer of the place of its creation, attesting to the occurrence of the event, in the office of the secretary of state.
- 46 3. The secretary of state may revoke the right of a foreign corporation to transact business in this state if it fails to file the documents required by this section or pay the fees incident to that filing.
 - **Sec. 9.** NRS 81.650 is hereby amended to read as follows:



81.650 1. The board of directors or trustees of any private foundation which is a corporation organized under and governed by Nevada law may, by a majority vote of its directors or trustees, amend its governing instrument at any regular or special meeting of the board of directors or trustees, without a vote of the stockholders or members of the private foundation, if any, in order to avoid the penalties and liabilities described in Sections 4941(a), 4942(a), 4943(a), 4944(a) and 4945(a) or to comply with the provisions of Section 508(e).

- 2. Such an amendment must not be made until the board of directors or trustees has notified the members or stockholders, if any, at least 30 days before the meeting at which the governing instrument is to be amended. [Notice of the intention to amend the governing instrument must be served upon the attorney general at least 30 days before the meeting, together with a copy of the proposed amended governing instrument.]
- 3. If the private foundation is a corporation organized under and governed by Nevada law, after any such amendment has been approved by the directors or trustees, a copy of the amended governing instrument must be filed with the secretary of state.

Sec. 10. NRS 82.346 is hereby amended to read as follows:

- 82.346 1. If the first meeting of the directors has not taken place and if there are no members, a majority of the incorporators of a corporation may amend the original articles by executing and proving in the manner required for original articles, and filing with the secretary of state, a certificate amending, modifying, changing or altering the original articles, in whole or in part. The certificate must !:
- (a) Declare declare that the signers thereof are a majority of the original incorporators of the corporation !:
- original incorporators of the corporation [; (b) State the date upon which the original articles were filed with the secretary of state; and
- (c) Affirmatively and affirmatively declare that to the date of the certification no meeting of the directors has taken place and the corporation has no members other than the incorporators.
- 2. The amendment is effective upon the filing of the certificate with the secretary of state.
- 3. This section does not permit the insertion of any matter not in conformity with this chapter.
- 4. The secretary of state shall charge the fee allowed by law for filing the amended certificate of incorporation.
 - **Sec. 11.** NRS 82.446 is hereby amended to read as follows:
- 82.446 1. A corporation may be dissolved and its affairs wound up voluntarily by the written request of a majority of the members and any person or superior organization whose approval is required by a provision of the articles authorized by NRS 82.091. The request must:
 - (a) Be addressed to the directors.
- (b) Specify reasons why the winding up of affairs of the corporation is deemed advisable.
- 47 (c) Name three persons who are members to act as trustees in 48 liquidation and in winding up the affairs of the corporation. The act of a



majority of the directors as trustees remaining in office is the act of the directors as trustees.

- 2. Upon filing of the request with the directors and in the offices of the secretary of state, all powers of the directors cease. [The secretary of state shall issue a certificate that the corporation is dissolved.]
 - **Sec. 12.** NRS 82.451 is hereby amended to read as follows:

- 82.451 1. A corporation may be dissolved and its affairs wound up voluntarily if the board of directors adopts a resolution to that effect and calls a meeting of the members entitled to vote to take action upon the resolution. The resolution must also be approved by any person or superior organization whose approval is required by a provision of the articles authorized by NRS 82.091. The meeting of the members must be held with due notice. If at the meeting the members entitled to exercise a majority of all the voting power consent by resolution to the dissolution, a copy of the resolution, together with a list of the names and residences of the directors and officers, certified by the chairman of the board, president or vice president, and the secretary or an assistant secretary, must be filed in the office of the secretary of state.
- 2. If a corporation has no members entitled to vote upon a resolution calling for the dissolution of the corporation, the corporation may be dissolved and its affairs wound up voluntarily by the board of directors if it adopts a resolution to that effect. The resolution must also be approved by any person or superior organization whose approval is required by a provision of the articles authorized by NRS 82.091. A copy of the resolution and a list of the officers and directors, certified as provided in subsection 1, must be filed in the office of the secretary of state.
- 3. Upon filing of the resolution or request in the office of the secretary of state, the secretary of state shall issue a certificate that the corporation is dissolved.
- 4. Upon the dissolution of any corporation under the provisions of this section or upon the expiration of its period of corporate existence, the directors are the trustees of the corporation in liquidation and in winding up the affairs of the corporation. The act of a majority of the directors as trustees remaining in office is the act of the directors as trustees.
- **Sec. 13.** Chapter 86 of NRS is hereby amended by adding thereto a new section to read as follows:
- 1. A limited-liability company may correct a document filed by the secretary of state if the document contains an incorrect statement or was defectively executed, attested, sealed, verified or acknowledged.
 - 2. To correct a document, the limited-liability company must:
 - (a) Prepare a certificate of correction that:
 - (1) States the name of the limited-liability company;
- (2) Describes the document, including, without limitation, its filing date;
- (3) Specifies the incorrect statement and the reason it is incorrect, or the manner in which the execution or formal authentication was defective;
 - (4) Corrects the incorrect statement or defective execution; and
 - (5) Is signed by a manager of the limited-liability company; and



(b) Deliver the certificate to the secretary of state for filing.

- 3. A certificate of correction is effective on the effective date of the document it corrects, except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, the certificate is effective when filed.
 - **Sec. 14.** NRS 86.221 is hereby amended to read as follows:
- 86.221 1. The articles of organization of a limited-liability company may be amended for any purpose, not inconsistent with law, as determined by all of the members or permitted by the articles or an operating agreement.
 - 2. An amendment must be made in the form of a certificate setting forth \leftarrow
 - (a) The the name of the limited-liability company
 - (b) The date of filing of the articles of organization; and
 - (e) The and the amendment to the articles of organization.
 - 3. The certificate of amendment must be signed by a manager of the company, or if management is not vested in a manager, by a member.
 - 4. Restated articles of organization may be executed and filed in the same manner as a certificate of amendment.
 - Sec. 15. NRS 86.541 is hereby amended to read as follows:
 - 86.541 1. The signed articles of dissolution must be filed with the secretary of state. [Unless] If the secretary of state finds that the articles of dissolution [do not] conform to law [, he shall when] and all fees and license taxes prescribed by law have been paid [issue a certificate that the limited liability company is dissolved.
 - 2. Upon the existence of the company ceases upon the filing of the articles of dissolution, the existence of the company ceases, except for the purpose of suits, other proceedings and appropriate action as provided in this chapter.
 - 2. The manager or managers in office at the time of dissolution, or the survivors of them, are thereafter trustees for the members and creditors of the dissolved company and as such have authority to distribute any property of the company discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the dissolved company.
 - **Sec. 16.** Chapter 87 of NRS is hereby amended by adding thereto a new section to read as follows:
- 1. A limited-liability partnership may correct a document filed by the secretary of state if the document contains an incorrect statement or was defectively executed, attested, sealed, verified or acknowledged.
 - 2. To correct a document, the limited-liability partnership must:
- 42 (a) Prepare a certificate of correction that:
 - (1) States the name of the limited-liability partnership;
 - (2) Describes the document, including, without limitation, its filing date;
 - (3) Specifies the incorrect statement and the reason it is incorrect, or the manner in which the execution or formal authentication was defective;
 - (4) Corrects the incorrect statement or defective execution; and



- (5) Is signed by a managing partner of the limited-liability partnership; and
 - (b) Deliver the certificate to the secretary of state for filing.

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- 3. A certificate of correction is effective on the effective date of the document it corrects, except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, the certificate is effective when filed.

 Sec. 17. NRS 87.550 is hereby amended to read as follows:
- 87.550 In addition to any other fees required by NRS 87.440 to 87.540, inclusive, and 87.560, the secretary of state shall charge and collect the following fees for services rendered pursuant to those sections:
- 1. For certifying documents required by NRS 87.440 to 87.540, inclusive, and 87.560, \$10 per certification.
- 2. For executing a certificate verifying the existence of a registered limited-liability partnership, if the registered limited-liability partnership has not filed a certificate of amendment, [\$15.] \$20.
- 3. For executing a certificate verifying the existence of a registered limited-liability partnership, if the registered limited-liability partnership has filed a certificate of amendment, \$20.
- 4. For executing, certifying or filing any certificate or document not required by NRS 87.440 to 87.540, inclusive, and 87.560, \$20.
- 5. For any copies made by the office of the secretary of state, \$1 per page.
- For examining and provisionally approving any document before the document is presented for filing, \$100.
- Sec. 18. Chapter 88 of NRS is hereby amended by adding thereto a new section to read as follows:
- 1. A limited partnership may correct a document filed by the secretary of state if the document contains an incorrect statement or was defectively executed, attested, sealed, verified or acknowledged.
 - 2. To correct a document, the limited partnership must:
- (a) Prepare a certificate of correction that:
 - (1) States the name of the limited partnership;
 - (2) Describes the document, including, without limitation, its filing date;
- 36 (3) Specifies the incorrect statement and the reason it is incorrect, 37 or the manner in which the execution or formal authentication was 38 defective; 39
 - (4) Corrects the incorrect statement or defective execution; and
 - (5) Is signed by a general partner of the limited partnership; and
 - (b) Deliver the certificate to the secretary of state for filing.
 - 3. A certificate of correction is effective on the effective date of the document it corrects, except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, the certificate is effective when filed.
 - Sec. 19. Chapter 88A of NRS is hereby amended by adding thereto a new section to read as follows:



- 1. A business trust may correct a document filed by the secretary of state if the document contains an incorrect statement or was defectively executed, attested, sealed, verified or acknowledged.
 - 2. To correct a document, the business trust must:
 - (a) Prepare a certificate of correction that:

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- (1) States the name of the business trust;
- (2) Describes the document, including, without limitation, its filing date;
- (3) Specifies the incorrect statement and the reason it is incorrect, or the manner in which the execution or formal authentication was defective;
 - (4) Corrects the incorrect statement or defective execution; and
 - (5) Is signed by a trustee of the business trust; and
 - (b) Deliver the certificate to the secretary of state for filing.
- 3. A certificate of correction is effective on the effective date of the document it corrects, except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, the certificate is effective when filed.
 - Sec. 20. NRS 88A.220 is hereby amended to read as follows:
- 88A.220 1. A certificate of trust may be amended by filing with the secretary of state a certificate of amendment signed by at least one trustee. The certificate of amendment must set forth !-
- 23 (a) The the name of the business trust :
 - (b) The date of filing of the original certificate of trust; and
 - (c) The and the amendment to the certificate of trust.
 - 2. A certificate of trust may be restated by integrating into a single instrument all the provisions of the original certificate, and all amendments to the certificate, which are then in effect or are to be made by the restatement. The restated certificate of trust must be so designated in its heading, must be signed by at least one trustee and must set forth:
 - (a) The present name of the business trust and, if the name has been changed, the name under which the business trust was originally formed;
 - (b) The date of filing of the original certificate of trust;
 - (c) The provisions of the original certificate of trust, and all amendments to the certificate, which are then in effect; and
 - (d) Any further amendments to the certificate of trust.
 - 3. A certificate of trust may be amended or restated at any time for any purpose determined by the trustees.
 - **Sec. 21.** NRS 88A.900 is hereby amended to read as follows:
 - 88A.900 The secretary of state shall charge and collect the following fees for:
 - 1. Filing an original certificate of trust, or for registering a foreign business trust, \$125.
 - 2. Filing an amendment or restatement, or a combination thereof, to a certificate of trust, \$75.
 - 3. Filing a certificate of cancellation, \$125.
 - 4. Certifying a copy of a certificate of trust or an amendment or restatement, or a combination thereof, \$10 per certification.
 - 5. Certifying an authorized printed copy of this chapter, \$10.



Reserving a name for a business trust, \$20.

- 7. Executing a certificate of existence of a business trust which does not list the previous documents relating to it, or a certificate of change in the name of a business trust, [\$15.] \$20.

 8. Executing a certificate of existence of a business trust which lists
- the previous documents relating to it, \$20.
- 9. Filing a statement of change of address of the registered office for each business trust, \$15.

 10. Filing a statement of change of the registered agent, \$15.

 11. Executing, certifying or filing any certificate or document not otherwise provided for in this section, \$20.

 12. Examining and provisionally approving a document before the document is presented for filing, \$100.

 13. Copying a document on file with him, for each page, \$1.

 Sec. 22. This act becomes effective on July 1, 2001.



