

MINUTES OF THE HOUSE JUDICIARY COMMITTEE

The meeting was called to order by Chairman Lance Kinzer at 3:30 p.m. on February 26, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Jeff King- excused
Representative Annie Kuether- excused
Representative Kay Wolf- excused

Committee staff present:

Melissa Doeblin, Office of the Revisor of Statutes
Matt Sterling, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes
Athena Andaya, Kansas Legislative Research Department
Jerry Donaldson, Kansas Legislative Research Department
Sue VonFeldt, Committee Assistant

Conferees appearing before the committee:

Diane Minear, Deputy Assistant Secretary of State, Legal Counsel
Webb Hecker, Professor-Kansas University Law School

Others attending:

See attached list.

The hearing on **SB 132 - Enacting business entity transaction act** was opened.

Diane Minear, Deputy Assistant Secretary of State, Legal Counsel, appeared as a proponent and presented an Executive Summary of this bill. This Act began as the Model Entity Transactions Act (META) and over a period of four years members of the American Bar Association and the National Conference on Commissioners on Uniform State Laws (NCCUSL) drafted the language and developed META. The Kansas Bar Association then took on the task of drafting a Kansas version of META, which they called the Business Entity Transactions Act (BETA). She explained META came about as a response to the proliferation of different entity types, each type with its own unique laws governing how it can merge or convert. She credited Melissa Wangemann and Professor Webb Hecker for their efforts to bring BETA to fruition. She stated they are requesting an effective date of July 1, 2010, so they may complete programs to their system before implementation of BETA. In addition, she requested an amendment with regard to Page 6, Section 10, Line 24 to include as an entity, "insurance companies organized". ([Attachment 1](#))

Webb Hecker, Professor of Law at the University of Kansas Law School, provided further detail and support of BETA. He explained there are four major types of business entities; corporations, limited liability, partnerships and limited partnerships. The BETA will provide procedures for mergers, conversions, interest exchanges, and domestications of business and nonprofit entities. The objective is to accomplish such a transaction with appropriate approvals without having to dissolve an entity and without extinguishing any obligations owed by preceding entities in the process. He added that this bill would constitute a significant advance in Kansas statutory law by simplifying mixed entity mergers, extend and rationalize conversions, and introduce two entirely new and cost-effective kinds of transactions, 1) interest exchanges, and, 2) domestications. By implementing BETA he believes these changes would help solidify the reputation for the state of Kansas as being business friendly and in the forefront of 21st century business law innovation. ([Attachment 2](#))

In answer to questions, Professor Hecker stated, in his opinion, implementing BETA would not increase any risks of fraud, etc.

Joe Melino, on behalf of the Kansas Bar Association, stated they supported this bill.

The hearing on **SB 132** was closed.

CONTINUATION SHEET

Minutes of the House Judiciary Committee at 3:30 p.m. on February 26, 2009, in Room 143-N of the Capitol.

The hearing on **SB 85 - Secretary of state; return of filings** was opened.

Diane Minear, Deputy Assistant Secretary of State, appeared in support of this bill and to brief the committee on the changes. This bill seeks to change the language in four business entity statutes (K.S.A. 17-6003, 17-7301, 17-7678 AND 56-1A156), that uses varying language, to read “a certified copy of the recorded document”. She further explained the Senate Judiciary committee amended this bill by removing the word “certified” and they respectfully request the word “certified” be returned to the bill. She stated their customers rely on the “certified” copy as it is often required by other agencies, banks and courts as proof of filing with the Secretary of State. Removing the word “certified” could create problems to their customers. They ask for an implementation date of July 1, 2010 in order to complete changes in their filing and imaging processes. In answer to several questions, she provided a more detailed description of the process of how the paper work is handled in their office in regards to the “certified” copy. (Attachment 3)

There were no opponents.

The hearing on **SB 85** was closed.

The hearing on **SB 86 - Secretary of state; letters of good standing** was opened.

Diane Minear, Deputy Assistant Secretary of State, appeared in support of this bill and to brief the committee on the changes. She explained this bill will amend K.S.A. 17-7506 by striking in paragraph (d), the words, “letters of good standing” and such change will reduce redundancies and streamline services. They ask for an implementation date of January 1 so they may complete an upgrade to their filing process and develop the new improved documentation. (Attachment 4)

There were no opponents.

The hearing on **SB 86** was closed.

HB 2311 - Authorizing licensed private detectives to serve process statewide.

Representative Pauls moved to report HB 2311 favorably for passage. Representative Brookens seconded the motion.

Representative Brookens made a substitute motion to the bill, amending KSA 75-7b03 to state “Any person performing duties as a court appointed process server when any investigation is conducted incidental to serving the legal process”. Representative Crow seconded the motion.

This amendment was trying to clarify that you do not have to be a Private Investigator in order to serve processes. After further discussion and a review of the statute, it was agreed that such clarification was not necessary.

With the permission of the second, Representative Brookens withdrew his motion.

Representative Pauls moved the motion for passage of HB 2311. Motion carried.

The next meeting is scheduled for February 27, 2009.

The meeting was adjourned at 4:30 p.m.