

KANSAS OFFICE of
REVISOR of STATUTES

LEGISLATURE of THE STATE of KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chairman Barker
Members of the House Committee on Federal and State Affairs

From: Jason B. Long, Senior Assistant Revisor

Date: January 23, 2020

Subject: HB 2401– Exceptions to shareholder quorum and voting requirements for corporation shareholders to take action.

House Bill No. 2401 (HB 2401) would provide exceptions to the general corporation shareholder requirements for voting to take action. First, generally a quorum of a corporation's shareholders must be present or represented by proxy to transact business at a meeting of the corporation's shareholders. Under K.S.A. 17-6506(a), such a quorum cannot be less than $\frac{1}{3}$ of the shares entitled to vote, and if not specified in the articles of incorporation or bylaws, is a majority of the shares entitled to vote. HB 2401 would provide an exception for a corporation that: (1) Has more than 500 shareholders; and (2) provides in its articles of incorporation or bylaws that no shareholder may vote more than one share. The shareholders of such corporation could transact business at a shareholder meeting with a quorum of at least 10% of the shares entitled to vote.

Second, if a vote of the shareholders is required to amend the corporation's articles of incorporation, then under K.S.A. 17-6602(b)(1)(A) a majority of the outstanding stock of each class entitled to vote on the amendment is required to adopt the amendment. HB 2401 would provide an exception for a corporation that: (1) Has more than 500 shareholders; and (2) provides in its articles of incorporation or bylaws that no shareholder may vote more than one share. Only a majority of a quorum voting would be required to adopt the amendment to such corporation's articles of incorporation.

If enacted, HB 2401 would become effective on July 1, 2020.