

**As Further Amended by House Committee**

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*Session of 2019*

**HOUSE BILL No. 2401**

By Committee on Federal and State Affairs

3-19

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1 AN ACT concerning the Kansas general corporation code; relating to  
2 quorum for the transaction of business; amendment to articles of  
3 incorporation; amending K.S.A. ~~2018~~ 2019 Supp. 17-6506 and 17-6602  
4 and repealing the existing sections.  
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. ~~2018~~ 2019 Supp. 17-6506 is hereby amended to  
8 read as follows: 17-6506. (a) Subject to the provisions of this code with  
9 respect to the vote that shall be required for a specified action, the articles  
10 of incorporation or bylaws of any corporation authorized to issue stock  
11 may specify the number of shares or the amount of other securities, or  
12 both, having voting power, the holders of which shall be present or  
13 represented by proxy at any meeting in order to constitute a quorum for,  
14 and the votes that shall be necessary for, the transaction of any business,  
15 but in no event shall a quorum consist of holders of less than  $\frac{1}{3}$  of the  
16 shares entitled to vote at the meeting, except that, where a separate vote by  
17 the holders of one or more than one class or series is required, a quorum  
18 shall consist of no less than  $\frac{1}{3}$  of the holders of the shares of such class or  
19 series. In the absence of such specification in the articles of incorporation  
20 or bylaws of the corporation:

21 ~~(a)~~(1) The holders of a majority of the shares entitled to vote, present  
22 in person or represented by proxy, shall constitute a quorum at a meeting  
23 of stockholders;

24 ~~(b)~~(2) in all matters other than the election of directors, the  
25 affirmative vote of the holders of a majority of shares who are present in  
26 person or represented by proxy at the meeting and entitled to vote on the  
27 subject matter shall be the act of the stockholders;

28 ~~(c)~~(3) directors shall be elected by a plurality of the votes of the  
29 shares present in person or represented by proxy at the meeting and  
30 entitled to vote on the election of directors; and

31 ~~(d)~~(4) where a separate vote by one or more than one class or series is  
32 required, the holders of a majority of the outstanding shares of such class  
33 or series, present in person or represented by proxy, shall constitute a  
34 quorum entitled to take action with respect to that vote on that matter and,

1 in all matters other than the election of directors, the affirmative vote of  
2 the holders of a majority of shares of such class or series who are present  
3 in person or represented by proxy at the meeting shall be the act of such  
4 class or series. A bylaw amendment adopted by the stockholders which  
5 specifies the votes that shall be necessary for the election of directors shall  
6 not be further amended or repealed by the board of directors.

7 *(b) Notwithstanding the provisions of subsection (a), a quorum shall*  
8 *consist of holders of no less than 10% of the shares entitled to vote at the*  
9 *meeting, if the corporation has over 500 stockholders, and the*  
10 *corporation's articles of incorporation or bylaws provide that no*  
11 *stockholder may vote more than one share. **The provisions of this***  
12 **subsection shall expire on July 1, 2023.**

13 Sec. 2. K.S.A. ~~2018~~ 2019 Supp. 17-6602 is hereby amended to read  
14 as follows: 17-6602. (a) After a corporation has received payment for any  
15 of its capital stock, or after a nonstock corporation has members, it may  
16 amend its articles of incorporation, from time to time, in any and as many  
17 respects as may be desired, so long as its articles of incorporation, as  
18 amended, would contain only such provisions as it would be lawful and  
19 proper to insert in an original articles of incorporation filed at the time of  
20 the filing of the amendment. If a change in stock or the rights of  
21 stockholders, or an exchange, reclassification, subdivision, combination or  
22 cancellation of stock or rights of stockholders is to be made, the  
23 amendment to the articles of incorporation shall contain such provisions as  
24 may be necessary to effect such change, exchange, reclassification,  
25 subdivision, combination or cancellation. In particular, and without  
26 limitation upon such general power of amendment, a corporation may  
27 amend its articles of incorporation, from time to time, so as:

- 28 (1) To change its corporate name;
- 29 (2) to change, substitute, enlarge or diminish the nature of its business  
30 or its corporate powers and purposes;
- 31 (3) to increase or decrease its authorized capital stock or to reclassify  
32 the same, by changing the number, par value, designations, preferences, or  
33 relative, participating, optional or other special rights of the shares, or the  
34 qualifications, limitations or restrictions of such rights, or by changing  
35 shares with par value into shares without par value, or shares without par  
36 value into shares with par value either with or without increasing or  
37 decreasing the number of shares, or by subdividing or combining the  
38 outstanding shares of any class or series into a greater or lesser number of  
39 outstanding shares;
- 40 (4) to cancel or otherwise affect the right of the holders of the shares  
41 of any class to receive dividends which have accrued but have not been  
42 declared;
- 43 (5) to create new classes of stock having rights and preferences either

1 prior and superior or subordinate and inferior to the stock of any class then  
2 authorized, whether issued or unissued;

3 (6) to change the period of its duration. Any or all such changes or  
4 alterations may be effected by one certificate of amendment; or

5 (7) to delete: (A) Such provisions of the original articles of  
6 incorporation which named the incorporator or incorporators, the initial  
7 board of directors and the original subscribers for shares; and (B) such  
8 provisions contained in any amendment to the articles of incorporation as  
9 were necessary to effect a change, exchange, reclassification, subdivision,  
10 combination or cancellation of stock, if such change, exchange,  
11 reclassification, subdivision, combination or cancellation has become  
12 effective.

13 (b) Every amendment authorized by subsection (a) shall be made and  
14 effected in the following manner:

15 (1) (A) If the corporation has capital stock, its board of directors shall  
16 adopt a resolution setting forth the amendment proposed, declaring its  
17 advisability, and either calling a special meeting of the stockholders  
18 entitled to vote for the consideration of such amendment or directing that  
19 the amendment proposed be considered at the next annual meeting of the  
20 stockholders, except that unless otherwise expressly required by the  
21 articles of incorporation, no meeting or vote of stockholders shall be  
22 required to adopt an amendment that effects only changes described in  
23 subsection (a)(1) or (a)(7). Such special or annual meeting shall be called  
24 and held upon notice in accordance with K.S.A. 17-6512, and amendments  
25 thereto. The notice shall set forth such amendment in full or a brief  
26 summary of the changes to be effected thereby unless such notice  
27 constitutes a notice of internet availability of proxy materials under the  
28 rules promulgated under the securities exchange act of 1934. At the  
29 meeting a vote of the stockholders entitled to vote thereon shall be taken  
30 for and against any proposed amendment that requires adoption by  
31 stockholders. If no vote of stockholders is required to effect such  
32 amendment, or if a majority of the outstanding stock entitled to vote  
33 thereon and a majority of the outstanding stock of each class entitled to  
34 vote thereon as a class have been voted in favor of the amendment, a  
35 certificate setting forth the amendment and certifying that such amendment  
36 has been duly adopted in accordance with the provisions of this section  
37 shall be executed and filed, and shall become effective, in accordance with  
38 K.S.A.-~~2018~~ 2019 Supp. 17-7908 through 17-7911, and amendments  
39 thereto.

40 (B) *Notwithstanding the provisions of subparagraph (A), a*  
41 *corporation may amend its articles of incorporation by a majority of a*  
42 *quorum voting at a special or annual meeting, if the corporation has over*  
43 *500 stockholders, and the corporation's articles of incorporation or*

1 *bylaws provide that no stockholder may vote more than one share. The*  
2 **provisions of this subparagraph shall expire on July 1, 2023.**

3 (2) The holders of the outstanding shares of a class shall be entitled to  
4 vote as a class upon a proposed amendment, whether or not entitled to vote  
5 thereon by the provisions of the articles of incorporation, if the amendment  
6 would increase or decrease the aggregate number of authorized shares of  
7 such class, increase or decrease the par value of the shares of such class, or  
8 alter or change the powers, preferences or special rights of the shares of  
9 such class so as to affect them adversely. If any proposed amendment  
10 would alter or change the powers, preferences or special rights of one or  
11 more series of any class so as to affect them adversely, but does not affect  
12 the entire class, then only the shares of the series affected by the  
13 amendment shall be considered a separate class for the purposes of this  
14 subsection. The number of authorized shares of any such class or classes  
15 of stock may be increased or decreased, but not below the number of  
16 shares thereof then outstanding, by the affirmative vote of the holders of a  
17 majority of the stock of the corporation entitled to vote irrespective of this  
18 paragraph, if so provided in the original articles of incorporation, in any  
19 amendment thereto which created such class or classes of stock or which  
20 was adopted prior to the issuance of any shares of such class or classes of  
21 stock or in any amendment thereto which was authorized by a resolution  
22 or resolutions adopted by the affirmative vote of the holders of a majority  
23 of such class or classes of stock.

24 (3) If the corporation is a nonstock corporation, then the governing  
25 body of the corporation shall adopt a resolution setting forth the  
26 amendment proposed and declaring its advisability. If a majority of all the  
27 members of the governing body shall vote in favor of such amendment, a  
28 certificate thereof shall be executed and filed, and shall become effective,  
29 in accordance with K.S.A. ~~2018~~ **2019** Supp. 17-7908 through 17-7911, and  
30 amendments thereto. The articles of incorporation of any nonstock  
31 corporation may contain a provision requiring any amendment thereto to  
32 be approved by a specified number or percentage of the members or of any  
33 specified class of members of such corporation in which event such  
34 proposed amendment shall be submitted to the members or to any  
35 specified class of members of such corporation in the same manner, so far  
36 as applicable, as is provided in this section for an amendment to the  
37 articles of incorporation of a stock corporation. In the event of the  
38 adoption of such amendment, a certificate evidencing such amendment  
39 shall be executed and filed and shall become effective in accordance with  
40 K.S.A. ~~2018~~ **2019** Supp. 17-7908 through 17-7911, and amendments  
41 thereto.

42 (4) Whenever the articles of incorporation shall require for action by  
43 the board of directors of a corporation other than a nonstock corporation or

1 by the governing body of a nonstock corporation, by the holders of any  
2 class or series of shares or by the members, or by the holders of any other  
3 securities having voting power the vote of a greater number or proportion  
4 than is required by any section of this code, the provision of the articles of  
5 incorporation requiring such greater vote shall not be altered, amended or  
6 repealed except by such greater vote.

7 (c) The resolution authorizing a proposed amendment to the articles  
8 of incorporation may provide that at any time prior to the effectiveness of  
9 the filing of the amendment with the secretary of state, notwithstanding  
10 authorization of the proposed amendment by the stockholders of the  
11 corporation or by the members of a nonstock corporation, the board of  
12 directors or governing body may abandon such proposed amendment  
13 without further action by the stockholders or members.

14 Sec. 3. ~~K.S.A. 2018~~ **2019** Supp. 17-6506 and 17-6602 are hereby  
15 repealed.

16 Sec. 4. This act shall take effect and be in force from and after its  
17 publication in the ~~statute book~~ **Kansas register**.