



Legislative
Council Staff

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FISCAL NOTE

Drafting Number: LLS 20-0764
Prime Sponsors: Rep. Snyder
Sen. Lee

Date: January 14, 2020
Bill Status: House Business
Fiscal Analyst: Erin Reynolds | 303-866-4146
Erin.Reynolds@state.co.us

Bill Topic: SPECIFY PROCEDURE RATIFY DEFECTIVE CORP ACTIONS

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates a statutory procedure for corporations. It will minimally increase state workload in FY 2020-21.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill creates a statutory procedure for the ratification or validation of corporate actions that may not have been properly authorized and for shares that may not have been properly issued. This procedure is supplementary and is available only when a board of directors specifies the nature of the defective authorization. Prompt judicial review and validation of the ratification process is available when a listed person claims to be substantially and adversely affected by the ratification.

State Expenditures

The bill will minimally increase workload in the Department of State in FY 2020-21. The department will revise its informational documentation and provide training for employees within existing resources. Additionally, the department's existing filing system has the functionality to support the procedure created under the bill. The fiscal note assumes that any impact on the trial courts of the Judicial Department will be minimal because any application of this statute will likely occur in cases where a filing would be made regardless.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed. It applies to conduct occurring on or after this date.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

State