

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0784.01 Sarah Lozano x3858

HOUSE BILL 22-1250

HOUSE SPONSORSHIP

Woodrow and Pico, Lynch, Valdez D.

SENATE SPONSORSHIP

Zenzinger and Woodward, Kirkmeyer, Moreno

House Committees
Judiciary

Senate Committees

A BILL FOR AN ACT

101 CONCERNING NONSUBSTANTIVE CHANGES TO TITLE 7 OF THE
102 COLORADO REVISED STATUTES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Statutory Revision Committee. The bill:

- Changes references to "owners' interest" to "owner's interest";
- Repeals a provision exempting certain domestic entities from a provision allowing reinstatement of an entity after an administrative dissolution upon compliance with certain

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

- conditions; and
- Makes clarifying changes to the provision requiring notification of ratification of defective corporate actions to holders of valid and putative shares.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 7-90-201.3, **amend**
3 (1)(c) as follows:

4 **7-90-201.3. Plan of conversion.** (1) A plan of conversion must
5 state:

6 (c) The terms and conditions of the conversion, including the
7 manner and basis of changing the ~~owners'~~ OWNER'S interests of the
8 converting entity into ~~owners'~~ OWNER'S interests or obligations of the
9 resulting entity or into money or other property in whole or in part.

10 **SECTION 2.** In Colorado Revised Statutes, 7-90-203.1, **amend**
11 (1) and (3) as follows:

12 **7-90-203.1. Exchange of owner's interest.** (1) One or more
13 domestic entities may acquire all ~~owners'~~ OWNER'S interests of any other
14 entity or all of one or more classes, series, or types, in exchange for
15 ~~owners'~~ OWNER'S interests or other securities, obligations, rights to
16 acquire ~~owners'~~ OWNER'S interests, or other securities, cash, property, or
17 any combination pursuant to a plan of exchange complying with section
18 7-90-203.3 and approved pursuant to section 7-90-203.4.

19 (3) This section does not limit the power of a domestic entity to
20 acquire the ~~owners'~~ OWNER'S interests of any other entity in a transaction
21 other than an exchange.

22 **SECTION 3.** In Colorado Revised Statutes, 7-90-203.3, **amend**
23 (1) introductory portion, (1)(c), and (2)(a)(III) as follows:

1 **7-90-203.3. Plan of merger - plan of exchange.** (1) A plan of
2 merger ~~shall~~ MUST state:

3 (c) The terms and conditions of the merger, including the manner
4 and basis of changing the ~~owners'~~ OWNER'S interests of each merging
5 entity into ~~owners'~~ OWNER'S interests or obligations of the surviving entity
6 or into money or other property in whole or in part; and

7 (2) (a) A plan of exchange must state:

8 (III) The manner and basis of exchanging the ~~owners'~~ OWNER'S
9 interests to be acquired.

10 **SECTION 4.** In Colorado Revised Statutes, 7-90-203.8, **amend**
11 (1)(a) as follows:

12 **7-90-203.8. Statement of owner's interest exchange.** (1) After
13 a plan of exchange is approved pursuant to section 7-90-203.4, the
14 acquiring entity shall deliver to the secretary of state, for filing pursuant
15 to part 3 of this article 90, a statement of owner's interest exchange
16 stating:

17 (a) The entity name of each entity whose ~~owners'~~ OWNER'S
18 interests will be acquired, and the principal office address of its principal
19 office;

20 **SECTION 5.** In Colorado Revised Statutes, **amend** 7-90-204.3
21 as follows:

22 **7-90-204.3. Effect of an exchange.** When an exchange takes
23 effect, the ~~owners'~~ OWNER'S interests of each acquired entity are
24 exchanged as provided in the plan, and the former holders of the ~~owners'~~
25 OWNER'S interests are entitled only to the exchange rights provided in the
26 statement of owner's interest exchange or to their rights under the organic
27 statutes.

1 **SECTION 6.** In Colorado Revised Statutes, 7-90-205.5, **amend**
2 (1)(b)(I) as follows:

3 **7-90-205.5. Abandonment or amendment of plan of merger,**
4 **plan of conversion, or plan of exchange.** (1) After a plan of merger, a
5 plan of conversion, or a plan of exchange is authorized, and at any time
6 before the merger, conversion, or exchange takes effect:

7 (b) The plan of merger, plan of conversion, or plan of exchange
8 may be amended in accordance with the procedure stated in the plan, but
9 the plan may not be amended to change:

10 (I) The amount or kind of ~~owners'~~ OWNER'S interests or other
11 securities, eligible interests, obligations, rights to acquire ~~owners'~~
12 OWNER'S interests, other securities or eligible interests, cash, or other
13 property to be received under the plan by the owners of eligible interests
14 in any party to the merger, conversion, or exchange;

15 **SECTION 7.** In Colorado Revised Statutes, **amend** 7-111-102 as
16 follows:

17 **7-111-102. Owner's interest exchange involving domestic**
18 **corporation.** A domestic corporation may be party to an exchange of
19 ~~owners'~~ OWNER'S interests with any other entity pursuant to section
20 7-90-203.1.

21 **SECTION 8.** In Colorado Revised Statutes, 7-90-1002, **repeal** (3)
22 as follows:

23 **7-90-1002. Vote or consent required - effect of opposition.**
24 ~~(3) This section shall not apply to a domestic entity that is described in~~
25 ~~this subsection (3) and that was administratively dissolved for any reason~~
26 ~~other than the expiration of the period of duration stated in its constituent~~
27 ~~filed document until the later of January 1, 2006, or the following date,~~

1 as applicable:

2 (a) In the case of a corporation that was administratively dissolved
3 after July 1, 2002, the date that is three years after the date it was
4 administratively dissolved;

5 (b) In the case of a nonprofit corporation that was administratively
6 dissolved after July 1, 1999, the date that is six years after the date it was
7 administratively dissolved;

8 (c) In the case of a limited liability company that was
9 administratively dissolved after July 1, 2001, the date that is four years
10 after the date it was administratively dissolved.

11 **SECTION 9.** In Colorado Revised Statutes, 7-103-106, **amend**
12 (4)(a) as follows:

13 **7-103-106. Ratification of defective corporate actions -**
14 **definitions. (4) Notice requirements.** (a) (I) EXCEPT AS SET FORTH IN
15 SUBSECTION (4)(a)(II) OF THIS SECTION AND unless shareholder approval
16 is required under subsection (2)(c) of this section, prompt notice of an
17 action taken under subsection (2) of this section shall be given to each
18 holder of valid and putative shares, regardless of whether entitled to vote,
19 as of:

20 (A) The date of the action by the board of directors; and

21 (B) The date of the defective corporate action ratified. ~~except~~
22 ~~that~~

23 (II) Notice is not required to be given to holders of valid and
24 putative shares whose identities or addresses for notice cannot be
25 determined from the records of the corporation.

26 **SECTION 10. Act subject to petition - effective date.** This act
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly; except
2 that, if a referendum petition is filed pursuant to section 1 (3) of article V
3 of the state constitution against this act or an item, section, or part of this
4 act within such period, then the act, item, section, or part will not take
5 effect unless approved by the people at the general election to be held in
6 November 2022 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.