

One Hundred Third Legislature - Second Session - 2014

Introducer's Statement of Intent

LB749

Chairperson: Senator Mike Gloor

Committee: Banking, Commerce and Insurance

Date of Hearing: February 03, 2014

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB749 would enact a revised and updated Nebraska Model Business Corporation Act (NMBCA) and would repeal Nebraska's current Business Corporation Act (Neb. Rev. Stat. Secs. 21-2001 to 21-20,197).

The proposed NMBCA, as well as the current Nebraska act, is based on the Model Business Corporation Act as approved and promulgated by the Committee on Corporate Laws of the Section of Business Law of the American Bar Association.

The first ABA model act was promulgated in 1950. The ABA committee promulgated a complete revision in 1984 and has been constantly updating it since that time with substantive and stylistic changes throughout. In 1995, Nebraska enacted its present Business Corporation Act based on what was the updated ABA model act as it existed in 1994. Nebraska has adopted very few of the ABA committee's subsequent updates in the past two decades.

Currently, at least thirty-one jurisdictions have adopted all or substantially all of the ABA model act as their general corporation statute. Similarity of laws among the states is generally recognized as a laudatory objective and particularly so in the business arena where commercial activities often transcend state boundaries. It is beneficial for business to operate in states in which the corporate laws are consistent with the corporate laws of other jurisdictions. One major advantage for Nebraska in adopting the updated ABA model act is that when there are relatively few judicial interpretations of business corporation statutes by Nebraska courts, the judicial decisions from other states, which have also adopted the ABA model act, can be referred to as guidance in making business law decisions here.

The bill would amend various sections outside the current business corporation sections in order to harmonize provisions and internal references. In particular the bill would make such changes in sections of Chapter 21, article 3, which provide for the filing of biennial reports and corporate occupation tax. In order to make these sections more consistent with generally accepted usage, references to "automatic" dissolution and revocation would be changed to "administrative" dissolution and revocation and references to biennial "fees" would be changed to biennial "occupation taxes." The latter change would be only a harmonization of long-standing inconsistent terminology usage and would not create a new tax or increase an existing tax.

The bill provides for an operative date of January 1, 2016.

Principal Introducer: _____

Senator Burke Harr