

Bill Summary
2nd Session of the 58th Legislature

Bill No.:	SB 1362
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Bill Analysis

SB 1362 modifies “professional entity” as it relates to the Professional Entity Act to include domestic corporations formed for the purpose of owning a professional entity rendering professional service. Persons who are not duly licensed shall not hold an interest in such corporations. The measure also provides that an amendment, repeal, or elimination of limited liability provisions as they relate to the director of the corporation to a certificate of incorporation shall not affect its application with respect to an act or omission by a director occurring before the amendment, repeal, or elimination unless the provision provides otherwise at the time of the act or omission. The measure also allows certificates of incorporation to restrict the use of an electronic transmission or electronic signature for delivery of documents. The measure provides that a corporation may indemnify any other person who is not a present or former director or officer of the corporation against expenses including attorney fees as it applies to the defense of any action or suit brought against such individuals or the corporation.

Additionally, the measure provides that emergency bylaws to may be adopted by the board of directors during a pandemic or a national emergency. A majority of directors present at the meeting to adopt emergency bylaws, even in the absence of a quorum, may any action that it determines to be practical and necessary to address the circumstances of the emergency condition with respect to a meeting of shareholders of the corporation such as postponement and rescheduling meetings as well as change the payment date of dividends to shareholders.

Shares held by the corporation may not be entitled to vote nor be counted for quorum purposes, including any other entity, if a majority of the voting power of such other entity is held, directly or indirectly, by the corporation or if such other entity is otherwise controlled, directly or indirectly, by the corporation. Actions taken by the board of a corporation, and the consent for such action, shall be delivered to an officer or agent of the corporation having custody of the book in which proceedings of meetings of shareholders or members are recorded, to the registered office of the corporation by mail, or to an information processing system if any, designated by the corporation for receiving such consents. Any copy, facsimile, or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that the copy shall be a complete reproduction of the entire original writing. The measure also outlines acceptable practices relating to delivery of notices of consent to shareholders.

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