



CHRIS KAPENGA

WISCONSIN STATE SENATOR

Testimony on Senate Bill 285

Senate Committee on Government Operations, Technology, and Consumer Protection
June 6, 2017

Thank you Chairman Stroebel and committee members for hearing testimony today on Senate Bill 285. I also want to thank Representative Jarchow for leading on this issue in the Assembly.

State law requires corporations to conduct annual meetings of shareholders and that they be held in person. This bill simply allows, but does not require, corporations to conduct these meetings virtually.

The bill includes transparency provisions that parallel the current in-person requirements to provide shareholders a reasonable opportunity to virtually participate in meetings.

Overall, this is a common sense bill that reforms Wisconsin's corporate governance laws to reflect advancements in technology. Thank you for conducting a public hearing today as I respectfully request your support for Senate Bill 285, and I will be pleased to answer any questions.



ADAM JARCHOW

STATE REPRESENTATIVE • 28TH ASSEMBLY DISTRICT

Testimony on SB 285 – Shareholders’ meetings of business corporations
Senate Committee on Gov’t Operations, Technology, and Consumer Protection
Tuesday, June 6, 2017 – 10:01 a.m.
Room 330 SW

Over the last several years, we have come to know and love the phrase, “Wisconsin is Open for Business.” While there is still a lot of work to be done, SB 285 is a step in the right direction in making it easier to do business in this state. Senator Kapenga and I feel strongly about continuing this trend.

Under current law, a corporation incorporated in Wisconsin must, by state law, hold an annual shareholders meeting. This meeting must be done in person. This means that the corporation must incur numerous expenses including transportation, meeting space, meals, time, etc. to hold this type of large scale meeting.

SB 285 would allow a corporation to hold a virtual shareholders meeting. This cuts down on many expenses that come with an in person meeting. If Wisconsin were to join the 22 other states who currently allow this, we would become more competitive and more attractive to corporations looking to relocate. This would be just one more thing to assist in luring businesses from across the St. Croix River in Minnesota into my district in Northwestern Wisconsin.

As we get deeper into the 21st Century, I recognize that technology is advancing at a rapid pace. This commonsense bill allows corporations to take advantage of that technology while keeping their shareholders informed. Please join me in supporting SB 285.



WISCONSIN MANUFACTURERS & COMMERCE

**TESTIMONY BEFORE THE SENATE COMMITTEE ON GOVERNMENT
OPERATIONS, TECHNOLOGY, AND CONSUMER PROTECTION IN SUPPORT OF
SENATE BILL 285**

Chairman Stroebel and Committee Members:

Thank you for the opportunity to testify today. My name is Lucas Vebber and I am the General Counsel at Wisconsin Manufacturers and Commerce (WMC). WMC is the state's chamber of commerce and manufacturers' association. With approximately 3,800 members, we are the largest business trade association in Wisconsin. WMC represents members from all over Wisconsin of all sizes and in every sector of the state's economy. I am here today to testify in support of Senate Bill 285.

This legislation helps bring Wisconsin back into the corporate mainstream. Business corporations are required to hold an annual meeting of their shareholders. Because corporate law is largely a state matter, the specifics of how to hold that annual meeting are determined by the state in which the business is incorporated. Annual meetings are a critical piece of corporate governance, and give shareholders and directors the opportunity to interact and discuss matters important to the corporation.

Many states have specifically amended their corporate laws to allow for shareholders to participate remotely in this annual meeting. Wisconsin, however, is not one of them. Virtual shareholder meetings increase shareholder participation, and can reduce costs for both shareholders and the corporation. Better corporate governance at reduced costs is a true win-win. This is why every year, more and more corporations are availing themselves of this virtual option across the country.

A majority of states offer some form of virtual shareholder meeting, including Delaware where more than half of the United States' publicly traded companies, including roughly two-thirds of the Fortune 500, are incorporated. Our neighboring states of Illinois, Indiana, Minnesota and Michigan also offer some form of virtual shareholder meetings, making Wisconsin truly an outlier in our region.

The changes proposed in this legislation are purely permissive. It is important to note that any business corporation could simply incorporate in one of those states and operate here in Wisconsin to avail themselves of this option. This change simply brings Wisconsin corporate law in line with those other states and removes a competitive disadvantage to incorporating here in Wisconsin. This would also allow those corporations who are already incorporated in Wisconsin to have the option of hosting a virtual shareholder meeting.

Thank you for the opportunity to testify today, I would be happy to answer any questions you may have.