



ADAM JARCHOW

STATE REPRESENTATIVE • 28TH ASSEMBLY DISTRICT

Testimony on AB 357 – Shareholders’ meetings of business corporations
Assembly Committee on Financial Institutions
Wednesday, September 27, 2017 – 11:00 a.m.
Room 328 NW

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, AB 357 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.

AB 357 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 38 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 AB 357.



CHRIS KAPENGA

WISCONSIN STATE SENATOR

Testimony on Assembly Bill 357

Assembly Committee on Financial Institutions

September 27, 2017

Thank you Chairman Katsma and committee members for hearing testimony today on Assembly Bill 357. 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 simple and 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 Assembly Bill 357, and I will be pleased to answer any questions.

WMC

WISCONSIN MANUFACTURERS & COMMERCE

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON FINANCIAL INSTITUTIONS IN SUPPORT OF ASSEMBLY BILL 357

Chairman Katsma 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 & Commerce (WMC). WMC is Wisconsin's chamber of commerce and manufacturers' association. With around 3,800 members of all sizes and across every sector of Wisconsin's economy we are the largest business trade association in the state. I am here today to testify in support of Assembly Bill 357.

This legislation helps update Wisconsin law to keep up with other states. 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 was incorporated. Annual meetings are a critical piece of corporate governance. They give shareholders and directors the opportunity to interact and discuss matters important to the corporation.

Thirty-eight states, including Delaware, where a majority of publicly traded companies are incorporated, have specifically amended their corporate laws to allow for shareholders to participate remotely in the annual meeting. Advances in technology make it possible for shareholders to participate remotely just as they would be able to participate in-person at the meeting.

All of our neighboring states and every state in the upper Midwest provides for some form of virtual shareholder participation. Virtual shareholder meetings increase shareholder participation and 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.

Wisconsin is one of twelve states left that does not have this option. We are an outlier in our region and an outlier nationally. This legislation proposes to change that. Importantly though, this is not a mandate. A virtual shareholder meeting may not be desirable for every company. This legislation simply gives those companies who have chosen to incorporate in our great state the same option as companies incorporated elsewhere.

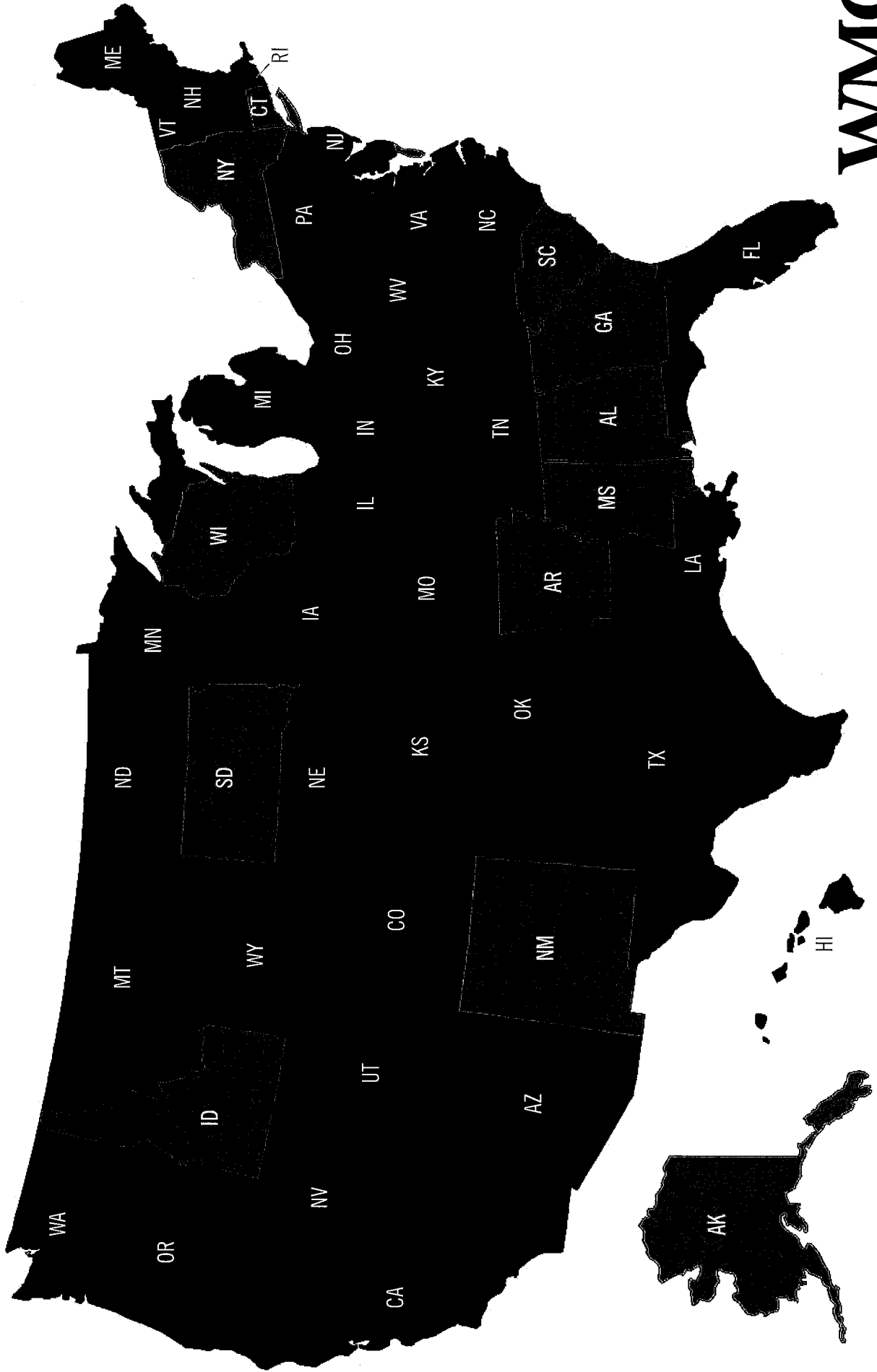
Thank you for your time, I would be happy to answer any questions you may have.

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Founded in 1911, WMC is Wisconsin's chamber of commerce and largest business trade association.

States Allowing Virtual Shareholder Participation



STATE LAWS RELATING TO ANNUAL SHAREHOLDER MEETINGS

<u>State</u>	<u>Relevant Statute</u>	<u>Link To Statute</u>	<u>Allows Virtual Shareholder Participation</u>
Alabama	Alabama Code § 10A-2-7.01	http://alisondb.legislature.state.al.us/alison/CodeOfAlabama/1975/10A-2-7.01.htm	No
Alaska	Alaska Statutes § 10.06.405	http://www.legis.state.ak.us/basis/statutes.asp#10.06.405	No
Arizona	Arizona Statutes § 10-708	http://www.azleg.gov/viewdocument/?docName=http://www.azleg.gov/ars/10/00708.htm	Yes
Arkansas	Arkansas Code § 4-26-701	http://www.lexisnexis.com/hottopics/arcode/Default.asp	No
California	California Corp. Code § 600	https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CORP&division=1.&title=1.&part=&chapter=6.&article=	Yes
Colorado	Colorado Statutes § 7-107-108	http://www.lexisnexis.com/hottopics/colorado/	Yes
Connecticut	Connecticut Statutes § 33-695	https://www.cga.ct.gov/current/pub/chap_601.htm#sec_33-695	No
Delaware	Delaware Code, Title 8, § 211	http://delcode.delaware.gov/title8/c001/sc07/index.shtml	Yes
Florida	Florida Statutes § 607.0701	http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App_mode=Display_Statute&Search_String=607.0701&URL=060-0699/0607/Sections/0607.0701.html	Yes
Georgia	Georgia Code § 14-2-701	http://www.lexisnexis.com/hottopics/gacode/Default.asp	No
Hawaii	Hawaii Statutes § 414-121	http://www.capitol.hawaii.gov/hrscurrent/Vol08/Ch0401-0429/HRS0414/HRS_0414-0121.htm	Yes
Idaho	Idaho Statutes § 30-1-701	https://legislature.idaho.gov/statutesrules/idstat/Title30/T30CH29/SECT30-29-701/	No
Illinois	805 Illinois Compiled Statutes 5/7.05	http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=080500050HArt%2E+7&ActID=2273&ChapterID=65&SeqStart=7300000&SeqEnd=9300000	Yes
Indiana	Indiana Code § 23-1-29-1	http://iga.in.gov/legislative/laws/2017/ic/titles/023#23-1-29	Yes
Iowa	Iowa Code § 490.709	https://www.legis.iowa.gov/docs/code/2017/490.709.pdf	Yes
Kansas	Kansas Statutes § 17-6501	http://kslegislature.org/li/b2017_18/statute/0170000000000000chapter/0170650000article/0170650001section/0170650001k/	Yes
Kentucky	Kentucky Statutes § 271B.7-080	http://www.lrc.ky.gov/statutes/statute.aspx?id=13359	Yes
Louisiana	Louisiana Statutes § 12:1-709	https://legis.la.gov/Legis/Law.aspx?d=1016258	Yes

STATE LAWS RELATING TO ANNUAL SHAREHOLDER MEETINGS

Maine	Maine Statutes § 13C-709	http://legislature.maine.gov/statutes/13-C/title13-Csec709.html	Yes
Maryland	Maryland Code, Corporations and Associations Article, § 2-503	http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gca&section=2-503&ext=html&session=2018RS&tab=subject5	Yes
Massachusetts	Massachusetts General Laws, Ch. 156D, § 7.08	https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter156D/Section7.08	Yes
Michigan	Michigan Laws § 450.1405	http://www.legislature.mi.gov/(S(45hxwemg4firk0qnoayyysj))/mileg.aspx?page=getObject&objectName=mcl-450-1405	Yes
Minnesota	Minnesota Statutes § 302A.436	https://www.revisor.mn.gov/statutes/?id=302A.436	Yes
Mississippi	Mississippi Code § 79-4-7.01	http://www.lexisnexis.com/hottopics/mscode/	No
Missouri	Missouri Statutes § 351.225	http://revisor.mo.gov/main/OneSection.aspx?section=351.225&bid=18716&hl=	Yes
Montana	Montana Code § 35-1-516	http://leg.mt.gov/bills/mca/title_0350/chapter_0010/part_0050/section_0160/0350-0010-0050-0160.html	Yes
Nebraska	Nebraska Statutes § 21-261	http://nebraskalegislature.gov/laws/statutes.php?statute=21-261	Yes
Nevada	Nevada Statutes § 78.320	https://www.leg.state.nv.us/NRS/NRS-078.html#NRS078Sec320	Yes
New Hampshire	New Hampshire Statutes § 293-A:7.09	http://www.gencourt.state.nh.us/rsa/html/XXVII/293-A/293-A-7.09.htm	Yes
New Jersey	New Jersey Statutes § 14A:5-1	http://lis.njleg.state.nj.us/nxt/gateway.dll?f=templates&fn=default.htm&vid=Publish:10.1048/Enu	Yes
New Mexico	New Mexico Statutes § 53-11-28	http://public.nmcompcomm.us/nmpublic/gateway.dll?f=templates&fn=default.htm	No
New York	New York Laws, Business Corporations, § 602	http://public.leginfo.state.ny.us/lawssrch.cgi?NVLWO:	No
North Carolina	North Carolina Statutes § 55-7-09	http://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_55/GS_55-7-09.pdf	Yes
North Dakota	North Dakota Century Code § 10-19.1-75.2	http://www.legis.nd.gov/cencode/t10c19-1.pdf#nameddest=10-19p1-75p2	Yes
Ohio	Ohio Code § 1701.40	http://codes.ohio.gov/orc/1701.40v1	Yes
Oklahoma	Oklahoma Statutes, Title 18, § 1056	http://webserver1.lsb.state.ok.us/OK_Statutes/CompleteTitles/os18.rtf	Yes
Oregon	Oregon Statutes, § 60.222	https://www.oregonlegislature.gov/bills_laws/ors/ors060.html	Yes
Pennsylvania	Pennsylvania Statutes §§ 1704, 1708	http://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=15&div=0&chpt=17&sectn=8&subsectn=0	Yes
Rhode Island	Rhode Island Laws § 7-1.2-701	http://webserver.rilin.state.ri.us/Statutes/TITLE7/7-1.2/7-1.2-701.HTM	Yes

STATE LAWS RELATING TO ANNUAL SHAREHOLDER MEETINGS

South Carolina	South Carolina Code § 33-7-101	http://www.scstatehouse.gov/code/t33c007.php	No
South Dakota	South Dakota Codified Laws § 47-1A-701	http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=47-1A-701	No
Tennessee	Tennessee Code § 48-17-109	https://www.lexisnexis.com/hottopics/tncode/	Yes
Texas	Texas Business Organizations Code § 6.002	http://www.statutes.legis.state.tx.us/Docs/BO/html/BO.6.htm#6.002	Yes
Utah	Utah Code § 16-10a-708	https://le.utah.gov/xcode/Title16/Chapter10A/16-10a-S708.html?v=C16-10a-S708_1800010118000101	Yes
Vermont	Vermont Statutes, Title 11A, § 7.01	http://legislature.vermont.gov/statutes/section/11A/007/00007.01	Yes
Virginia	Virginia Code § 13.1-660.2	https://law.lis.virginia.gov/vacode/13.1-660.2/	Yes
Washington	Washington Code § 23B.07.080	http://app.leg.wa.gov/RCW/default.aspx?cite=23B.07.080	Yes
West Virginia	West Virginia Code § 31D-7-708	http://www.legis.state.wv.us/WVCODE/Code.cfm?chap=31d&art=7#07	Yes
Wisconsin	Wisconsin Statutes § 180.0701	https://docs.legis.wisconsin.gov/statutes/statutes/180/VII/0701	No
Wyoming	Wyoming Statutes §§ 17-16-701, 708	http://legisweb.state.wy.us/NXT/gateway.dll?f=templates&fn=default.htm	Yes