

Senate Bill 469

By: Senators Smith of the 52nd, Meyer von Bremen of the 12th, Harp of the 29th and Reed of the 35th

AS PASSED

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 14 of the Official Code of Georgia Annotated, relating to corporations,
2 partnerships, and associations, so as to provide for the updating of provisions relating to
3 corporations, partnerships, and associations; to provide confirmation when an order for relief
4 with respect to a corporation has been entered pursuant to the federal Bankruptcy Code of
5 the power and authority of such corporation to take action pursuant to the decree of order or
6 the court or judge in such bankruptcy proceedings; to provide that a board of directors can
7 commit a corporation to submit a matter for shareholder approval even if the board of
8 directors subsequently determines to recommend against it later; to correct cross-references;
9 to change certain provisions relating to court ordered indemnification and advancement for
10 expenses; to confirm the authority of a court to order advancement of expenses before
11 determining a director's ultimate entitlement to indemnification; to provide statutory rules
12 of construction for language frequently used in mandatory indemnification provisions; to
13 change certain provisions relating to amendment to articles of incorporation by board of
14 directors and shareholders; to repeal certain provisions relating to amendment to articles of
15 incorporation pursuant to reorganization; to clarify existing law by expressly recognizing the
16 possibility of different treatment of shareholders in a plan of merger or share exchange; to
17 change certain provisions relating to merger; to change certain provisions relating to share
18 exchange; to change certain provisions relating to action on plan of merger; to change certain
19 provisions relating to merger with subsidiary; to change certain provisions relating to merger
20 with other entities; to change certain provisions relating to election to become limited
21 liability company; to streamline the process of permitting an entity to convert from one form
22 into another; to allow entities organized in other states to convert to certain corporations or
23 partnerships in this state; to change certain provisions relating to sale of assets requiring
24 shareholder approval; to change certain provisions relating to right to dissent; to change
25 provisions relating to dissolution by board of directors and shareholders; to change certain
26 provisions relating to amended certificate of authority; to change certain provisions relating
27 to corporate name of foreign corporation; to change certain provisions relating to election to
28 become a limited partnership; to change certain provisions relating to certificate of authority

1 for foreign limited partnerships; to change certain provisions relating to change of name or
 2 state of organization; to change certain provisions relating to amended certificate required
 3 for change of name or jurisdiction of organization; to change certain provisions relating to
 4 election to become a limited liability company; to add a filing fee for entity conversion; to
 5 change certain provisions relating to right to dissent; to provide for related matters; to repeal
 6 conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Title 14 of the Official Code of Georgia Annotated, relating to corporations, partnerships,
 10 and associations, is amended by adding a new Code Section 14-2-104 to the end of Part 1 of
 11 Article 1 of Chapter 2, relating to short title and reservation of power, to read as follows:

12 "14-2-104.

13 (a) Any corporation, an order for relief with respect to which has been entered pursuant
 14 to the federal Bankruptcy Code (11 U.S.C. Section 101, et seq.), may put into effect and
 15 carry out any decrees and orders of the court or judge in such bankruptcy proceeding and
 16 may take any corporate action provided or directed by such decrees and orders, without
 17 further action by its directors or shareholders. Such power and authority may be exercised,
 18 and such corporate action may be taken, as may be directed by such decrees and orders, by
 19 the trustee or trustees of such corporation appointed or elected in the bankruptcy
 20 proceeding, or a majority thereof, or, if none be appointed or elected and acting, by
 21 designated officers of the corporation, or by a representative appointed by the court or
 22 judge, with like effect as if exercised and taken by unanimous action of the directors and
 23 shareholders of the corporation.

24 (b) Such corporation may, in the manner provided in subsection (a) of this Code section,
 25 but without limiting the generality or effect of the foregoing, alter, amend, or repeal its
 26 bylaws; constitute or reconstitute and classify or reclassify its board of directors, and name,
 27 constitute, or appoint directors and officers in place of or in addition to all or some of the
 28 directors or officers then in office; amend its articles of incorporation, and make any
 29 change in its shares, or any other amendment, change, or alteration, or provision,
 30 authorized by this chapter; be dissolved, transfer all or part of its assets, merge or effect any
 31 share exchange in connection with any action taken under this Code section; change the
 32 location of its registered office, change its registered agent, and remove or appoint any
 33 agent to receive service of process; authorize and fix the terms, manner, and conditions of,
 34 the issuance of bonds, debentures, or other obligations, regardless of whether convertible
 35 into shares of any class or series, or bearing warrants or other evidences of optional rights

1 to purchase or subscribe for shares of any class or series; or lease its property and
 2 franchises to any corporation, if permitted by law. No shareholder shall have the right to
 3 dissent under Article 13 of this chapter with respect to such shareholder's shares in
 4 connection with any action taken under this Code section.

5 (c) Articles or a certificate of any amendment, correction, merger, share exchange, or
 6 dissolution, made by such corporation pursuant to this Code section, shall be filed with the
 7 Secretary of State in accordance with Code Section 14-2-120, and, subject to Code Section
 8 14-2-123 and subsection (c) of Code Section 14-2-124, shall thereupon become effective
 9 in accordance with its terms and the provisions thereof. Such articles, certificate, or other
 10 instrument shall be made, executed, and acknowledged, as may be directed by such decrees
 11 and orders, by the trustee or trustees appointed or elected in the bankruptcy proceeding, or
 12 a majority thereof, or, if none be appointed or elected and acting, by the officers of the
 13 corporation, or by a representative appointed by the court or judge, and shall certify that
 14 provision for the making of such articles, certificate, or instrument is contained in a decree
 15 or order of a court or judge having jurisdiction of a proceeding under the federal
 16 Bankruptcy Code.

17 (d) This Code section shall cease to apply to such corporation upon the entry of a final
 18 decree in the bankruptcy proceeding closing the case and discharging the trustee or
 19 trustees, if any; provided, however, that the closing of a case and discharge of trustee or
 20 trustees, if any, will not affect the validity of any act previously performed pursuant to
 21 subsection (a), (b), or (c) of this Code section.

22 (e) On filing any articles, certificate, report, or other paper made or executed pursuant to
 23 this Code section, there shall be paid to the Secretary of State for the use of the state the
 24 same fees as are payable by corporations not in bankruptcy upon the filing of like articles,
 25 certificates, agreements, reports, or other papers."

26 SECTION 2.

27 Said title is further amended by adding a new Code Section 14-2-305 to the end of Article
 28 3 of Chapter 2, relating to purposes and powers of business corporations, to read as follows:

29 "14-2-305.

30 Subject to the requirements set forth in paragraph (1) of subsection (b) of Code Section
 31 14-2-1003, with respect to the submission of amendments to the articles of incorporation
 32 to shareholders; paragraph (1) of subsection (b) of Code Section 14-2-1103, with respect
 33 to the submission of a plan of merger or share exchange to shareholders; paragraph (1) of
 34 subsection (b) of Code Section 14-2-1202, with respect to the submission of a disposition
 35 of assets requiring shareholder approval to shareholders; and paragraph (1) of subsection
 36 (b) of Code Section 14-2-1402, with respect to the submission of a proposed dissolution

1 to shareholders, a corporation may agree to submit a matter to a vote of its shareholders
 2 regardless of whether the board of directors determines at any time subsequent to adopting
 3 or approving such matter that such matter is no longer advisable and recommends that the
 4 shareholders reject or vote against the matter."

5 SECTION 3.

6 Said title is further amended by striking paragraph (2) of subsection (b) of Code Section
 7 14-2-401, relating to corporate name, and inserting in lieu thereof the following:

8 "(2) A corporate name reserved ~~or registered~~ under Code Section 14-2-402 ~~or 14-2-403;~~"

9 SECTION 4.

10 Said title is further amended by striking Code Section 14-2-854, relating to court ordered
 11 indemnification and advances for expenses, and inserting in lieu thereof the following:

12 "14-2-854.

13 (a) A director who is a party to a proceeding because he or she is a director may apply for
 14 indemnification or advance for expenses to the court conducting the proceeding or to
 15 another court of competent jurisdiction. After receipt of an application and after giving any
 16 notice it considers necessary, the court shall:

17 (1) Order indemnification or advance for expenses if it determines that the director is
 18 entitled to indemnification or advance for expenses under this part; or

19 (2) Order indemnification or advance for expenses if it determines, in view of all the
 20 relevant circumstances, that it is fair and reasonable to indemnify the director or to
 21 advance expenses to the director, even if the director has not met the relevant standard
 22 of conduct set forth in subsections (a) and (b) of Code Section 14-2-851, failed to comply
 23 with Code Section 14-2-853, or was adjudged liable in a proceeding referred to in
 24 paragraph (1) or (2) of subsection (d) of Code Section 14-2-851, but if the director was
 25 adjudged so liable, the indemnification shall be limited to reasonable expenses incurred
 26 in connection with the proceeding.

27 (b) If the court determines that the director is entitled to indemnification or advance for
 28 expenses under ~~this part~~ paragraph (1) of subsection (a) of this Code section, it ~~may~~ shall
 29 also order the corporation to pay the director's reasonable expenses to obtain ~~court-ordered~~
 30 court ordered indemnification or advance for expenses. If the court determines that the
 31 director is entitled to indemnification or advance for expenses under paragraph (2) of
 32 subsection (a) of this Code section, it may also order the corporation to pay the director's
 33 reasonable expenses to obtain court ordered indemnification or advance for expenses.

34 (c) The court may summarily determine, without a jury, a corporation's obligation to
 35 advance expenses."

SECTION 5.

Said title is further amended by striking Code Section 14-2-859, relating to application of part, and inserting in lieu thereof the following:

"14-2-859.

(a) A corporation may, by a provision in its articles of incorporation or bylaws or in a resolution adopted or a contract approved by its board of directors or shareholders, obligate itself in advance of the act or omission giving rise to a proceeding to provide indemnification or advance funds to pay for or reimburse expenses consistent with this part. Any such obligatory provision shall be deemed to satisfy the requirements for authorization referred to in subsection (c) of Code Section 14-2-853 or subsection (c) of Code Section 14-2-855. ~~Any such provision that obligates the corporation to provide indemnification to the fullest extent permitted by law shall be deemed to obligate the corporation to advance funds to pay for or reimburse expenses in accordance with Code Section 14-2-853 to the fullest extent permitted by law, unless the provision specifically provides otherwise.~~

(b) Any provision pursuant to subsection (a) of this Code section shall not obligate the corporation to indemnify or advance expenses to a director of a predecessor of the corporation, pertaining to conduct with respect to the predecessor, unless otherwise specifically provided. Any provision for indemnification or advance for expenses in the articles of incorporation, bylaws, or a resolution of the board of directors or shareholders, partners, or, in the case of limited liability companies, members or managers of a predecessor of the corporation or other entity in a merger or in a contract to which the predecessor is a party, existing at the time the merger takes effect, shall be governed by paragraph (3) of subsection (a) of Code Section 14-2-1106.

(c) A corporation may, by a provision in its articles of incorporation, limit any of the rights to indemnification or advance for expenses created by or pursuant to this part.

(d) This part ~~does~~ shall not limit a corporation's power to pay or reimburse expenses incurred by a director or an officer in connection with his or her appearance as a witness in a proceeding at a time when he or she is not a party.

(e) Except as expressly provided in Code Section 14-2-857, this part ~~does~~ shall not limit a corporation's power to indemnify, advance expenses to, or provide or maintain insurance on behalf of an employee or agent.

(f) Any provision in a corporation's articles of incorporation or bylaws or in a resolution adopted or contract approved by its board of directors or shareholders that obligates the corporation to provide indemnification to the fullest extent permitted by law shall, unless such provision or another provision in the corporation's articles of incorporation or bylaws

1 or in a resolution adopted or a contract approved by its board of directors or shareholders
 2 expressly provides otherwise, be deemed to obligate the corporation:

3 (1) To advance funds to pay for or reimburse expenses in accordance with Code Section
 4 14-2-853 to the fullest extent permitted by law; and

5 (2) To indemnify directors to the fullest extent permitted in Code Section 14-2-856,
 6 provided that such provision is duly authorized as required in subsection (a) of Code
 7 Section 14-2-856, and to indemnify officers to the fullest extent permitted in paragraph
 8 (2) of subsection (a) and subsection (b) of Code Section 14-2-857."

9 SECTION 6.

10 Said title is further amended by striking paragraph (1) of subsection (b) of Code Section
 11 14-2-1003, relating to amendment by board of directors and shareholders, and inserting in
 12 lieu thereof the following:

13 "(1) The board of directors ~~must recommend the amendment~~ shall also transmit to the
 14 shareholders a recommendation that the shareholders approve the amendment, unless the
 15 board of directors ~~elects~~ makes a determination that, because of a ~~conflict~~ conflicts of
 16 interest or other special circumstances, ~~to make no recommendation and communicates~~
 17 ~~the basis for its election to the shareholders with the amendment~~ it should either refrain
 18 from making such a recommendation or recommend that the shareholders reject or vote
 19 against the amendment, in which case the board of directors shall transmit to the
 20 shareholders the basis for such determination; and"

21 SECTION 7.

22 Said title is further amended by striking Code Section 14-2-1008, relating to amendment
 23 pursuant to reorganization, and inserting in lieu thereof the following:

24 "14-2-1008.

25 ~~(a) A corporation's articles of incorporation may be amended without action by the board~~
 26 ~~of directors or shareholders to carry out a plan of reorganization ordered or decreed by a~~
 27 ~~court of competent jurisdiction under federal statute if the articles of incorporation after~~
 28 ~~amendment contain only provisions required or permitted by Code Section 14-2-202.~~

29 ~~(b) The individual or individuals designated by the court shall deliver to the Secretary of~~
 30 ~~State for filing articles of amendment setting forth:~~

31 ~~(1) The name of the corporation;~~

32 ~~(2) The text of each amendment approved by the court;~~

33 ~~(3) The date of the court's order or decree approving the articles of amendment;~~

34 ~~(4) The title of the reorganization proceeding in which the order or decree was entered;~~

35 ~~and~~

1 ~~(5) A statement that the court had jurisdiction of the proceeding under federal statute.~~
 2 ~~(c) Shareholders of a corporation undergoing reorganization do not have dissenters' rights~~
 3 ~~except as and to the extent provided in the reorganization plan.~~
 4 ~~(d) This Code section does not apply after entry of a final decree in the reorganization~~
 5 ~~proceeding even though the court retains jurisdiction of the proceeding for limited purposes~~
 6 ~~unrelated to consummation of the reorganization plan. Reserved.~~"

7 SECTION 8.

8 Said title is further amended by striking Code Section 14-2-1101, relating to merger, and
 9 inserting in lieu thereof the following:

10 "14-2-1101.

11 (a) One or more corporations may merge into another corporation if the board of directors
 12 of each corporation adopts and its shareholders (if required by Code Section 14-2-1103)
 13 approve a plan of merger.

14 (b) The plan of merger must set forth:

15 (1) The name of each corporation planning to merge and the name of the surviving
 16 corporation into which each other corporation plans to merge;

17 (2) The terms and conditions of the merger; and

18 (3) The manner and basis of converting the shares of each corporation into shares or
 19 other securities, obligations, rights to acquire shares or other securities, of the surviving
 20 or any other corporation or into cash or other property in whole or in part cash, other
 21 property, or any combination of the foregoing, and if any shares of any holder of a class
 22 or series of shares are to be converted in a manner or basis different from any other
 23 holder of shares of such class or series, the manner or basis applicable to each such
 24 holder.

25 (c) The plan of merger may set forth:

26 (1) Amendments to the articles of incorporation of the surviving corporation; and

27 (2) A provision that the plan may be amended prior to the time the merger has become
 28 effective, but if shareholders of a corporation that is a party to the merger are required or
 29 permitted to vote on the plan, subsequent to approval of the plan by such shareholders the
 30 plan may not be amended to change in any respect not expressly authorized by such
 31 shareholders in connection with the approval of the plan:

32 (A) The amount or kind of shares or other securities, obligations, rights to acquire
 33 shares or other securities, cash, or other property to be received under the plan by the
 34 shareholders of any party to the merger if such change would adversely affect such
 35 shareholders;

1 (B) The articles of incorporation of any corporation that will survive as a result of the
 2 merger, except for changes permitted by Code Section 14-2-1002 or changes that would
 3 not adversely affect such shareholders; or

4 (C) Any of the other terms or conditions of the plan if such change would adversely
 5 affect such shareholders in any material respect; and

6 in the event that the plan of merger is amended after articles or a certificate of merger has
 7 been filed with the Secretary of State but before the merger has become effective, a
 8 certificate of amendment of merger executed on behalf of each party to the merger by an
 9 officer or other duly authorized representative shall be delivered to the Secretary of State
 10 for filing prior to the effectiveness of the merger; and

11 (3) Other provisions relating to the merger.

12 (d) Any of the terms of the plan of merger may be made dependent upon facts
 13 ascertainable outside of the plan of merger, provided that the manner in which such facts
 14 shall operate upon the terms of the merger is clearly and expressly set forth in the plan of
 15 merger. As used in this subsection, the term 'facts' includes, but is not limited to, the
 16 occurrence of any event, including a determination or action by any person or body,
 17 including the corporation."

18 SECTION 9.

19 Said title is further amended by striking Code Section 14-2-1102, relating to share exchange,
 20 and inserting in lieu thereof the following:

21 "14-2-1102.

22 (a) A corporation may acquire all of the outstanding shares of one or more classes or series
 23 of another corporation through a share exchange if the board of directors of each
 24 corporation adopts and its shareholders (if required by Code Section 14-2-1103) approve
 25 the share exchange.

26 (b) The plan of share exchange must set forth:

27 (1) The name of the corporation whose shares will be acquired and the name of the
 28 acquiring corporation;

29 (2) The terms and conditions of the share exchange; and

30 (3) The manner and basis of exchanging the shares to be acquired for shares; or other
 31 securities, obligations, rights to acquire shares or other securities, ~~of the acquiring or any~~
 32 ~~other corporation or for cash or other property in whole or in part~~ cash, other property,
 33 or any combination of the foregoing, and if any shares of any holder of a class or series
 34 of shares are to be exchanged in a manner or basis different from any other holder of
 35 shares of such class or series, the manner or basis applicable to each such holder.

1 (c) The plan of share exchange may set forth other provisions relating to the share
 2 exchange, including a provision that the plan may be amended prior to the time the share
 3 exchange has become effective, but if shareholders of a corporation that is a party to the
 4 share exchange are required or permitted to vote on the plan, subsequent to approval of the
 5 plan by such shareholders the plan may not be amended to change in any respect not
 6 expressly authorized by such shareholders in connection with the approval of the plan:

7 (1) The amount or kind of shares or other securities, obligations, rights to acquire shares
 8 or other securities, cash, or other property to be issued by the corporation or to be
 9 received under the plan by the shareholders of any party to the share exchange if such
 10 change would adversely affect such shareholders; or

11 (2) Any of the other terms or conditions of the plan if such change would adversely
 12 affect such shareholders in any material respect; and

13 in the event that the plan of share exchange is amended after articles or a certificate of
 14 share exchange has been filed with the Secretary of State but before the share exchange
 15 has become effective, a certificate of amendment of share exchange executed on behalf
 16 of each party to the share exchange by an officer or other duly authorized representative
 17 shall be delivered to the Secretary of State for filing prior to the effectiveness of the share
 18 exchange.

19 (d) Any of the terms of the plan of share exchange may be made dependent upon facts
 20 ascertainable outside of the plan of share exchange, provided that the manner in which such
 21 facts shall operate upon the terms of the share exchange is clearly and expressly set forth
 22 in the plan of share exchange. As used in this subsection, the term 'facts' includes, but is
 23 not limited to, the occurrence of any event, including a determination or action by any
 24 person or body, including the corporation.

25 (e) This Code section does not limit the power of a corporation to acquire all or part of the
 26 shares of one or more classes or series of another corporation through a voluntary exchange
 27 of shares or otherwise."

28 SECTION 10.

29 Said title is further amended by striking paragraph (1) of subsection (b) of Code Section
 30 14-2-1103, relating to action on plan, and inserting in lieu thereof the following:

31 "(1) The board of directors ~~must recommend the plan of merger or share exchange~~ shall
 32 also transmit to the shareholders a recommendation that the shareholders approve the
 33 plan, unless the board of directors ~~elects~~, makes a determination that, because of ~~conflict~~
 34 conflicts of interest or other special circumstances, ~~to make no recommendation and~~
 35 ~~communicates the basis for its election to the shareholders with the plan~~ it should either
 36 refrain from making such a recommendation or recommend that the shareholders reject

1 or vote against the plan, in which case the board of directors shall transmit to the
 2 shareholders the basis for such determination; and"

3 SECTION 11.

4 Said title is further amended by striking paragraph (2) of subsection (b) of Code Section
 5 14-2-1104, relating to merger with subsidiary, and inserting in lieu thereof the following:

6 "(2) The manner and basis of converting the shares of the parent or subsidiary into
 7 shares; or other securities, obligations, rights to acquire shares or other securities of the
 8 surviving corporation or any other corporation or into cash or other property in whole or
 9 in part securities, cash, other property, or any combination thereof, and if any shares of
 10 any holder of a class or series of shares are to be converted in a manner or basis different
 11 from any other holder of shares of such class or series, the manner or basis applicable to
 12 such holder."

13 SECTION 12.

14 Said title is further amended by striking subsection (d) of Code Section 14-2-1109, relating
 15 to merger with other entities, and inserting in lieu thereof the following:

16 "(d) The plan of merger:

17 (1) Must set forth:

18 (A) The name of each corporation and entity planning to merge and the name of the
 19 surviving corporation or entity into which each other corporation and entity plans to
 20 merge;

21 (B) The terms and conditions of the merger; and

22 (C) The manner and basis of converting the shares of each corporation and the shares,
 23 memberships, or financial or beneficial interests or units in each of the entities into
 24 shares; or other securities, obligations, rights to acquire shares or other securities, ~~of the~~
 25 ~~surviving or any other corporation or entity or into cash or other property in whole or~~
 26 ~~in part~~ cash, other property, or any combination of the foregoing, and if any shares of
 27 any holder of a class or series of shares are to be converted in a manner or basis
 28 different from any other holder of shares of such class or series, the manner or basis
 29 applicable to each such holder; and

30 (2) May set forth:

31 (A) Amendments to the articles of incorporation or governing agreements of the
 32 surviving corporation or entity; ~~and~~

33 (B) A provision that the plan may be amended prior to the time the merger has become
 34 effective, but if shareholders of a domestic corporation that is a party to the merger or
 35 shareholders, partners, or members of a domestic entity that is a party to the merger are

1 required or permitted to vote on the plan, subsequent to approval of the plan by such
 2 shareholders, partners, or members the plan may not be amended to change in any
 3 respect not expressly authorized by such approving shareholders, partners, or members
 4 in connection with the approval of the plan:

5 (i) The amount or kind of shares or other securities, obligations, rights to acquire
 6 shares or other securities, cash, or other property to be received under the plan by the
 7 shareholders, partners, or members of any party to the merger if such change would
 8 adversely affect such approving shareholders, partners, or members;

9 (ii) The articles or certificate of incorporation of any domestic or foreign corporation,
 10 or the governing agreements of any other entity, that will survive or be created as a
 11 result of the merger, except for changes permitted by Code Section 14-2-1002 or by
 12 comparable provisions of the law of the state or jurisdiction under which any such
 13 other entity was organized or changes that would not adversely affect such approving
 14 shareholders, partners, or members; or

15 (iii) Any of the other terms or conditions of the plan if such change would adversely
 16 affect such approving shareholders, partners, or members in any material respect; and
 17 in the event that the plan of merger is amended after articles or a certificate of merger
 18 has been filed with the Secretary of State but before the merger has become effective,
 19 a certificate of amendment of merger executed on behalf of each party to the merger by
 20 an officer or other duly authorized representative shall be delivered to the Secretary of
 21 State for filing prior to the effectiveness of the merger; and

22 (C) Other provisions relating to the merger."

23 SECTION 13.

24 Said title is further amended by striking Code Section 14-2-1109.1, relating to election to
 25 become a limited liability company, and inserting in lieu thereof the following:

26 "14-2-1109.1.

27 (a) As used in this Code section, the term:

28 (1) 'Limited ~~limited~~ liability company' means any limited liability company formed
 29 under Chapter 11 of this title.

30 (2) 'Limited partnership' means any limited partnership formed under Chapter 9 of this
 31 title.

32 (b) Pursuant to Code Section 14-11-212 or 14-9-206.2 and this Code section, a A
 33 corporation may elect to become a limited liability company or limited partnership if the
 34 board of directors adopts and its shareholders approve a plan of election conversion.

35 (c) The plan of ~~election~~ conversion must set forth:

1 (1) The name of the limited liability company or limited partnership to be formed
2 pursuant to such election;

3 (2) The manner and basis of converting the shares of such corporation into interests as
4 members of the limited liability company to be formed pursuant to such election or
5 interests as partners of the limited partnership to be formed pursuant to such election or
6 a statement that such information is contained in the written operating agreement
7 proposed for such limited liability company or the written limited partnership agreement
8 proposed for such limited partnership;

9 (3) The effective date and time of such election, if later than the date and time the
10 certificate of ~~election~~ conversion is filed;

11 (4) The contents of the articles of organization that shall be the articles of organization
12 of the limited liability company to be formed pursuant to such election unless and until
13 modified in accordance with the provisions of Chapter 11 of this title or the contents of
14 the certificate of limited partnership that shall be the certificate of limited partnership of
15 the limited partnership to be formed pursuant to such election unless and until modified
16 in accordance with the provisions of Chapter 9 of this title; and

17 (5)(A) The contents of the written operating agreement to be entered into among the
18 persons who will be the members of the limited liability company to be formed
19 pursuant to such election, which shall, if not separately provided in the plan of election,
20 state:

21 (i) The ~~the~~ manner and basis for the conversion of the shares of such corporation into
22 interests as members of the limited liability company to be formed pursuant to such
23 election; and

24 (ii) That ~~that notification that~~ approval of the election will be deemed to be execution
25 of the operating agreement by such persons; or

26 (B) The contents of the written limited partnership agreement to be entered into among
27 the persons who will be the partners of the limited partnership to be formed pursuant
28 to such election, which shall, if not separately provided in the plan of conversion, state:

29 (i) The manner and basis for the conversion of the shares of such corporation into
30 interests as partners of the limited partnership to be formed pursuant to such
31 conversion; and

32 (ii) That approval of the election will be deemed to be execution of the limited
33 partnership agreement by such persons.

34 (d) For a plan of ~~election~~ conversion to become a limited liability company or limited
35 partnership to be approved:

36 (1) The board of directors ~~must~~ shall submit the plan of conversion approved by the
37 shareholders and shall recommend the plan of ~~election~~ conversion to the shareholders in

1 the same manner and subject to the same exceptions as provided in ~~subsections (a)~~
 2 ~~through (d)~~ paragraph (1) of subsection (b) of the Code Section 14-2-1103, and may
 3 condition its submission and provide notice to each shareholder entitled to vote in the
 4 same manner as provided in subsections (c) and (d) of Code Section 14-2-1103; and

5 (2) All of the shareholders must approve the plan of ~~election~~ conversion.

6 (e) The plan of conversion may set forth other provisions relating to the conversion,
 7 including a provision that the plan may be amended prior to the time that the conversion
 8 has become effective, but subsequent to approval of the plan by shareholders the plan may
 9 not be amended to change in any respect not expressly authorized by such shareholders in
 10 connection with the approval of the plan:

11 (1) The amount or kind of interests, shares or other securities, obligations, or rights to
 12 acquire interests, shares or other securities to be received under the plan by the
 13 shareholders if the change would adversely affect such shareholders; or

14 (2) Any of the other terms or conditions of the plan if the change would adversely affect
 15 such shareholders in any material respect; and

16 in the event that the plan of conversion is amended after a certificate of conversion has
 17 been filed with the Secretary of State but before the conversion has become effective, a
 18 certificate of amendment of conversion executed by an officer or other duly authorized
 19 representative shall be delivered to the Secretary of State for filing prior to the
 20 effectiveness of the conversion.

21 (f) Any of the terms of the plan of conversion may be made dependent upon facts
 22 ascertainable outside of the plan of conversion, provided that the manner in which such
 23 facts shall operate upon the terms of the conversion is clearly and expressly set forth in the
 24 plan of conversion. As used in this subsection, the term 'facts' includes, but is not limited
 25 to, the occurrence of any event, including a determination or action by any person or body,
 26 including the corporation.

27 (g) After a conversion is authorized, unless the plan of conversion provides otherwise, and
 28 at any time before the conversion has become effective, the planned conversion may be
 29 abandoned, subject to any contractual rights, without further shareholder action, in
 30 accordance with the procedure set forth in the plan of conversion or, if none is set forth, in
 31 the manner determined by the board of directors.

32 ~~(e)~~(h) After a plan of ~~election~~ conversion is approved by the shareholders, the corporation
 33 shall deliver to the Secretary of State for filing a certificate of ~~election~~ conversion
 34 complying with subsection (b) of Code Section 14-11-212 or subsection (b) of Code
 35 Section 14-9-206.2, as applicable."

SECTION 14.

Said title is further amended by adding two new Code sections to the end of Part 1 of Article 11 of Chapter 2, relating to merger and share exchange, to read as follows:

"14-2-1109.2.

(a) A foreign corporation, domestic limited partnership, foreign limited partnership, domestic general partnership, foreign general partnership, domestic limited liability company, or foreign limited liability company may elect to become a corporation. Such election shall require the approval of all of the electing entity's partners, members, or shareholders, or such other approval or compliance as may be sufficient under applicable law or the governing documents of the electing entity to authorize such election.

(b) Such election shall be made by delivering a certificate of conversion to the Secretary of State for filing. The certificate shall set forth:

(1) The name and jurisdiction of organization of the entity making the election;

(2) That the entity elects to become a corporation;

(3) The effective date, or the effective date and time, of such conversion if later than the date and time the certificate of conversion is filed;

(4) That the election has been approved as required by subsection (a) of this Code section;

(5) That filed with the certificate of conversion are articles of incorporation that are in the form required by Code Section 14-2-202, setting forth a name for the corporation that satisfies the requirements of Code Section 14-2-401, and stating that such articles of incorporation shall be the articles of incorporation of the corporation formed pursuant to such election unless and until modified in accordance with this chapter; and

(6) If not provided for in the articles of incorporation required by paragraph (5) of this subsection, a statement setting forth the manner and basis for converting the ownership interests in the entity making the election into shares of the corporation formed pursuant to such election.

(c) Upon the election becoming effective:

(1) The electing entity shall become a corporation formed under this chapter by such election, except that the existence of the corporation so formed shall be deemed to have commenced on the date the entity making the election commenced its existence in the jurisdiction in which such entity was first created, formed, incorporated, or otherwise came into being;

(2) The ownership interests in the entity making the conversion shall be converted on the basis stated or referred to in the certificate of conversion in accordance with paragraph (6) of subsection (b) of this Code section;

1 (3) The articles of incorporation filed with the certificate of conversion shall be the
2 articles of incorporation of the corporation formed pursuant to such election unless and
3 until amended in accordance with this chapter;

4 (4) The governing documents of the entity making the election shall be of no further
5 force or effect;

6 (5) The corporation formed by such election shall thereupon and thereafter possess all
7 of the rights, privileges, immunities, franchises, and powers of the entity making the
8 election; all property, real, personal, and mixed, all contract rights, and all debts due to
9 such entity, as well as all other choses in action, and each and every other interest of or
10 belonging to or due to the entity making the election shall be taken and deemed to be
11 vested in the corporation formed by such election without further act or deed; the title to
12 any real estate, or any interest therein, vested in the entity making the election shall not
13 revert or be in any way impaired by reason of such election; and none of such items shall
14 be deemed to have been conveyed, transferred, or assigned by reason of such election for
15 any purpose; and

16 (6) The corporation formed by such election shall thereupon and thereafter be
17 responsible and liable for all the liabilities and obligations of the entity making the
18 election, and any claim existing or action or proceeding pending by or against such entity
19 may be prosecuted as if such election had not become effective. Neither the rights of
20 creditors nor any liens upon the property of the entity making such election shall be
21 impaired by such election.

22 (d) A conversion pursuant to this Code section shall not be deemed to constitute a
23 dissolution of the entity making the election and shall constitute a continuation of the
24 existence of the entity making the election in the form of a corporation. A corporation
25 formed by an election pursuant to this Code section shall for all purposes be deemed to be
26 the same entity as the entity making such election.

27 (e) A corporation formed by an election pursuant to this Code section may file a copy of
28 such certificate of conversion, certified by the Secretary of State, in the office of the clerk
29 of the superior court of the county where any real property owned by such corporation is
30 located and record such certified copy of the certificate of conversion in the books kept by
31 such clerk for recordation of deeds in such county with the entity electing to become a
32 corporation indexed as the grantor and the corporation indexed as the grantee. No real
33 estate transfer tax under Code Section 48-6-1 shall be due with respect to the recordation
34 of such election.

1 14-2-1109.3.

2 (a) A corporation may elect to become a foreign limited liability company, a foreign
3 limited partnership, or a foreign corporation, if such a conversion is permitted by the law
4 of the state or jurisdiction under whose law the resulting entity would be formed.

5 (b) To effect a conversion under this Code section, the corporation must adopt a plan of
6 conversion that sets forth the manner and basis of converting the shares of the corporation
7 into interests, shares, obligations, or other securities, as the case may be, of the resulting
8 entity. The plan of conversion may set forth other provisions relating to the conversion.

9 (c) For the plan of conversion to be adopted:

10 (1) The board of directors shall submit the plan of conversion for approval by the
11 shareholders and shall recommend the plan of conversion to the shareholders in the same
12 manner and subject to the same exceptions as provided in paragraph (1) of subsection (b)
13 of Code Section 14-2-1103, and may condition its submission and provide notice to each
14 shareholder entitled to vote in the same manner as provided in subsections (c) and (d) of
15 Code Section 14-2-1103; and

16 (2) All of the shareholders must approve the plan of conversion.

17 (d) The plan of conversion may set forth other provisions relating to the conversion,
18 including a provision that the plan may be amended prior to the time that the conversion
19 has become effective, but subsequent to approval of the plan by shareholders the plan may
20 not be amended to change in any respect not expressly authorized by such shareholders in
21 connection with the approval of the plan:

22 (1) The amount or kind of interests, shares or other securities, obligations, or rights to
23 acquire interests, shares or other securities to be received under the plan by the
24 shareholders if the change would adversely affect such shareholders; or

25 (2) Any of the other terms or conditions of the plan if the change would adversely affect
26 such shareholders in any material respect; and

27 in the event that the plan of conversion is amended after a certificate of conversion has
28 been filed with the Secretary of State but before the conversion has become effective, a
29 certificate of amendment of conversion executed by an officer or other duly authorized
30 representative shall be delivered to the Secretary of State for filing prior to the
31 effectiveness of the conversion.

32 (e) Any of the terms of the plan of conversion may be made dependent upon facts
33 ascertainable outside of the plan of conversion, provided that the manner in which such
34 facts shall operate upon the terms of the conversion is clearly and expressly set forth in the
35 plan of conversion. As used in this subsection, the term 'facts' includes, but is not limited
36 to, the occurrence of any event, including a determination or action by any person or body,
37 including the corporation.

1 (f) After a conversion is authorized, unless the plan of conversion provides otherwise, and
 2 at any time before the conversion has become effective, the planned conversion may be
 3 abandoned, subject to any contractual rights, without further shareholder action, in
 4 accordance with the procedure set forth in the plan of conversion or, if none is set forth, in
 5 the manner determined by the board of directors.

6 (g) The conversion shall be effected as provided in, and shall have the effects provided by,
 7 the law of the state or jurisdiction under whose law the resulting entity is formed and by
 8 the plan of conversion, to the extent not inconsistent with such law.

9 (h) If the resulting entity is required to obtain a certificate of authority to transact business
 10 in this state by the provisions of this title governing foreign corporations, foreign limited
 11 partnerships, or foreign limited liability companies, it shall do so pursuant to Code Section
 12 14-2-1501, 14-9-902, or 14-11-705."

13 SECTION 15.

14 Said title is further amended by striking paragraph (1) of subsection (b) of Code Section
 15 14-2-1202, relating to sale of assets requiring shareholder approval, and inserting in lieu
 16 thereof the following:

17 "(1) The board of directors ~~must recommend the proposed transaction~~ shall also transmit
 18 to the shareholders a recommendation that the shareholders approve the proposed
 19 disposition, unless the board of directors ~~elects;~~ makes a determination that, because of
 20 ~~conflict~~ conflicts of interest or other special circumstances, ~~to make no recommendation~~
 21 ~~and communicates the basis for its election to the shareholders with the submission of the~~
 22 ~~proposed transaction~~ it should either refrain from making such a recommendation or
 23 recommend that the shareholders reject or vote against the plan, in which case the board
 24 of directors shall transmit to the shareholders the basis for such determination; and"

25 SECTION 16.

26 Said title is further amended by striking subsection (c) of Code Section 14-2-1302, relating
 27 to right to dissent, and inserting in lieu thereof the following:

28 "(c) Notwithstanding any other provision of this article, there shall be no right of dissent
 29 in favor of the holder of shares of any class or series which, at the record date fixed to
 30 determine the shareholders entitled to receive notice of and to vote at a meeting at which
 31 a plan of merger or share exchange or a sale or exchange of property or an amendment of
 32 the articles of incorporation is to be acted on, were either listed on a national securities
 33 exchange or held of record by more than 2,000 shareholders, unless:

1 (1) In the case of a plan of merger or share exchange, ~~the~~ any holders of shares of the
 2 class or series are required under the plan of merger or share exchange to accept for their
 3 shares;

4 (A) Anything ~~anything~~ except shares of the surviving corporation or another publicly
 5 held corporation which at the effective date of the merger or share exchange are either
 6 listed on a national securities exchange or held of record by more than 2,000
 7 shareholders, except for scrip or cash payments in lieu of fractional shares; or

8 (B) Any shares of the surviving corporation or another publicly held corporation which
 9 at the effective date of the merger or share exchange are either listed on a national
 10 securities exchange or held of record by more than 2,000 shareholders that are different,
 11 in type or exchange ratio per share, from the shares to be provided or offered to any
 12 other holder of shares of the same class or series of shares in exchange for such shares;

13 or

14 (2) The articles of incorporation or a resolution of the board of directors approving the
 15 transaction provides otherwise."

16 SECTION 17.

17 Said title is further amended by striking subsection (b) of Code Section 14-2-1402, relating
 18 to dissolution by board of directors and shareholders, and inserting in lieu thereof the
 19 following:

20 "(1) The board of directors ~~must recommend dissolution~~ shall also transmit to the
 21 shareholders a recommendation that the shareholders approve the proposed dissolution,
 22 unless the board of directors ~~elects,~~ makes the recommendation that because of a ~~conflict~~
 23 conflicts of interest or other special circumstances, ~~to make no recommendation and~~
 24 ~~communicates the basis for its determination to the shareholders~~ it should either refrain
 25 from making such a recommendation or recommend that the shareholders reject or vote
 26 against dissolution, in which case the board of directors shall transmit to the shareholders
 27 the basis for such determination; and"

28 SECTION 18.

29 Said title is further amended by striking Code Section 14-2-1504, relating to amended
 30 certificate of authority, and inserting in lieu thereof the following:

31 "14-2-1504.

32 (a) A foreign corporation authorized to transact business in this state must obtain an
 33 amended certificate of authority from the Secretary of State if it changes:

34 (1) Its corporate name;

35 (2) The period of its duration; or

1 (3) The state or country of its incorporation.

2 (b) The requirements of Code Section 14-2-1503 for obtaining an original certificate of
3 authority apply to obtaining an amended certificate under this Code section.

4 (c) If a foreign corporation authorized to transact business in this state converts into a
5 foreign limited liability company:

6 (1) The foreign corporation shall notify the Secretary of State that such conversion has
7 occurred no later than 30 days after the conversion, using such form as the Secretary of
8 State shall specify, which form may require such information and statements as may be
9 required to be submitted by a foreign limited liability company that applies for a
10 certificate of authority to transact business in this state; and

11 (2) If such notice is timely given:

12 (A) The authorization of such entity to transact business in this state shall continue
13 without interruption; and

14 (B) The certificate of authority issued to such foreign corporation under this article
15 shall constitute a certificate of authority issued under Code Section 14-11-704 to the
16 foreign limited liability company resulting from the conversion effective as of the date
17 of the conversion.

18 The Secretary of State shall adjust its records accordingly.

19 (d) If a foreign corporation authorized to transact business in this state converts into a
20 foreign limited partnership:

21 (1) The foreign corporation shall notify the Secretary of State that such conversion has
22 occurred no later than 30 days after the conversion, using such form as the Secretary of
23 State shall specify, which form may require such information and statements as may be
24 required to be submitted by a foreign limited partnership that applies for a certificate of
25 authority to transact business in this state; and

26 (2) If such notice is timely given:

27 (A) The authorization of such entity to transact business in this state shall continue
28 without interruption; and

29 (B) The certificate of authority issued to such foreign corporation under this part shall
30 constitute a certificate of authority issued under Code Section 14-9-903 to the foreign
31 limited partnership resulting from the conversion effective as of the date of the
32 conversion.

33 The Secretary of State shall adjust its records accordingly."

1 (A) The manner and basis for converting the ~~shares of the corporation, the membership~~
 2 ~~interests of the members of the limited liability company, or the interests of the partners~~
 3 ~~in the general partnership~~ ownership interests in the entity making the election into
 4 interests as ~~members~~ partners of the limited partnership formed pursuant to such
 5 election; or

6 (B)(i) That a written limited partnership agreement has been entered into among the
 7 persons who will be the ~~members~~ partners of the limited partnership formed pursuant
 8 to such election;

9 (ii) That such limited partnership agreement will be effective immediately upon the
 10 effectiveness of such election; and

11 (iii) That such limited partnership agreement provides for the manner and basis of
 12 such conversion.

13 (c) Upon the election becoming effective the:

14 (1) ~~Corporation, limited liability company, or general partnership~~ Electing entity shall
 15 become a limited partnership formed under this chapter by such election except that the
 16 existence of the limited partnership so formed shall be deemed to have commenced on
 17 the date the entity making the election commenced its existence in the jurisdiction in
 18 which such entity was first created, formed, incorporated, or otherwise came into being;

19 (2) Ownership ~~Shares of the corporation, interests in the limited liability company, or the~~
 20 ~~interests of the partners of the general partnership~~ entity making the election shall be
 21 converted on the basis stated or referred to in the certificate of ~~election~~ conversion in
 22 accordance with paragraph (6) of subsection (b) of this Code section;

23 (3) Certificate of limited partnership filed with the certificate of ~~election~~ conversion shall
 24 be the certificate of limited partnership of the limited partnership formed pursuant to such
 25 election unless and until amended in accordance with this chapter;

26 (4) Governing documents of the entity ~~Articles of incorporation and bylaws of the~~
 27 ~~corporation, articles of organization and operating agreement of the limited liability~~
 28 ~~company, or partnership agreement and statement of partnership, if any, of the general~~
 29 ~~partnership~~ making the election shall be of no further force or effect;

30 (5) Limited partnership formed by such election shall thereupon and thereafter possess
 31 all of the rights, privileges, immunities, franchises, and powers of the ~~corporation, limited~~
 32 ~~liability company, or general partnership~~ entity making the election; and all property,
 33 real, personal, and mixed, all contract rights, and all debts due to such ~~corporation,~~
 34 ~~limited liability company, or general partnership~~ entity, as well as all other choses in
 35 action, and each and every other interest of, belonging to, or due to the ~~corporation,~~
 36 ~~limited liability company, or general partnership~~ entity making the election shall be taken
 37 and deemed to be vested in the limited partnership formed by such election without

1 further act or deed; ~~and~~ the title to any real estate, or any interest in real estate, vested in
 2 the ~~corporation, limited liability company, or general partnership~~ entity making the
 3 election shall not revert or be in any way impaired by reason of such election; and none
 4 of such items shall be deemed to have been conveyed, transferred, or assigned by reason
 5 of such election for any purpose; and

6 (6) Limited partnership formed by such election shall thereupon and thereafter be
 7 responsible and liable for all the liabilities and obligations of the ~~corporation, limited~~
 8 ~~liability company, or general partnership~~ entity making the election, and any claim
 9 existing or action or proceeding pending by or against such ~~corporation, limited liability~~
 10 ~~company, or general partnership~~ entity may be prosecuted as if such election had not
 11 become effective. Neither the rights of creditors nor any liens upon the property of the
 12 ~~corporation, limited liability company, or general partnership~~ entity making such election
 13 shall be impaired by such election.

14 (d) A conversion pursuant to this Code section shall not be deemed to constitute a
 15 dissolution of the entity making the election and shall constitute a continuation of the
 16 existence of the entity making the election in the form of a limited partnership. A limited
 17 partnership formed by an election pursuant to this Code section shall for all purposes be
 18 deemed to be the same entity as the entity making such election.

19 (e) A limited partnership formed by the ~~foregoing~~ election pursuant to this Code section
 20 may file a copy of the ~~foregoing election to become a limited partnership~~ such certificate
 21 of conversion, certified by the Secretary of State, in the office of the clerk of the superior
 22 court of the county where any real property owned by such limited partnership is located
 23 and record such certified copy of the ~~election~~ certificate of conversion in the books kept
 24 by such clerk for recordation of deeds in such county with the entity electing to become a
 25 limited partnership indexed as the grantor and the limited partnership indexed as the
 26 grantee. No real estate transfer tax under Code Section 48-6-1 shall be due with respect
 27 to the recordation of such election.

28 (e)(f) The Secretary of State shall be authorized to promulgate such rules and charge such
 29 filing fees as are necessary to carry out the purpose of this Code section."

30 SECTION 21.

31 Said title is further amended by adding a new Code Section 14-9-206.8 to the end of Article
 32 2 of Chapter 9, relating to formation, amendment, cancellation, and merger, to read as
 33 follows:

1 "14-9-206.8.

2 (a) A limited partnership may elect to become a foreign limited liability company, a
3 foreign limited partnership, or a foreign corporation, if such a conversion is permitted by
4 the law of the state or jurisdiction under whose law the resulting entity would be formed.

5 (b) To effect a conversion under this Code section, the limited partnership must adopt a
6 plan of conversion that sets forth the manner and basis of converting the interests of the
7 partners of the limited partnership into interests, shares, obligations, or other securities, as
8 the case may be, of the resulting entity. The plan of conversion may set forth other
9 provisions relating to the conversion.

10 (c) The limited partnership shall have the plan of conversion authorized and approved by
11 the unanimous consent of the partners, unless the limited partnership agreement of such
12 limited partnership provides otherwise.

13 (d) After a conversion is authorized, unless the plan of conversion provides otherwise, and
14 at any time before the conversion has become effective, the planned conversion may be
15 abandoned, subject to any contractual rights, in accordance with the procedure set forth in
16 the plan of conversion or, if none is set forth, by the unanimous consent of the partners of
17 the limited partnership, unless the limited partnership agreement of such limited
18 partnership provides otherwise.

19 (e) The conversion shall be effected as provided in, and shall have the effects provided by,
20 the law of the state or jurisdiction under whose law the resulting entity is formed and by
21 the plan of conversion, to the extent not inconsistent with such law.

22 (f) If the resulting entity is required to obtain a certificate of authority to transact business
23 in this state by the provisions of this title governing foreign corporations, foreign limited
24 partnerships, or foreign limited liability companies, it shall do so."

25 **SECTION 22.**

26 Said title is further amended by striking the introductory language of Code Section 14-9-902,
27 relating to the certificate of authority for foreign limited partnerships, and inserting in lieu
28 thereof the following:

29 "(a) A foreign limited partnership transacting business in this state shall procure a
30 certificate of authority to do so from the Secretary of State. In order to procure a certificate
31 of authority to transact business in this state, a foreign limited partnership shall submit to
32 the Secretary of State an application for a certificate of authority as a foreign limited
33 partnership, signed ~~and sworn to~~ by a general partner setting forth:"

1 and 14-2-1503 to the foreign corporation resulting from the conversion effective as of
 2 the date of the conversion.

3 The Secretary of State shall adjust its records accordingly."

4 **SECTION 24.**

5 Said title is further amended by striking Code Section 14-11-212, relating to election to
 6 become a limited liability company, and inserting in lieu thereof the following:

7 "14-11-212.

8 (a) A corporation, ~~limited~~ foreign corporation, foreign limited liability company, limited
 9 partnership, foreign limited partnership, general partnership, or foreign general partnership
 10 may elect to become a limited liability company. Such election shall require (1)
 11 compliance with Code Section 14-2-1109.1 in the case of a Georgia corporation, or (2) the
 12 approval of all of its partners, members or shareholders (or such other approval or
 13 compliance as may be sufficient under applicable law or the governing documents of the
 14 electing entity to authorize such election) in the case of a foreign corporation, foreign
 15 limited liability company, limited partnership, or foreign limited partnership, or foreign
 16 general partnership.

17 (b) Such election is made by delivering a certificate of ~~election~~ conversion to the Secretary
 18 of State for filing. The certificate shall set forth:

19 (1) ~~The name of the corporation, limited partnership, or general partnership and~~
 20 jurisdiction of organization of the entity making the election;

21 (2) That the ~~corporation, limited partnership, or general partnership~~ entity elects to
 22 become a limited liability company;

23 (3) The effective date, or the effective date and time, of such election if later than the
 24 date and time the certificate of ~~election~~ conversion is filed;

25 (4) That the election has been approved as required by subsection (a) of this Code
 26 section;

27 (5) That filed with the certificate of ~~election~~ conversion are articles of organization that
 28 are in the form required by Code Section 14-11-204, that set forth a name for the limited
 29 liability company that satisfies the requirements of Code Section 14-11-207, and that
 30 shall be the articles of organization of the limited liability company formed pursuant to
 31 such election unless and until modified in accordance with this chapter; and

32 (6) A statement ~~that~~ setting forth either (A) ~~states~~ the manner and basis for converting
 33 ~~the shares of the corporation or the interests of the partners in the limited partnership or~~
 34 ~~general partnership~~ ownership interests in the entity making the election into interests as
 35 members of the limited liability company formed pursuant to such election, or (B) ~~states~~

36 (i) that a written operating agreement has been entered into among the persons who will

1 be the members of the limited liability company formed pursuant to such election, (ii)
2 that such operating agreement will be effective immediately upon the effectiveness of
3 such election, and (iii) that such operating agreement provides for the manner and basis
4 of such conversion.

5 (c) Upon the election becoming effective:

6 (1) ~~The corporation, limited partnership, or general partnership~~ electing entity shall
7 become a limited liability company formed under this chapter by such election except
8 that the existence of the limited liability company so formed shall be deemed to have
9 commenced on the date the entity making the election commenced its existence in the
10 jurisdiction in which such entity was first created, formed, incorporated, or otherwise
11 came into being;

12 (2) ~~The shares of the corporation or the interests of the partners of the limited partnership~~
13 ~~or general partnership~~ ownership interests in the entity making the election shall be
14 converted on the basis stated or referred to in the certificate of ~~election~~ conversion in
15 accordance with paragraph (6) of subsection (b) of this Code section;

16 (3) The articles of organization filed with the certificate of ~~election~~ conversion shall be
17 the articles of organization of the limited liability company formed pursuant to such
18 election unless and until amended in accordance with this chapter;

19 (4) ~~The articles of incorporation and bylaws of the corporation, certificate of limited~~
20 ~~partnership and partnership agreement of the limited partnership, or partnership~~
21 ~~agreement and statement of partnership, if any, of the general partnership~~ governing
22 documents of the entity making the election shall be of no further force or effect;

23 (5) The limited liability company formed by such election shall thereupon and thereafter
24 possess all of the rights, privileges, immunities, franchises, and powers of the
25 ~~corporation, limited partnership, or general partnership~~ entity making the election; and
26 all property, real, personal, and mixed, all contract rights, and all debts due to such
27 ~~corporation, limited partnership, or general partnership~~ entity, as well as all other choses
28 in action, and each and every other interest of or belonging to or due to the ~~corporation,~~
29 ~~limited partnership, or general partnership~~ entity making the election shall be taken and
30 deemed to be vested in the limited liability company formed by such election without
31 further act or deed; and the title to any real estate, or any interest therein, vested in the
32 ~~corporation, limited partnership, or general partnership~~ entity making the election shall
33 not revert or be in any way impaired by reason of such election; and none of such items
34 shall be deemed to have been conveyed, transferred, or assigned by reason of such
35 election for any purpose; and

36 (6) The limited liability company formed by such election shall thereupon and thereafter
37 be responsible and liable for all the liabilities and obligations of the ~~corporation, limited~~

1 ~~partnership, or general partnership~~ entity making the election, and any claim existing or
 2 action or proceeding pending by or against such ~~corporation, limited partnership, or~~
 3 ~~general partnership~~ entity may be prosecuted as if such election had not become effective.
 4 Neither the rights of creditors nor any liens upon the property of the ~~corporation, limited~~
 5 ~~partnership, or general partnership~~ entity making such election shall be impaired by such
 6 election.

7 (d) A conversion pursuant to this Code section shall not be deemed to constitute a
 8 dissolution of the entity making the election and shall constitute a continuation of the
 9 existence of the entity making the election in the form of a limited liability company. A
 10 limited liability company formed by an election pursuant to this Code section shall for all
 11 purposes be deemed to be the same entity as the entity making such election.

12 (e) A limited liability company formed by an election pursuant to this Code section may
 13 file a copy of such ~~election to become a limited liability company~~ certificate of conversion,
 14 certified by the Secretary of State, in the office of the clerk of the superior court of the
 15 county where any real property owned by such limited liability company is located and
 16 record such certified copy of the ~~election~~ certificate of conversion in the books kept by
 17 such clerk for recordation of deeds in such county with the entity electing to become a
 18 limited liability company indexed as the grantor and the limited liability company indexed
 19 as the grantee. No real estate transfer tax under Code Section 48-6-1 shall be due with
 20 respect to recordation of such election."

21 SECTION 25.

22 Said title is further amended by striking Code Section 14-11-706, relating to amended
 23 certificate required for change of name or jurisdiction of organization, and inserting in lieu
 24 thereof the following:

25 "14-11-706.

26 (a) A foreign limited liability company authorized to transact business in this state must
 27 procure an amended certificate of authority from the Secretary of State if it changes its
 28 name or its jurisdiction of organization. The requirements of Code Sections 14-11-702 and
 29 14-11-704 for procuring an original certificate of authority shall apply to procuring an
 30 amended certificate under this Code section.

31 (b) If a foreign limited liability company authorized to transact business in this state
 32 converts into a foreign limited partnership:

33 (1) The foreign limited liability company shall notify the Secretary of State that such
 34 conversion has occurred no later than 30 days after the conversion, using such form as
 35 the Secretary of State shall specify, which form may require such information and

1 statements as may be required to be submitted by a foreign limited partnership that
 2 applies for a certificate of authority to transact business in this state; and

3 (2) If such notice is timely given:

4 (A) The authorization of such entity to transact business in this state shall continue
 5 without interruption; and

6 (B) The certificate of authority issued to such foreign limited liability company under
 7 this article shall constitute a certificate of authority issued under Code Section
 8 14-11-903 to the foreign limited partnership resulting from the conversion effective as
 9 of the date of the conversion.

10 The Secretary of State shall adjust its records accordingly.

11 (c) If a foreign limited liability company authorized to transact business in this state
 12 converts into a foreign corporation:

13 (1) The foreign limited liability company shall notify the Secretary of State that such
 14 conversion has occurred no later than 30 days after the conversion, using such form as
 15 the Secretary of State shall specify, which form may require such information and
 16 statements as may be required to be submitted by a foreign corporation that applies for
 17 a certificate of authority to transact business in this state; and

18 (2) If such notice is timely given:

19 (A) The authorization of such entity to transact business in this state shall continue
 20 without interruption; and

21 (B) The certificate of authority issued to such foreign limited liability company under
 22 this article shall constitute a certificate of authority issued under Code Section
 23 14-2-1501 to the foreign corporation resulting from the conversion effective as of the
 24 date of the conversion.

25 The Secretary of State shall adjust its records accordingly."

26 **SECTION 26.**

27 Said title is further amended by adding a new Code Section 14-11-906 to the end of Article
 28 9 of Chapter 11, relating to merger, to read as follows:

29 "14-11-906.

30 (a) A limited liability company may elect to become a foreign limited liability company,
 31 a foreign limited partnership, or a foreign corporation, if such a conversion is permitted by
 32 the law of the state or jurisdiction under whose law the resulting entity would be formed.

33 (b) To effect a conversion under this Code section, the limited liability company must
 34 adopt a plan of conversion that sets forth the manner and basis of converting the interests
 35 of the members of the limited liability company into interests, shares, obligations, or other

1 securities, as the case may be, of the resulting entity. The plan of conversion may set forth
2 other provisions relating to the conversion.

3 (c) The limited liability company shall have the plan of conversion authorized and
4 approved by the unanimous consent of the members, unless the articles of organization or
5 a written operating agreement of such limited liability company provides otherwise.

6 (d) After a conversion is authorized, unless the plan of conversion provides otherwise, and
7 at any time before the conversion has become effective, the planned conversion may be
8 abandoned, subject to any contractual rights, in accordance with the procedure set forth in
9 the plan of conversion or, if none is set forth, by the unanimous consent of the members
10 of the limited liability company, unless the articles of organization or a written operating
11 agreement of such limited liability company provides otherwise.

12 (e) The conversion shall be effected as provided in, and shall have the effects provided by,
13 the law of the state or jurisdiction under whose law the resulting entity is formed and by
14 the plan of conversion, to the extent not inconsistent with such law.

15 (f) If the resulting entity is required to obtain a certificate of authority to transact business
16 in this state by the provisions of this title governing foreign corporations, foreign limited
17 partnerships, or foreign limited liability companies, it shall do so."

18 **SECTION 27.**

19 Said title is further amended by adding a new paragraph (16) to subsection (a) of Code
20 Section 14-11-1101, relating to filing fees and penalties, to read as follows:

21 "(16) All foreign entity conversions 95.00"

22 **SECTION 28.**

23 Said title is further amended by striking subsection (a) of Code Section 14-11-1002, relating
24 to right to dissent, and inserting in lieu thereof the following:

25 "(a) Unless otherwise provided by the articles of organization or a written operating
26 agreement, a record member of the limited liability company is entitled to dissent from, and
27 obtain payment of the fair value of his or her membership interest in the event of, any of
28 the following actions:

29 (1) Consummation of a plan of merger to which the limited liability company is a party
30 if approval of less than all of the members of the limited liability company is required for
31 the merger by the articles of organization or a written operating agreement and the
32 member is entitled to vote on the merger;

33 (2) Consummation of a plan of conversion pursuant to Code Section 14-2-1109.2 or
34 14-11-906;

1 (3) Consummation of a sale, lease, exchange, or other disposition of all or substantially
 2 all of the property of the limited liability company if approval of less than all of the
 3 members is required by the articles of organization or a written operating agreement and
 4 the member is entitled to vote on the sale, lease, exchange, or other disposition, but not
 5 including a sale pursuant to court order or a sale for cash pursuant to a plan by which all
 6 or substantially all of the net proceeds of the sale will be distributed to the members
 7 within one year after the date of sale;

8 ~~(3)~~(4) An amendment of the articles of organization that materially and adversely affects
 9 rights in respect of a dissenter's membership interest in the limited liability company
 10 because it:

11 (A) Alters or abolishes a preferential right of the member's interest;

12 (B) Creates, alters, or abolishes a right in respect of redemption, including a provision
 13 respecting a sinking fund for the redemption or repurchase, of the membership interest;

14 (C) Alters or abolishes a preemptive right of the holder of the membership interest to
 15 acquire additional interest or other securities;

16 (D) Excludes or limits the right of the member to vote on any matter, other than a
 17 limitation by dilution through additional member contributions or other securities with
 18 similar voting rights; or

19 (E) Cancels, redeems, or repurchases all or part of the membership interest of the class;
 20 or

21 ~~(4)~~(5) Any limited liability company action taken pursuant to a member vote to the
 22 extent that the articles of organization or a written operating agreement provides that
 23 voting or nonvoting members are entitled to dissent and obtain payment for their
 24 membership interests."

25 SECTION 29.

26 All laws and parts of laws in conflict with this Act are repealed.