



**DELBERT HOSEMANN**  
*Secretary of State*

**2011 Corporations Law Study Group**

**Minutes of the Corporation Law Study Group, Meeting #1**

**June 8, 2011**

This meeting of the Corporations Law Study Group (hereinafter the “Study Group” or the “Committee”) was called to order on Wednesday, June 08, 2011 at 11:05 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of the persons in attendance is attached as Exhibit A.

**Welcome and Introduction**

Ryan Pratt, Assistant Secretary of State for the Policy and Research Division (the “Division”), welcomed everyone, and thanked all participants for giving their time and dedication to this year’s group. An Introduction of all those members in attendance was made, as well as those members who were in attendance by phone.

**Remarks by the Secretary**

Secretary of State Delbert Hosemann introduced himself and thanked all of the members for their presence and dedication to this year’s group. Secretary Hosemann discussed the work of past year’s study groups and the successes which they have achieved in the Mississippi legislature. The Secretary addressed his goals for this year’s Corporations Study Group, emphasizing his desire for Mississippi’s business laws to be the most favorable to today’s business climate, in order to attract and retain profitable business activity in the state. Secretary Hosemann noted fiduciary standards of directors and electronic communication as a means of addressing provisions favorable to corporations.

**Overview of Business Services Division**

Tom Riley, Assistant Secretary of State for the Business Services Division, welcomed everyone, thanked them for coming, and gave a brief update on the current status of his division. He noted the success of the UCC filing software as well as recent changes to LLC filings with his division. He discussed the changes in Nonprofit Corporations Act and noted that his office has begun to implement a provision which was passed in 1988 to allow for status reports and the dissolution of inactive Nonprofits.

## Remarks by Co-Chairs

Co-Chairs Joyce Hall and Barry Jones were introduced to the group and each made a few remarks.

Ms. Hall thanked everyone for their time and participation and confirmed her desires for this group were the same as Secretary Hosemann's, that Mississippi's business laws will be the most favorable to today's business climate. She also expressed her desire for Mississippi's business laws to attract new corporations to the state and to retain those already located here, in an effort to promote economic growth and job creation in Mississippi. Further, Ms. Hall stated that sub-groups would be formed following the direction of the topics covered in this meeting, and that individuals were free to sign up for those which were of interest to them.

Barry Jones welcomed and thanked the group for their participation in this year's study group.

## Overview of the Issues

Mr. Pratt outlined some issues which had already been researched or discussed by the Division in recent months or in prior years, and he also encouraged everyone to offer any new ideas or topics which they wished to see discussed.

**Senate Bill 2699.** Mr. Pratt mentioned Senate Bill 2699, which was the product of last year's study group, and the possibility of revisiting those provisions which were not passed, including electronic communications and liabilities among members.

**Corporate Headquarter Incentives.** Another focus of this year's group will be on incentives for corporate headquarters. Mr. Pratt directed everyone's attention to the chart provided in today's meeting materials, which provides a general overview of how Mississippi's incentive program stacks up to those of surrounding states. He also discussed that research had been done, and will continue to be done, on the laws in Delaware and Nevada, since they seem to currently be the most favorable to corporate entities.

**Domestication.** Another idea offered by Mr. Pratt and further discussed by Mr. Riley was the topic of domesticating other state's corporations in Mississippi. Mr. Riley covered some of the logistical complications he has seen many foreign corporations have to go through as they try to establish themselves in Mississippi. He proposed the idea of looking into a way to change the statutory laws to provide a more streamlined system for such corporations. Mr. Henry Chatham and Ms. Cheryn Baker added that the implications of such a change to the statute would require a number of cross references therefore producing a large bill, which would likely have a low possibility of passage in the Legislature.

**Model Act.** Ms. Baker proposed the idea that the Study Group review the Model Act to determine if any new changes have been made since the previous year. Mr. Chatham indicated there were no significant changes to the Model Act.

**Series LLCs.** Mr. Pratt then mentioned the prospect of Series LLCs, which Mr. Patrick McCraney explained to the group. Mr. McCraney suggested that from his knowledge, such a set up seems like a good idea and that perhaps this is something which the group could look at in more detail. Mr. McCraney noted Delaware's lead role in utilizing Series LLCs.

### **Request for Input from Study Group Members**

Mr. Pratt asked the members if there was any other topic which the group should address. Mr. Tom Riley brought up the issue of business identity theft happening in Colorado and the trend of many states to reduce the number of years from 5 to 1 when requiring court approval to reinstate a dissolved corporation in an effort to avoid such theft. He poses this question in light of the extraordinary number of LLCs which will be dissolved this coming year under the newly implemented policies of his division. Mr. Riley also brought up the idea of virtual corporations and noted that Vermont is currently the only state which allows such a thing to exist. Mr. Mark Hosemann suggested adding a member to the group from the Mississippi Tax Commission, since they are the agency given the discretion to define many of the requirements for corporate headquarters, in order to be eligible for available tax incentives under the applicable statute.

There being no further questions or comments, Mr. Pratt announced that he is open for suggestions in the future. Mr. Pratt and Ms. Hall reminded everyone that an email would be sent out with finalized sub groups for which they could sign up.

### **Reminder of Upcoming Meetings**

After a reminder of the upcoming meeting scheduled for July 6<sup>th</sup> at 11:00 in the Ladner Building on Mississippi Street, the meeting was adjourned at 11:52 P.M.