AN ACT

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- RHODE ISLAND BUSINESS CORPORATION ACT

Introduced By: Representatives Marszalkowski, McLaughlin, and Quattrocchi

Date Introduced: March 01, 2017

Referred To: House Corporations

(Secretary of State)

It is enacted by the General Assembly as follows:

SECTION 1. Sections 7-1.2-1003, 7-1.2-1008, 7-1.2-1301, 7-1.2-1309, 7-1.2-1310, 7-1.2-1413 and 7-1.2-1414 of the General Laws in Chapter 7-1.2 entitled "Rhode Island Business Corporation Act" are hereby amended to read as follows:

7-1.2-1003. Articles of merger.

(a) Upon approval, articles of merger must be executed by each corporation by its authorized representative and must state:

(1) The plan of merger.

(2) If, pursuant to § 7-1.2-1005, the merger is to become effective at a time subsequent to the issuance of the certificate of merger by the secretary of state, the date when the merger is to become effective.

(b) The original articles of merger must be delivered to the secretary of state. If the secretary of state finds that the articles conform to law, and, unless the surviving corporation is a Rhode Island corporation, that all fees and taxes have been paid, as evidenced by an appropriate certificate of good standing issued by the Rhode Island division of taxation, the secretary of state shall:

(1) Endorse on the original the word "Filed," and the month, day, and year of the filing;

(2) File the original in his or her office; and

(3) Issue a certificate of merger.
(c) The secretary of state shall deliver the certificate of merger to the surviving or new corporation, as the case may be, or its representative.

7-1.2-1008. Conversion of a domestic corporation to other entities.

(a) A corporation of this state may, upon the authorization of such conversion in accordance with this section, convert to a limited liability company, business trust or association, real estate investment trust, common-law trust, or any other unincorporated business or entity, including a partnership (whether general or limited, including a registered limited liability partnership) or a foreign corporation.

(b) The board of directors of the corporation that desires to convert under this section shall adopt a resolution approving such conversion, specifying the type of entity into which the corporation shall be converted and recommending the approval of such conversion by the stockholders of the corporation. Such resolution shall be submitted to the stockholders of the corporation at an annual or special meeting. Due notice of the time and purpose of the meeting shall be mailed to each holder of stock, whether voting or nonvoting, of the corporation at the address of the stockholder, as it appears on the records of the corporation, at least twenty (20) days prior to the date of the meeting. At the meeting, the resolution shall be considered and a vote taken for its adoption or rejection. If all outstanding shares of stock of the corporation, whether voting or nonvoting, shall be voted for the adoption of the resolution, the conversion shall be authorized.

(c) If a corporation shall convert in accordance with this section to another entity organized, formed, or created under the laws of a jurisdiction other than the state of Rhode Island or to a Rhode Island unincorporated “other entity”, upon payment of all fees and taxes by the corporation, as evidenced by an appropriate certificate of good standing issued by the Rhode Island division of taxation, the corporation shall file with the secretary of state a certificate of conversion to non-Rhode Island entity, executed in accordance with § 7-1.2-105, that certifies:

(1) The name of the corporation, and if it has been changed, the name under which it was originally incorporated;

(2) The date of filing of its original articles of incorporation with the secretary of state;

(3) The name and jurisdiction of the entity and type of entity to which the corporation shall be converted;

(4) That the conversion has been approved in accordance with the provisions of this section;

(5) The agreement of the corporation that it may be served with process in the state of Rhode Island in any action, suit, or proceeding for enforcement of any obligation of the
corporation arising while it was a corporation of this state, and that it irrevocably appoints the
secretary of state as its agent to accept service of process in any such action, suit, or proceeding;
and

(6) The address to which a copy of the process referred to in subsection (c)(5) of this
section shall be mailed to it by the secretary of state. In the event of such service upon the
secretary of state in accordance with subsection (c)(5) of this section, the secretary of state shall
forthwith notify such corporation that has converted out of the state of Rhode Island by letter,
certified mail, return receipt requested, directed to such corporation that has converted out of the
state of Rhode Island at the address so specified, unless such corporation shall have designated in
writing to the secretary of state a different address for such purpose, in which case it shall be
mailed to the last address designated. Such letter shall enclose a copy of the process and any other
papers served on the secretary of state pursuant to this subsection. It shall be the duty of the
plaintiff in the event of such service to serve process and any other papers in duplicate; to notify
the secretary of state that service is being affected pursuant to this subsection; and to pay the
secretary of state the sum of fifteen dollars ($15.00) for the use of the state, which sum shall be
taxed as part of the costs in the proceeding, if the plaintiff shall prevail therein. The secretary of
state shall maintain an alphabetical record of any such service setting forth the name of the
plaintiff and the defendant; the title, docket number and nature of the proceeding in which process
has been served; the fact that service has been effected pursuant to this subsection; the return date
thereof; and the day and hour service was made. The secretary of state shall not be required to
retain such information longer than five (5) years from receipt of the service of process.

(d) Upon the filing in the office of the secretary of state of a certificate of conversion to
non-Rhode Island entity in accordance with subsection (c) of this section, or upon the future
effective date or time of the certificate of conversion to non-Rhode Island entity and payment to
the secretary of state of all fees prescribed under this title, the secretary of state shall certify that
the corporation has filed all documents and paid all fees required by this title, and thereupon the
corporation shall cease to exist as a corporation of this state at the time the certificate of
conversion becomes effective in accordance with § 7-1.2-105. Such certificate of the secretary of
state shall be prima facie evidence of the conversion by such corporation out of the state of Rhode
Island.

(e) The conversion of a corporation out of the state of Rhode Island in accordance with
this section and the resulting cessation of its existence as a corporation of this state pursuant to a
certificate of conversion to non-Rhode Island entity shall not be deemed to affect any obligations
or liabilities of the corporation incurred prior to such conversion or the personal liability of any
person incurred prior to such conversion, nor shall it be deemed to affect the choice of law
applicable to the corporation with respect to matters arising prior to such conversion.

(f) Unless otherwise provided in a resolution of conversion adopted in accordance with
this section, the converting corporation shall not be required to wind up its affairs or pay its
liabilities and distribute its assets, and the conversion shall not constitute a dissolution of such
corporation.

(g) In connection with a conversion of a domestic corporation to another entity pursuant
to this section, shares of stock of the corporation of this state that is to be converted may be
exchanged for or converted into cash, property, rights or securities of, or interests in, the entity to
which the corporation of this state is being converted or, in addition to or in lieu thereof, may be
exchanged for or converted into cash, property, shares of stock, rights or securities of, or interests
in, another domestic corporation or other entity or may be cancelled.

(h) When a corporation has been converted to another entity or business form pursuant to
this section, the other entity or business form shall, for all purposes of the laws of the state of
Rhode Island, be deemed to be the same entity as the corporation. When any conversion shall
have become effective under this section, for all purposes of the laws of the state of Rhode Island,
all of the rights, privileges and powers of the corporation that has converted, and all property,
real, personal and mixed, and all debts due to such corporation, as well as all other things and
causes of action belonging to such corporation, shall remain vested in the other entity or business
form to which such corporation has converted and shall be the property of such other entity or
business form, and the title to any real property vested by deed or otherwise in such corporation
shall not revert to such corporation or be in any way impaired by reason of this chapter; but all
rights of creditors and all liens upon any property of such corporation shall be preserved
unimpaired, and all debts, liabilities and duties of the corporation that has converted shall remain
attached to the other entity or business form to which such corporation has converted, and may be
enforced against it to the same extent as if said debts, liabilities and duties had originally been
incurred or contracted by it in its capacity as such other entity or business form. The rights,
privileges, powers and interest in property of the corporation that has converted, as well as the
debts, liabilities and duties of such corporation, shall not be deemed, as a consequence of the
conversion, to have been transferred to the other entity or business form to which such
corporation has converted for any purposes of the laws of the state of Rhode Island.

(i) No vote of stockholders of a corporation shall be necessary to authorize a conversion
if no shares of the stock of such corporation shall have been issued prior to the adopting by the
board of directors of the resolution approving the conversion.
7-1.2-1301. Voluntary dissolution by incorporators.

(a) A corporation which has not commenced business and which has not issued any shares, may be voluntarily dissolved by its incorporators at any time in the following manner:

(1) Articles of dissolution are executed by a majority of the incorporators, and verified by them, and state:

(i) The name of the corporation.

(ii) The date of issuance of its certificate of incorporation.

(iii) That none of its shares have been issued.

(iv) That the corporation has not commenced business.

(v) That the amount, if any, actually paid in on subscriptions for its shares, less any part of the amount disbursed for necessary expenses, has been returned to those entitled to it.

(vi) That no debts of the corporation remain unpaid.

(vii) That a majority of the incorporators elect that the corporation be dissolved.

(2) The original articles of dissolution are delivered to the secretary of state. If the secretary of state finds that the articles of dissolution conform to law, the secretary of state shall, when all fees and taxes have been paid, as evidenced by a certificate of good standing issued by the Rhode Island division of taxation:

(i) Endorse on the original the word "Filed," and the month, day, and year of the filing.

(ii) File the original in his or her office.

(iii) Issue a certificate of dissolution.

(3) If the corporation is dissolved prior to the effective date stated on the articles of incorporation, no taxes shall be due.

(b) The certificate of dissolution is delivered to the incorporators or their representative.

7-1.2-1309. Filing of articles of dissolution.

(a) The articles of dissolution are delivered to the secretary of state. If the secretary of state finds that the articles of dissolution conform to law, the secretary of state shall, when all fees and taxes have been paid, as evidenced by a certificate of good standing issued by the Rhode Island division of taxation:

(1) Endorse on the original the word "Filed," and the month, day, and year of the filing.

(2) File the original in his or her office.

(3) Issue a certificate of dissolution.

(b) The certificate of dissolution is delivered to the representative of the dissolved corporation ceases.
corporation. Upon the issuance of the certificate of dissolution the existence of the corporation
ceases, except for the purpose of suits, other proceedings, and appropriate corporate action by
shareholders, directors, and officers as provided in this chapter.

7-1.2-1310. Revocation of articles of incorporation.

(a) The articles of incorporation of a corporation may be revoked by the secretary of state
upon the conditions prescribed in this section when it is established that:

(1) The corporation procured its articles of incorporation through fraud; or

(2) The corporation has continued to exceed or abuse the authority conferred upon it by
law; or

(3) The corporation has failed to file its annual report within the time required by this
chapter, or with respect to any corporation in good corporate standing on the records of the
secretary of state on or after July 1, 2019, has failed to pay any required fees to the secretary of
state when they have become due and payable, or the secretary of state has received notice from
the division of taxation, in accordance with §44-11-26.1, that the corporation has failed to pay
any corporate taxes fees, when they have become due and payable; or

(4) The corporation has failed for thirty (30) days to appoint and maintain a registered
agent in this state as required by this chapter; or

(5) The corporation has failed, after change of its registered office or registered agent, to
file in the office of the secretary of state a statement of the change as required by this chapter; or

(6) The corporation has failed to file in the office of the secretary of state any amendment
to its articles of incorporation or any articles of merger within the time prescribed by this chapter;
or

(7) A misrepresentation has been made of any material matter in any application, report,
affidavit, or other document submitted by the corporation pursuant to this chapter.

(b) No articles of incorporation of a corporation may be revoked by the secretary of state
unless:

(1) The secretary of state gives the corporation notice thereof not less than sixty (60) days
notice thereof prior to such revocation by regular mail addressed to the registered office of the
corporation in this state on file with the secretary of state's office, which notice shall specify the
basis for the revocation; provided, however, that if a prior mailing addressed to the registered
office of the corporation in this state currently on file with the secretary of state's office has been
returned to the secretary of state as undeliverable by the United States Postal Service for any
reason, or if the revocation notice is returned as undeliverable to the secretary of state's office by
the United States Postal Service for any reason, the secretary of state gives notice as follows:
(i) To the corporation at its principal office of record as shown in its most recent annual
report, and no further notice is required; or

(ii) In the case of a domestic corporation which has not yet filed an annual report, then to
any one of the incorporators listed on the articles of incorporation, and no further notice is
required; and

(2) The corporation fails prior to revocation to file the annual report or pay the fees, or
file the required statement of change of registered agent or registered office, or file the articles of
amendment or articles of merger, or correct the misrepresentation.

7-1.2-1413. Filing of application for withdrawal.

(a) An original application for withdrawal must be delivered to the secretary of state. If
the secretary of state finds that the application conforms to the provisions of this chapter, the
secretary of state shall, when all fees and taxes have been paid, as evidenced by an appropriate
certificate of good standing issued by the Rhode Island division of taxation:

(1) Endorse on the original the word "Filed," and the month, day, and year of the filing.
(2) File the original in his or her office.
(3) Issue a certificate of withdrawal.

(b) The secretary of state shall deliver the certificate of withdrawal to the corporation or
its representative. Upon the issuance of the certificate of withdrawal, the authority of the
corporation to transact business in this state ceases.

7-1.2-1414. Revocation of certificate of authority.

(a) The certificate of authority of a foreign corporation to transact business in this state
may be revoked by the secretary of state under the conditions prescribed in this section when:

(1) The corporation fails to file its annual report within the time required by this chapter,
or

fails with respect to any corporation in good corporate standing on the records of the secretary
of state on or after July 1, 2019, has failed to pay any required fees to the secretary of state when
they have become due and payable, or the secretary of state has received notice from the division
of taxation, in accordance with §44-11-26.1, that the corporation has failed to pay any corporate
taxes fees, when they become due and payable; or

(2) The corporation fails to appoint and maintain a registered agent in this state as
required by this chapter; or

(3) The corporation fails, after changing its registered office or registered agent, to file in
the office of the secretary of state a statement of the change as required by this chapter; or

(4) The corporation fails to file in the office of the secretary of state any amendment to its
articles of incorporation or any articles of merger within the time prescribed by this chapter; or
(5) A misrepresentation has been made of any material matter in any application, report, affidavit, or other document submitted by the corporation pursuant to this chapter.

(b) No certificate of authority of a foreign corporation may be revoked by the secretary of state unless the secretary of state has given the corporation notice thereof not less than sixty (60) days prior to such revocation, by regular mail addressed to the registered agent of the corporation in this state on file with the secretary of state's office, which notice shall specify the basis for the revocation; provided, however, that if a prior mailing addressed to the registered office of the corporation in this state currently on file with the secretary of state's office has been returned to the secretary of state as undeliverable by the United States Postal Service for any reason, or if the revocation notice is returned as undeliverable by the United States Postal Service for any reason, the secretary of state shall give notice as follows:

(1) To the corporation at its principal office of record as shown in its most recent annual report, and no further notice is required; or

(2) In the case of a foreign corporation which has not yet filed an annual report, then to the corporation at its principal office shown in its application for certificate of authority, and no further notice is required.

SECTION 2. Sections 7-16-5.2, 7-16-8 and 7-16-41 of the General Laws in Chapter 7-16 entitled "The Rhode Island Limited Liability Company Act" are hereby amended to read as follows:

7-16-5.2. Approval of conversion of a limited liability company.

(a) A domestic limited liability company may convert to a corporation, a business trust, or association, a real estate investment trust, a common law trust, a sole proprietorship, or any other unincorporated business or entity including a partnership, (whether general or limited, including a registered limited liability partnership), or a foreign limited liability company upon the authorization of the conversion in accordance with this section.

(b) If the limited liability company agreement specified the manner of authorizing a conversion of the limited liability company, the conversion shall be authorized as specified in the limited liability company agreement. If the limited liability company agreement does not specify the manner of authorizing a conversion of the limited liability company and does not prohibit a conversion of the limited liability company, the conversion shall be authorized in the same manner as is specified in the limited liability company agreement for authorizing a merger or consolidation that involves the limited liability company as a constituent party to the merger or consolidation. If the limited liability company agreement does not specify the manner of authorizing a conversion of the limited liability company or a merger or consolidate that involves
the limited liability company as a constituent party and does not prohibit a conversion of the
limited liability company, the conversion shall be authorized by the approval by the members or,
if there is more than one class or group of members, then by each class or group of members, in
either case, by members who own more than fifty percent (50%) of the then-current percentage or
other interest in the profits of the domestic limited liability company owned by all of the members
or by the members in each class or group, as appropriate.

(c) Unless otherwise agreed, the conversion of a domestic limited liability company to
another entity or business form pursuant to this section shall not require such limited liability
company to wind up its affairs under § 7-16-45 or pay its liabilities and distribute its assets under
§ 7-16-46, and the conversion shall not constitute a dissolution of such limited liability company.

When a limited liability company has converted to another entity or business form pursuant to
this section, for all purposes of the laws of the state of Rhode Island, the other entity or business
form shall be deemed to be the same entity as the converting limited liability company and
conversion shall constitute a continuation of the existence of the limited liability company in the
form of such other entity or business form.

(d) In connection with a conversion of a domestic limited liability company to another
entity or business form pursuant to this section, rights or securities of or interests in the domestic
limited liability company that is to be converted may be exchanged for or converted into cash,
property, rights or securities of or interests in the entity or business form into which the domestic
limited liability company is being converted or, in addition to or in lieu thereof, may be
exchanged for or converted into cash, property, rights or securities of or interests in another entity
or business form or may be cancelled.

(e) If a limited liability company shall convert in accordance with this section to another
entity or business form organized, formed, or created under the laws of a jurisdiction other than
the state of Rhode Island or to a Rhode Island unincorporated "other entity", a certificate of
conversion to non-Rhode Island entity shall be filed in the office of the secretary of state. The
certificate of conversion to non-Rhode Island entity shall state:

(1) The name of the limited liability company and, if it has been changed, the name under
which its certificate of formation was originally filed;

(2) The date of filing of its original certificate of formation with the secretary of state;

(3) The jurisdiction in which the entity or business form, to which the limited liability
company shall be converted, is organized, formed, or created, and the name and type of such
entity or business form;

(4) The future effective date or time (which shall be a date or time certain) of the
conversion if it is not to be effective upon the filing of the certificate of conversion to non-Rhode
Island entity;

(5) That the conversion has been approved in accordance with this section;

(6) The agreement of the limited liability company that it may be served with process in
the state of Rhode Island in any action, suit, or proceeding for enforcement of any obligation to
the limited liability company arising while it was a limited liability company of the state of Rhode
Island, and that it irrevocably appoints the secretary of state as its agent to accept service of
process in any such action, suit, or proceeding;

(f) Upon the filing in the office of the secretary of state of the certificate of conversion to
non-Rhode Island entity or upon the future effective date or time of the certificate of conversion
to non-Rhode Island entity and upon payment of all fees due by the limited liability company, as
evidenced by an appropriate certificate of good standing issued by the Rhode Island division of
taxation, the secretary of state shall certify that the limited liability company has filed all
documents and paid all fees required by this chapter, and thereupon the limited liability company
shall cease to exist as a limited liability company of the state of Rhode Island. Such certificate of
the secretary of state shall be prima facie evidence of the conversion by such limited liability
company out of the state of Rhode Island.

(g) The conversion of a limited liability company out of the state of Rhode Island in
accordance with this section and the resulting cessation of its existence as a limited liability
company of the state of Rhode Island pursuant to a certificate of conversion to non-Rhode Island
entity shall not be deemed to affect any obligations or liabilities of the limited liability company
incurred prior to such conversion or the personal liability of any person incurred prior to such
conversion, nor shall it be deemed to affect the choice of laws applicable to the limited liability
company with respect to matters arising prior to such conversion.

(h) When a limited liability company has been converted to another entity or business
form pursuant to this section, the other entity or business form shall, for all purposes of the laws
of the state of Rhode Island, be deemed to be the same entity as the limited liability company.
When any conversion shall have become effective under this section, for all purposes of the laws
of the state of Rhode Island, all of the rights, privileges, and powers of the limited liability
company that has converted, and all property, real, personal, and mixed, and all such debts due to
such limited liability company, as well as all other things and causes of action belonging to such
limited liability company, shall remain vested in the other entity or business form to which such
limited liability company has converted and shall be the property of such other entity or business
form, and the title to any real property vested by deed or otherwise in such limited liability
company shall not revert to such limited liability company or be in any way impaired by reason of this chapter; but all rights of creditors and all liens upon any property of such limited liability company shall be preserved unimpaired, and all debts, liabilities, and duties of the limited liability company that has converted shall remain attached to the other entity or business form to which such limited liability company has converted, and may be enforced against it to the same extent as if said debts, liabilities, and duties had originally been incurred or contracted by it in its capacity as such other entity or business form. The rights, privileges, powers, and interests in property of the limited liability company that has converted, as well as the debts, liabilities, and duties of such limited liability company, shall not be deemed, as a consequence of the conversion, to have been transferred to the other entity or business form to which such limited liability company has converted for any purpose of the laws of the state of Rhode Island.

7-16-8. Filing.

(a) The secretary of state may not accept for filing any document under this chapter that does not conform with law.

(b) The secretary of state may not accept for filing any organizational document, qualification, registration, change of resident agent report, service of process, notice, or other document until all required filing and other fees have been paid to the secretary of state.

(c) The secretary of state may not accept for filing any article of dissolution, cancellation of registration, or article of merger, unless the surviving entity is a domestic entity of record with the office of the secretary of state, or the reinstatement of a limited liability company's certificate of organization or registration until all required filing and other fees have been paid to the secretary of state and all fees and taxes have been paid, as evidenced by an appropriate certificate of good standing issued by the Rhode Island division of taxation.

(d) The secretary of state may not accept for filing the reinstatement of a limited liability company's certificate of organization or registration until all required filing and other fees have been paid to the secretary of state and all fees and taxes have been paid, as evidenced by an appropriate certificate of good standing issued by the division of taxation.

(e) The secretary of state may not accept for filing a certificate of conversion to a non-Rhode Island entity until all required filing and other fees have been paid to the secretary of state and all fees and taxes have been paid, as evidenced by an appropriate certificate of good standing issued by the Rhode Island division of taxation.

(f) When the secretary of state accepts the articles of organization or a certificate of registration or any other document filed under this chapter, the secretary of state shall:

(1) Endorse on the document the date and time of its acceptance for filing;
(2) Promptly file the document; and

(3) Issue a certificate or other evidence that establishes:

(i) That the document was accepted for filing by the secretary of state; and

(ii) The date and time of the acceptance for filing.

The document becomes effective upon the issuance of the certificate or other evidence or at any later date that is set forth within the document, not more than thirty (30) days after the filing of such document.

**7-16-41. Revocation of certificate of organization or certificate of registration.**

(a) The certificate of organization or certificate of registration of a limited liability company may be revoked by the secretary of state on the conditions prescribed in this section when it is established that:

(1) The limited liability company procured its articles of organization through fraud;

(2) The limited liability company has continued to exceed or abuse the authority conferred upon it by law;

(3) The limited liability company has failed to file its annual report within the time required by this chapter, or with respect to any limited liability company in good company standing on the records of the secretary of state on or after July 1, 2019, has failed to pay any required fees to the secretary of state when they have become due and payable, or the secretary of state has received notice from the division of taxation, in accordance with §7-16-67.1, that the limited liability company has failed to pay any fees or taxes due this state when they have become due and payable;

(4) The limited liability company has failed for thirty (30) days to appoint and maintain a resident agent in this state as required by this chapter;

(5) The limited liability company has failed, after change of its resident agent, to file in the office of the secretary of state a statement of the change as required by this chapter;

(6) The limited liability company has failed to file in the office of the secretary of state any amendment to its articles of organization or certificate of registration or any articles of dissolution, cancellation of registration, merger or consolidation as prescribed by this chapter; or

(7) A misrepresentation has been made of any material matter in any application, report, affidavit, or other document submitted by the limited liability company pursuant to this chapter.

(b) No certificate of organization or certificate of registration of a limited liability company shall be revoked by the secretary of state unless:

(1) The secretary of state shall have given the limited liability company notice thereof not less than sixty (60) days prior to such revocation notice thereof by regular mail addressed to the
resident agent in this state on file with the secretary of state's office, which notice shall specify the basis for the revocation; provided, however, that if a prior mailing addressed to the address of the resident agent of the limited liability company in this state currently on file with the secretary of state's office has been returned to the secretary of state as undeliverable by the United States Postal Service for any reason, or if the revocation notice is returned as undeliverable to the secretary of state's office by the United States Postal Service for any reason, the secretary of state shall give notice as follows:

(i) To the limited liability company, domestic or foreign, at its principal office of record as shown in its most recent annual report, and no further notice shall be required; or

(ii) In the case of a limited liability company which has not yet filed an annual report, then to the domestic limited liability company at the principal office in the articles of organization or to the authorized person listed on the articles of organization, or to the foreign limited liability company at the office required to be maintained by the limited liability company in its state of organization, and no further notice shall be required; and

(2) The limited liability company fails prior to revocation to file the annual report, pay the fees or taxes, file the required statement of change of resident agent, file the articles of amendment or amendment to its registration or articles of dissolution, cancellation of registration, merger or consolidation, or correct the misrepresentation.

SECTION 3. Chapter 7-16 of the General Laws entitled "The Rhode Island Limited Liability Company Act" is hereby amended by adding thereto the following section:

7-16-67.1. Revocation of articles or authority to transact business for nonpayment of fee.

(a) The tax administrator may, after July 15 of each year, make up a list of all limited liability companies which have failed to pay the fee defined in §7-16-67 for one year after the fee became due and payable, and the failure is not the subject of a pending appeal. The tax administrator shall certify to the correctness of the list. Upon receipt of the certified list, the secretary of state may initiate revocation proceedings as defined in §7-16-41.

(b) With respect to any information provided by the division of taxation to the secretary of state pursuant to this chapter, the secretary of state, together with the employees or agents thereof, shall be subject to all state and federal tax confidentiality laws applying to the division of taxation and the officers, agents and employees thereof, and which restrict the acquisition, use, storage, dissemination or publication of confidential taxpayer data.

SECTION 4. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is hereby amended by adding thereto the following section:
44-11-26.1. Revocation of articles or authority to transact business for nonpayment of tax.

(a) The tax administrator may, after July 15 of each year, make up a list of all corporations which have failed to pay the corporate tax defined in §44-11-2 for one year after the tax became due and payable, and the failure is not the subject of a pending appeal. The tax administrator shall certify to the correctness of the list. Upon receipt of the certified list, the secretary of state may initiate revocation proceedings as defined in §§7-1.2-1310 and 7-1.2-1414.

(b) With respect to any information provided by the division of taxation to the secretary of state pursuant to this chapter, the secretary of state, together with the employees or agents thereof, shall be subject to all state and federal tax confidentiality laws applying to the division of taxation and the officers, agents and employees thereof, and which restrict the acquisition, use, storage, dissemination or publication of confidential taxpayer data.

SECTION 5. The amendments to §§7-1.2-1310, 7-1.2-1414 and 7-16-41, Section 3 and Section 4 of this act shall take effect on July 1, 2019. The amendments to §§7-1.2-1003, 7-1.2-1008, 7-1.2-1301, 7-1.2-1309, 7-1.2-1413, 7-16-5.2 and 7-16-8 shall take effect on July 1, 2020.

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LC001758/SUB B
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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- RHODE ISLAND BUSINESS CORPORATION ACT

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1 This act would amend the Rhode Island business corporation act and the Rhode Island
limited liability company act to require the tax administrator to file a public list of corporations
and limited liability companies that have failed to pay required fees and taxes, and upon receipt of
such list, the secretary of state may initiate applicable revocation proceedings. This act would also
remove the requirement of obtaining a certificate of good standing from the division of taxation
with respect to certain filing actions with the secretary of state.

7 The amendments to §§7-1.2-1310, 7-1.2-1414 and 7-16-41, Section 3 and Section 4 of
this act shall take effect on July 1, 2019. The amendments to §§7-1.2-1003, 7-1.2-1008, 7-1.2-
1301, 7-1.2-1309, 7-1.2-1413, 7-16-5.2 and 7-16-8 shall take effect on July 1, 2020.

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