

Regular Session, 2004

HOUSE BILL NO. 687

BY REPRESENTATIVE BURNS

CORPORATIONS: Provides relative to corporations

1 AN ACT

2 To amend and reenact R.S. 12:81(A) and 224(B), relative to corporations; to provide relative
3 to directors; to provide for the required number of directors; and to provide for
4 related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 12:81(A) and 224(B) are hereby amended and reenacted to read as
7 follows:

8 §81. Directors

9 A. Subject to the provisions of the articles, the bylaws, or this Chapter, all
10 the corporate powers shall be vested in, and the business and affairs of the
11 corporation shall be managed by, a board of directors of not less than one natural
12 person. ~~If not fixed in the articles or bylaws, the number of directors shall be the~~
13 ~~number~~ The number of directors shall be fixed by or in the manner provided in the
14 articles of incorporation or, if not so fixed, shall be the number fixed by or in the
15 manner provided in the bylaws. If not fixed by or in the manner provided in the
16 articles or the bylaws, the number of directors shall be the number of directors
17 elected from time to time by the shareholders and, if the directors have not been
18 elected by the shareholders, the number of directors shall be the number of directors
19 named in the initial report or supplemental report, ~~or, if the directors are not so~~
20 ~~named, the number elected from time to time by the shareholders.~~ No amendment

1 to the ~~articles or the~~ bylaws reducing the number of directors shall have the effect of
2 shortening the term of any incumbent director. Unless the articles or bylaws provide
3 otherwise, the directors of the corporation shall hold office for one year and until
4 their successors are chosen and have qualified. No director shall be elected for a
5 longer single term than five years.

6 * * *

7 §224. Board of directors

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9 B. Subject to any limitations, restrictions, or reservations in the articles, the
10 ~~by-laws~~ bylaws, or this Chapter, the affairs of the corporation shall be managed by
11 a board of directors of not less than three natural persons, except that if there are
12 fewer than three members, there need be only as many directors as there are
13 members. ~~If not fixed in~~ The number of directors shall be fixed by or in the manner
14 provided in the articles of incorporation or if not so fixed shall be the number fixed
15 by, or in the manner provided in the bylaws. If not so fixed by or in the manner
16 provided in the articles or ~~by-laws~~ the bylaws, the number of directors shall be the
17 number of directors elected from time to time by the members. No amendment to the
18 ~~by-laws~~ articles or the bylaws reducing the number of directors shall have the effect
19 of shortening the term of any incumbent director. Unless the articles or ~~by-laws~~ the
20 bylaws provide otherwise, the directors shall hold office for one year and until their
21 successors are chosen and have qualified. No director shall be elected for a longer
22 single term than five years. The directors need not be residents of this state or
23 members of the corporation unless the articles or ~~by-laws~~ the bylaws so require.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Burns

HB No. 687

Abstract: Provides for the determination of the number of directors on the board of directors.

Present law provides, relative to for-profit corporations, that the number of directors on the board of directors shall be the number of directors named in the initial report or supplemental report, provided the number of directors is not fixed in the articles of incorporation or the bylaws, and further provides that if the directors are not so named, the number of directors shall be the number elected from time to time by the shareholders.

Proposed law provides that the number of directors shall be fixed by or in the manner provided in the articles of incorporation or if not so fixed, shall be the number fixed by or in the manner provided in the bylaws. If not fixed by or in the manner provided in the articles or the bylaws, the number of directors shall be the number of directors elected from time to time by the shareholders and, if the directors have not been elected by the shareholders, the number of directors shall be the number of directors named in the initial report or supplemental report.

Present law provides, relative to nonprofit corporations, that the number of directors is subject to the provisions of the articles or the bylaws but that the corporation shall be managed by a board of directors of not less than three natural persons, except that if there are fewer than three members, there need be only as many directors as there are members, and further provides that if the number is not so fixed, the number of directors shall be the number elected from time to time by the members.

Proposed law provides that the number of directors shall be fixed by or in the manner provided in the articles of incorporation or if not so fixed, shall be the number fixed by or in the manner provided in the bylaws. If not so fixed by or in the manner provided in the articles or the bylaws, the number of directors shall be the number of directors elected from time to time by the members.

(Amends R.S. 12:81(A) and 224(B))