

SENATE BILL No. 121

AN ACT concerning corporations; amending K.S.A. 17-1763 and K.S.A. 2004 Supp. 17-6002 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 17-1763 is hereby amended to read as follows: 17-1763. (a) Except for charitable organizations exempt under K.S.A. 17-1762 and amendments thereto, no charitable organization shall solicit funds in this state, nor employ a professional fund raiser to solicit funds in this state, for any charitable purpose, unless such organization has filed with the office of the secretary of state of the state of Kansas, a registered statement prior to solicitation.

(b) The secretary of state shall prescribe registration forms which shall be signed and sworn to by two authorized officers of the organization, including the chief fiscal officer, and which shall include the following information about such organization's activities in this state:

(1) The name of the organization and the name or names under which it intends to solicit;

(2) the purpose for which such organization was organized;

(3) the principal mailing address and street address of the organization and the mailing addresses and street addresses of any offices in this state;

(4) the names and mailing addresses and street addresses of any subsidiary or subordinate chapters, branches or affiliates in this state;

(5) the place where and the date when the organization was legally established, the form in which such organization is organized and a reference to any determination of such organization's tax-exempt status, if any, under the federal internal revenue code of 1986;

(6) the names and mailing addresses and street addresses of the officers, directors, trustees and principal salaried employees of the organization;

(7) the name and mailing address and street address of the person having custody of such organization's financial records;

(8) the names of the individuals or officers of the organization who will have responsibility for the custody of the contributions;

(9) the names of the individuals or officers of the organization who will have responsibility for the distribution of the contributions;

(10) the names of the individuals or officers of the organization who will have responsibility for the conduct of solicitation activities;

(11) the general purposes for which the organization intends to solicit contributions;

(12) a statement indicating whether the organization intends to solicit contributions directly or have such solicitation done on such organization's behalf by others and naming any professional fund raiser the organization intends to use;

(13) a statement indicating whether the organization is authorized by any other governmental authority to solicit contributions and whether such organization is or has ever been enjoined by any court from soliciting contributions;

(14) the cost of fund raising incurred or anticipated to be incurred by the organization, including a statement of such costs as a percentage of contributions received; and

(15) *a copy of the federal income tax return of the charitable organization, if the charitable organization is required to file such; otherwise a financial statement covering complete disclosure of the fiscal activities of the organization during the preceding year.* ~~Each organization may submit a statement.~~ *The financial statement shall be submitted on forms approved by the secretary of state, signed and sworn by at least two authorized officers of the organization, including the chief fiscal officer. Such financial statement shall include a balance sheet and statement of income and expense, clearly setting forth the following: Gross receipts and gross income from all sources, broken down into total receipts and income from each separate solicitation project or source; cost of administration; cost of solicitation; cost of programs designed to inform or educate the public; funds or properties transferred out of this state, with explanation as to recipient and purpose; and total net amount disbursed or dedicated for each major purpose, charitable or otherwise.* ~~The secretary of state in the secretary's discretion may accept executed copies of federal internal revenue service returns and reports in lieu of a financial statement.~~

(c) A charitable organization that received contributions in excess of

~~\$100,000~~ \$500,000 during the organization's most recently completed fiscal year shall file, in addition to the *federal income tax returns or the statement* required by subsection (b), an audited financial statement for the charitable organization's most recently completed fiscal year, prepared in accordance with generally accepted accounting principles, and the opinion of an independent certified public accountant on the financial statement.

(d) Upon receipt of any such registration, the secretary of state shall issue a charitable solicitation license and identification number. All certificates of registration and identification numbers issued to charitable organizations shall expire on the last day of the sixth month following the month in which the fiscal year of the charitable organization ends.

(e) Every charitable organization required to register with the secretary of state shall pay a fee of \$20 with each registration.

(f) The secretary of state may adopt rules and regulations necessary for the administration of this act.

Sec. 2. K.S.A. 2004 Supp. 17-6002 is hereby amended to read as follows: 17-6002. (a) The articles of incorporation shall set forth:

(1) The name of the corporation which, except for banks, shall contain one of the words "association," "church," "college," "company," "corporation," "club," "foundation," "fund," "incorporated," "institute," "society," "union," "*university*," "syndicate" or "limited," or one of the abbreviations "co.," "corp.," "inc.," "ltd.," or words or abbreviations of like import in other languages if they are written in Roman characters or letters, and which shall be such as to distinguish it upon the records in the office of the secretary of state from the names of other corporations, limited liability companies and limited partnerships organized, reserved or registered under the laws of this state, unless there shall be obtained the written consent of such other corporation, limited liability company or limited partnership executed and filed in accordance with K.S.A. 17-6003, and amendments thereto. The name of every corporation heretofore organized, except for banks, may be changed to conform to the provisions of this section, but such change of name for existing corporations shall not be required, and nothing herein shall be construed as requiring any corporation which is subject to special statutory regulation to include any of such names or abbreviations in the name of such corporation if such name or abbreviation would be inconsistent or in conflict with such special statutory regulation;

(2) the address, which shall include the street, number, city and zip code of the corporation's registered office in this state, and the name of its resident agent at such address;

(3) the nature of the business or purposes to be conducted or promoted. It shall be sufficient to state, either alone or with other businesses or purposes, that the purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the Kansas general corporation code, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any;

(4) if the corporation is to be authorized to issue only one class of stock, the total number of shares of stock which the corporation shall have authority to issue and the par value of each of such shares, or a statement that all such shares are to be without par value. If the corporation is to be authorized to issue more than one class of stock, the articles of incorporation shall set forth the total number of shares of all classes of stock which the corporation shall have authority to issue and the number of shares of each class, and shall specify each class the shares of which are to be without par value, and each class the shares of which are to have a par value and the par value of the shares of each such class. The articles of incorporation shall also set forth a statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, which are permitted by K.S.A. 17-6401, and amendments thereto, in respect to any class or classes of stock or any series of any class of stock of the corporation and the fixing of which by the articles of incorporation is desired, and an express grant of such authority as it may then be desired to grant to the board of directors to fix by resolution or resolutions any thereof that may be desired but which shall not be fixed by the articles of incorporation. The provisions of this subsection

shall not apply to corporations which are not organized for profit and which are not to have authority to issue capital stock. In the case of such corporations, the fact that they are not to have authority to issue capital stock shall be stated in the articles of incorporation and unless otherwise provided in the articles of incorporation or bylaws, the directors of such corporation shall be members for all purposes under the Kansas general corporation code. The conditions of membership of such corporations shall likewise be stated in the articles of incorporation or the articles may provide that the conditions of membership shall be stated in the bylaws, and if a corporation not organized for profit is to have authority to issue capital stock, such fact shall be stated in the articles of incorporation;

(5) the name and mailing address of the incorporator or incorporators; and

(6) if the powers of the incorporator or incorporators are to terminate upon the filing of the articles of incorporation, the names and mailing addresses of the persons who are to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualify.

(b) In addition to the matters required to be set forth in the articles of incorporation by subsection (a), the articles of incorporation may also contain any or all of the following matters:

(1) Any provision for the management of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting and regulating the sale or other disposition of stock and the powers of the corporation, the directors and the stockholders, or any class of the stockholders, or the members of a nonstock corporation, if such provisions are not contrary to the laws of this state. Any provision which is required or permitted by any section of this act to be stated in the bylaws may be stated instead in the articles of incorporation;

(2) the following provisions, in these words: "Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them or between this corporation and its stockholders or any class of them, any court of competent jurisdiction within the state of Kansas, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of K.S.A. 17-6808 and 17-6901, and amendments thereto, may order a meeting of the creditors or class of creditors, or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the court directs. If a majority in number representing $\frac{3}{4}$ in value of the creditors or class of creditors, or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation";

(3) such provisions as may be desired granting to the holders of the stock of the corporation, or the holders of any class or series of a class thereof, the preemptive right to subscribe to any or all additional issues of stock of the corporation of any or all classes or series thereof, or to any securities of the corporation convertible into such stock. No stockholder shall have any preemptive right to subscribe to an additional issue of stock or to any security convertible into such stock unless, and except to the extent that, such right is expressly granted to such stockholder in the articles of incorporation. All such rights in existence on July 1, 1972, shall remain in existence unaffected by this paragraph (3) unless and until changed or terminated by appropriate action which expressly provides for such change or termination;

(4) provisions requiring for any corporate action, the vote of a larger portion of the stock or of any class or series thereof, or of any other securities having voting power, or a larger number of the directors, than is required by this act;

(5) a provision limiting the duration of the corporation's existence to a specified date; otherwise, the corporation shall have perpetual existence;

(6) a provision imposing personal liability for the debts of the corporation on its stockholders or members to a specified extent and upon specified conditions; otherwise, the stockholders or members of a cor-

poration shall not be personally liable for the payment of the corporation's debts except as they may be liable by reason of their own conduct or acts;

(7) the manner of adoption, alteration and repeal of bylaws; and

(8) a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders, policyholders or members for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (A) for any breach of the director's duty of loyalty to the corporation or its stockholders, policyholders or members, (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (C) under the provisions of K.S.A. 17-6424, and amendments thereto, or (D) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. All references in this subsection to a director shall be deemed also to refer to a member of the governing body of a corporation which is not authorized to issue capital stock.

(c) It shall not be necessary to set forth in the articles of incorporation any of the powers conferred on corporations by this act.

Sec. 3. K.S.A. 17-1763 and K.S.A. 2004 Supp. 17-6002 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE concurred in
HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.