

Subject Minnesota Business Corporation Act

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Date February 19, 2025

## Overview

This bill makes changes to the Minnesota Business Corporations Act.

## Summary

Section	Description
1	<b>Beneficial owner; beneficial ownership.</b> Adds clarifying language.
2	<b>Defective corporate act.</b> Provides definition.
3	<b>Emergency.</b> Provides definition.
4	<b>Failure of authorization.</b> Provides definition.
5	<b>Overissue.</b> Provides definition.
6	<b>Putative shares.</b> Provides definition.
7	<b>Time of defective corporate act.</b> Provides definition.
8	<b>Validation effective time.</b> Provides definition.
9	<b>Valid Shares.</b> Provides definition.

Section	Description
10	<p><b>Statutory provisions that may be modified only in articles or in a shareholder control agreement.</b></p> <p>Adds when the corporation's business and affairs must be managed by or under the board's direction (section 302A.201).</p>
11	<p><b>Emergency powers.</b></p> <p>Provides default requirements relating to notice for meetings of directors and shareholders in an emergency.</p>
12	<p><b>[302A.166] Defective corporate acts and shares; ratification.</b></p> <p><b>Subd. 1. Effect of ratification or validation.</b> States that a defective corporate act or putative share is not void or voidable if it is ratified under this section or validated by a court proceeding.</p> <p><b>Subd. 2. Board approval; generally.</b> Provides how a board can ratify a defective corporate act, other than ratifying an election of the first board of directors.</p> <p><b>Subd. 3. Board approval; election of first board.</b> Provides process to ratify a defective corporate act in respect to the election of the first board of directors.</p> <p><b>Subd. 4. Shareholder approval; when required.</b> Specifies when a defective corporate act must be submitted for approval by the shareholders.</p> <p><b>Subd. 5. Shareholder approval; process.</b> Provides process to ratify a defective corporate act that must be submitted to the shareholders.</p> <p><b>Subd. 6. Certificate of validation.</b> Describes circumstances under which a certificate of validation must be filed with the secretary of state. Provides requirements for contents of certificate of validation.</p> <p><b>Subd. 7. Retroactive effect.</b> Provides that after the validation effective time, ratified defective corporate acts and putative shares are no longer void or voidable and are effective retroactively.</p> <p><b>Subd. 8. Postratification notice.</b> Provides timing and content requirements for notice to shareholders of ratification of defective corporate act.</p>
13	<p><b>[302A.167] Validity of defective corporate acts and shares; proceedings.</b></p> <p><b>Subd. 1. When permitted.</b> Provides a system for court review of a ratification.</p> <p><b>Subd. 2. Remedies.</b> Provides possible court remedies for an action related to a ratification.</p>

Section	Description
	<p><b>Subd. 3. Service.</b> States when service of process occurs.</p> <p><b>Subd. 4. Consideration.</b> Allows the court to consider certain information when making a determination in an action related to a ratification.</p> <p><b>Subd. 5. Statute of limitations.</b> Creates statute of limitation for an action related to a ratification.</p>
14	<p><b>Emergency bylaws.</b> Provides information to be included in emergency bylaws.</p>
15	<p><b>Board to manage.</b> Allows articles of incorporation to limit board powers if certain requirements are met.</p>
16	<p><b>Agreements and other instruments; authorization.</b> Allows a board of directors to ratify an agreement when a certificate must be filed with the secretary of state.</p>
17	<p><b>Liability; elimination or limitation.</b> Allows the articles of incorporation to limit an officer's personal liability, subject to certain limitations.</p>
18	<p><b>Right to inspect.</b> Allows a court to require a corporation that violates this section to allow for inspection and award expenses to the plaintiff.</p>
19	<p><b>Actions creating rights.</b> Allows a shareholder to dissent and obtain payment for their shares if the corporation diminishes or abolishes the boards right to manage the corporation.</p>
20	<p><b>Rights not to apply.</b> Makes technical change.</p>
21	<p><b>Additional remedies; shareholder representatives.</b> Allows a plan of merger or exchange to include penalties for party's failure to perform its obligations and that an appointment is irrevocable and unamendable.</p>



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