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ARIZONA CORPORATION COMMISSION

NEW LEGISLATION SUMMARY EFFECTIVE DATE: AUGUST 9, 2017

[SB1272](#) was passed this last session. It was a corporation omnibus bill, and it affects several filing requirements for both corporations and LLCs. The changes are summarized below in the order in which they appear in the bill. To read the entire bill, click on the bill number.

MOD accounts:

The bill grants the Commission the discretion to allow the use of MOD (money-on-deposit) accounts. Previously, the statute did not give the Commission any discretion. (See changes to A.R.S. § 10-122(K).) *For the foreseeable future, the ACC will continue current procedure with MOD accounts.*

Approval of documents:

The Commission is no longer obligated to return a copy of an approved document to the customer; the obligation now is to provide notice of the approval. (See changes to A.R.S. § 10-125.) *Effective August 9, 2017, the Commission will no longer send out a copy of the document with the approval letter; only the approval letter will be returned to the submitter. Approved documents are available on our website.*

Rejection of documents:

The Commission will continue to return a copy of a rejected document along with the letter explaining the rejection. (See changes to A.R.S. § 10-125.)

Electronic transmission and Notice:

Definitional changes were made, and other references throughout the corporation and LLC statutes have been modified to refer to "electronic transmission" where appropriate, and that definition links back to the definition of "electronic record" found in the electronic transactions statutes, A.R.S. § 44-7001, et seq. This is an attempt to codify the use of email as an allowable means of communication and for giving Notice between the Commission and entities. (See, e.g., A.R.S. §§ 10-140(21), 10-141, and 10-504.) The Commission now can send official notices, such as a Notice of Pending Administrative Dissolution, via email. *Please note that this will NOT be implemented until the new computer system is up and running. When the new system is in use, the Commission will ask for the entity to consent to receive such notices by email. If the entity does not consent, notices will be sent via the U.S. Post Office.*

Change documents:

The requirements for Statements of Change have been simplified. Only the new information for address and agent will be required. *We are revising our forms to reflect the minimal requirements and will have those available as of August 9.*

Annual Reports:

The dissolution and withdrawal statutes have been revised to allow for a six-month suspension of the annual report requirement for corporations that file for a voluntary dissolution/withdrawal. (See, e.g., changes to A.R.S. § 10-1403.) Corporations have six months after submission in which to complete a dissolution or withdrawal. Often, corporations will try to complete the dissolution/withdrawal but find that they now owe their annual report and/or owe penalties for not filing it on time. This bill provides that the annual report requirement is suspended for six months from the date the dissolution/withdrawal is submitted. Note: once the six months passes, the annual report is due and so are penalties, if enough time has passed since the due date. **TIP** – obtain the tax clearance certificate before submitting the dissolution. That way, you will never run into a penalty situation with the annual report. *This change is being programmed into the current system and should be implemented by August 9. The new law applies only to dissolutions or withdrawals delivered to the ACC on or after August 9, 2017.*

Foreign nonprofit corporations:

The gap left by last year's SB1356 is now closed – foreign nonprofit corporations no longer have to file applications for new authority when they amend their articles. A foreign nonprofit corporation that amends its name, duration, or state of jurisdiction will now file Articles of Amendment to Application for Authority (along with a certified copy of the amendment) – a significant cost savings (\$25 fee instead of \$175). This change is already in effect for foreign for-profit corporations, from last year's SB1356. *The ACC's form will apply to both for-profit and nonprofit corporations as of August 9, 2017.*

Nonprofit corporations:

Another gap was closed – nonprofit corporations can sue for false filings. For-profit corporations and LLCs were granted this right of action in last year's SB1356. *Note – this is a private right of action and is not something the ACC will do for the corporation.*

LLC administrative dissolution:

LLCs whose latest date to dissolve has passed will now be administratively dissolved. (See changes to A.R.S. § 29-786.) The LLC does have an option of amending its articles, or, if it is administratively dissolved, of reinstating and then amending its articles. *There are several thousand LLCs that will be administratively dissolved pursuant to this provision, beginning on or after August 9, 2017.*