

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

# HOUSE BILL 2050

AN ACT

AMENDING SECTIONS 10-1531, 10-11422, 10-11531 AND 29-786, ARIZONA REVISED  
STATUTES; RELATING TO CORPORATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 10-1531, Arizona Revised Statutes, is amended to  
3 read:

4 10-1531. Procedure for and effect of revocation; reinstatement

5 A. If the commission determines that one or more grounds exist under  
6 section 10-1530 for revocation of a grant of authority, the commission shall  
7 serve the foreign corporation with written notice of the determination under  
8 section 10-1510.

9 B. If the foreign corporation does not correct each ground for  
10 revocation or demonstrate to the reasonable satisfaction of the commission  
11 that each ground determined by the commission does not exist within sixty  
12 days after service of the notice is perfected under section 10-1510, the  
13 commission may revoke the foreign corporation's grant of authority by signing  
14 a certificate of revocation that recites the ground or grounds for revocation  
15 and its effective date. The commission shall file the original of the  
16 certificate and serve a copy on the foreign corporation under section  
17 10-1510.

18 C. The authority of a foreign corporation to transact business in this  
19 state ceases on the date shown on the certificate revoking its grant of  
20 authority.

21 D. The commission's revocation of a foreign corporation's grant of  
22 authority appoints the commission the foreign corporation's agent for service  
23 of process in any proceeding based on a cause of action that arose during the  
24 time the foreign corporation was authorized to transact business in this  
25 state. Service of process on the commission under this subsection is service  
26 on the foreign corporation. On receipt of process, the commission shall mail  
27 a copy of the process to the secretary of the foreign corporation at its  
28 principal office shown in its most recent annual report or in any subsequent  
29 communication received from the foreign corporation stating the current  
30 mailing address of its principal office, or, if none is on file, in its  
31 application for authority.

32 E. Revocation of a foreign corporation's grant of authority does not  
33 terminate the authority of the statutory agent of the foreign corporation.

34 F. A foreign corporation whose authority was revoked pursuant to this  
35 section may apply to the commission for reinstatement within ~~three~~ SIX years  
36 after the effective date of the revocation. The application shall state  
37 both:

38 1. The name of the foreign corporation and the effective date of the  
39 foreign corporation's revocation of authority.

40 2. That the ground or grounds for the revocation either did not exist  
41 or have been eliminated.

42 G. If the commission determines that the application contains the  
43 information prescribed in subsection F of this section and that the  
44 information is correct, the commission shall do all of the following:

- 1           1. Cancel the certificate of revocation.
- 2           2. Prepare a certificate of reinstatement that states the
- 3           determination and the effective date of the reinstatement.
- 4           3. File the original of the certificate of reinstatement.
- 5           4. Serve a copy on the foreign corporation pursuant to section
- 6           10-1510.

7           H. Once the reinstatement is effective, the reinstatement relates back

8           to and takes effect as of the effective date of the revocation and the

9           foreign corporation shall resume its business as if the revocation had never

10          occurred.

11          I. If the corporation has not applied for reinstatement within six

12          months after the effective date of the dissolution, the commission shall

13          release the corporation name for use pursuant to chapters 1 through 17 of

14          this title or by a person intending to register the name as a trade name

15          pursuant to title 44, chapter 10, article 3.1. If another corporation has

16          adopted the name of the foreign corporation or another person has adopted the

17          name of the foreign corporation as a trade name, the foreign corporation

18          shall attach to the application for reinstatement an application for new

19          authority and adopt a fictitious name for use in this state that satisfies

20          the requirements of sections 10-1504 and 10-1506.

21          Sec. 2. Section 10-11422, Arizona Revised Statutes, is amended to

22          read:

23            10-11422. Reinstatement following administrative dissolution

24          A. A corporation administratively dissolved under section 10-11421 may

25          apply to the commission for reinstatement within ~~three~~ SIX years after the

26          effective date of dissolution unless the corporation is a utility providing

27          domestic water services or domestic wastewater services and the assets of the

28          corporation have been transferred to a domestic water improvement district or

29          a domestic wastewater improvement district established pursuant to title 48,

30          chapter 6 or to a municipality incorporated pursuant to title 9, chapter 1.

31          The application shall both:

32            1. Recite the name of the corporation and the effective date of its

33            administrative dissolution.

34            2. State that the ground or grounds for dissolution either did not

35            exist or have been eliminated.

36          B. If the commission determines that the application contains the

37          information required by subsection A of this section and that the information

38          is correct, ~~it~~ THE COMMISSION shall cancel the certificate of dissolution and

39          prepare a certificate of reinstatement that recites this determination and

40          the effective date of reinstatement, file the original of the certificate and

41          ~~shall~~ serve a copy on the corporation under section 10-3504.

1 C. When reinstatement is effective, it relates back to and takes  
2 effect as of the effective date of the administrative dissolution and the  
3 corporation shall resume carrying on its activities as if the administrative  
4 dissolution had never occurred.

5 D. If another corporation has adopted the name of the corporation or  
6 another person has adopted the name of the corporation as a trade name, the  
7 application shall be accompanied by articles of amendment that are in  
8 accordance with chapter 33, article 1 of this title and that adopt a new name  
9 for the corporation that complies with chapter 27, article 1 of this title.

10 Sec. 3. Section 10-11531, Arizona Revised Statutes, is amended to  
11 read:

12 10-11531. Procedure and effect of revocation

13 A. If the commission determines that one or more grounds exist under  
14 section 10-11530 for revocation of a grant of authority, the commission shall  
15 serve the foreign corporation with written notice of the determination under  
16 section 10-11510.

17 B. If the foreign corporation does not correct each ground for  
18 revocation or demonstrate to the reasonable satisfaction of the commission  
19 that each ground for revocation determined by the commission does not exist  
20 within sixty days after service of the notice is perfected under section  
21 10-11510, the commission may revoke the foreign corporation's grant of  
22 authority by signing a certificate of revocation that recites the ground or  
23 grounds for revocation and its effective date. The commission shall file the  
24 original of the certificate and serve a copy on the foreign corporation under  
25 section 10-11510.

26 C. The authority of a foreign corporation to conduct affairs in this  
27 state ceases on the date shown on the certificate revoking its grant of  
28 authority.

29 D. The commission's revocation of a foreign corporation's grant of  
30 authority appoints the commission the foreign corporation's agent for service  
31 of process in any proceeding based on a cause of action that arose during the  
32 time the foreign corporation was authorized to conduct affairs in this state.  
33 Service of process on the commission under this subsection is service on the  
34 foreign corporation. On receipt of process, the commission shall mail a copy  
35 of the process to the secretary of the foreign corporation at its principal  
36 office shown in its most recent annual report or in any subsequent  
37 communication received from the foreign corporation stating the current  
38 mailing address of its principal office, or, if none is on file, in its  
39 application for authority.

40 E. Revocation of a foreign corporation's grant of authority does not  
41 terminate the authority of the statutory agent of the corporation.

42 F. A foreign corporation whose authority is revoked pursuant to this  
43 section may apply to the commission for reinstatement within ~~three~~ SIX years  
44 after the effective date of the revocation. The application shall state  
45 both:

- 1           1. The name of the foreign corporation and the effective date of the  
2 foreign corporation's revocation of authority.
- 3           2. That the ground or grounds for the revocation either did not exist  
4 or have been eliminated.
- 5           G. If the commission determines that the application contains the  
6 information prescribed in subsection F of this section and that the  
7 information is correct, the commission shall do all of the following:
- 8           1. Cancel the certificate of revocation.
- 9           2. Prepare a certificate of reinstatement that states the  
10 determination and the effective date of the reinstatement.
- 11           3. File the original of the certificate of reinstatement.
- 12           4. Serve a copy on the foreign corporation pursuant to section  
13 10-11510.
- 14           H. After the reinstatement becomes effective, the reinstatement  
15 relates back to and takes effect as of the effective date of the revocation,  
16 and the foreign corporation shall resume its business as if the revocation  
17 had never occurred.
- 18           I. If the corporation has not applied for reinstatement within six  
19 months after the effective date of the dissolution, the commission shall  
20 release the corporation name pursuant to chapters 24 through 40 of this title  
21 or for use by a person intending to register the name as a trade name  
22 pursuant to title 44, chapter 10, article 3.1. If another corporation has  
23 adopted the name of the foreign corporation or another person has adopted the  
24 name of the foreign corporation as a trade name, the foreign corporation  
25 shall attach to the application for reinstatement an application for new  
26 authority and shall adopt a fictitious name for use in this state that  
27 satisfies the requirements of sections 10-11504 and 10-11506.
- 28           Sec. 4. Section 29-786, Arizona Revised Statutes, is amended to read:  
29 29-786. Administrative dissolution
- 30           A. The commission may administratively dissolve a limited liability  
31 company in the manner provided by this section if the limited liability  
32 company either:
- 33           1. Fails to amend its articles of organization as required by section  
34 29-633, subsection B.
- 35           2. Has failed to make any publication required by this chapter and has  
36 failed to file an affidavit of publication thereof required by this chapter.
- 37           3. Is without a statutory agent or known place of business in this  
38 state for at least sixty days.
- 39           4. Does not notify the commission within sixty days after its  
40 statutory agent or known place of business has changed or within sixty days  
41 after its statutory agent has resigned.
- 42           5. Fails to respond to interrogatories as prescribed in section  
43 29-612.

1           6. Fails to pay any fees or penalties required pursuant to this  
2 chapter within sixty days after the fees or penalties are due.

3           B. If the commission determines that one or more grounds exist under  
4 subsection A of this section for dissolving a limited liability company, it  
5 shall give written notice of its determination by mail addressed to the  
6 statutory agent of the limited liability company, or if the limited liability  
7 company fails to appoint and maintain a statutory agent, addressed to the  
8 known place of business required to be maintained pursuant to section 29-604,  
9 subsection A, paragraph 1.

10          C. If the limited liability company does not correct each ground for  
11 dissolution or demonstrate to the reasonable satisfaction of the commission  
12 that each ground determined by the commission does not exist within sixty  
13 days after service of the notice, the commission shall administratively  
14 dissolve the limited liability company by signing a certificate of  
15 dissolution that recites the ground or grounds for dissolution and its  
16 effective date. The commission shall file the original of the certificate  
17 and mail a copy to the limited liability company addressed to its statutory  
18 agent, or if the limited liability company fails to appoint and maintain a  
19 statutory agent, addressed to the known place of business required to be  
20 maintained pursuant to section 29-604, subsection A, paragraph 1.

21          D. A limited liability company administratively dissolved pursuant to  
22 this section continues in existence but may not carry on any business except  
23 as necessary to wind up and liquidate its business and affairs under section  
24 29-782, subsection B.

25          E. A limited liability company administratively dissolved under this  
26 section may apply to the commission for reinstatement within ~~three~~ SIX years  
27 after the effective date of dissolution. The application shall both:

28           1. Recite the name of the limited liability company and the effective  
29 date of its administrative dissolution.

30           2. State either that the ground or grounds for dissolution did not  
31 exist or that the ground or grounds have been eliminated.

32          F. If the commission determines that the application contains the  
33 information required by subsection E of this section, and that the  
34 information is correct, it shall cancel the certificate of dissolution,  
35 prepare a certificate of reinstatement that recites this determination and  
36 the effective date of reinstatement, file the original of the certificate and  
37 mail a copy to the limited liability company addressed to its statutory  
38 agent.

39          G. When the reinstatement is effective, it relates back to and takes  
40 effect as of the effective date of the administrative dissolution and the  
41 limited liability company resumes carrying on its business as if the  
42 administrative dissolution had never occurred.

43          H. The administrative dissolution of a limited liability company does  
44 not terminate the authority of a statutory agent.

1           I. A limited liability company that has been administratively  
2 dissolved pursuant to this section may bring an action against the commission  
3 in superior court to review the commission's refusal to reinstate the limited  
4 liability company. The action by the limited liability company shall be  
5 brought within six months after the commission's refusal becomes final. The  
6 superior court shall hear and determine the action as a trial de novo. In  
7 any such action the burden of proof shall be on the party adverse to the  
8 commission.