

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

# HOUSE BILL 2050

AN ACT

AMENDING SECTIONS 10-1422, 10-1531, 10-11422, 10-11531 AND 29-786, ARIZONA  
REVISED STATUTES; RELATING TO CORPORATIONS AND PARTNERSHIPS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 10-1422, Arizona Revised Statutes, is amended to  
3 read:

4 10-1422. Reinstatement following administrative dissolution

5 A. A corporation administratively dissolved under section 10-1421 may  
6 apply to the commission for reinstatement within ~~three~~ SIX years after the  
7 effective date of dissolution. The application shall both:

8 1. Recite the name of the corporation and the effective date of its  
9 administrative dissolution.

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

12 B. If the commission determines that the application contains the  
13 information required by subsection A of this section and that the information  
14 is correct, it shall cancel the certificate of dissolution and shall prepare  
15 a certificate of reinstatement that recites this determination and the  
16 effective date of reinstatement, shall file the original of the certificate  
17 and shall serve a copy on the corporation under section 10-504.

18 C. When the reinstatement is effective, it relates back to and takes  
19 effect as of the effective date of the administrative dissolution and the  
20 corporation resumes carrying on its business as if the administrative  
21 dissolution had never occurred.

22 D. If another corporation has adopted the name of the corporation or  
23 another person has adopted the name of the corporation as a trade name, the  
24 application shall be accompanied by articles of amendment that are in  
25 accordance with chapter 10, article 1 of this title and that adopt a new name  
26 for the corporation that complies with chapter 4, article 1 of this title.

27 Sec. 2. Section 10-1531, Arizona Revised Statutes, is amended to read:

28 10-1531. Procedure for and effect of revocation; reinstatement

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

33 B. If the foreign corporation does not correct each ground for  
34 revocation or demonstrate to the reasonable satisfaction of the commission  
35 that each ground determined by the commission does not exist within sixty  
36 days after service of the notice is perfected under section 10-1510, the  
37 commission may revoke the foreign corporation's grant of authority by signing  
38 a certificate of revocation that recites the ground or grounds for revocation  
39 and its effective date. The commission shall file the original of the  
40 certificate and serve a copy on the foreign corporation under section  
41 10-1510.

42 C. The authority of a foreign corporation to transact business in this  
43 state ceases on the date shown on the certificate revoking its grant of  
44 authority.

1           D. The commission's revocation of a foreign corporation's grant of  
2 authority appoints the commission the foreign corporation's agent for service  
3 of process in any proceeding based on a cause of action that arose during the  
4 time the foreign corporation was authorized to transact business in this  
5 state. Service of process on the commission under this subsection is service  
6 on the foreign corporation. On receipt of process, the commission shall mail  
7 a copy of the process to the secretary of the foreign corporation at its  
8 principal office shown in its most recent annual report or in any subsequent  
9 communication received from the foreign corporation stating the current  
10 mailing address of its principal office, or, if none is on file, in its  
11 application for authority.

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

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

18           1. The name of the foreign corporation and the effective date of the  
19 foreign corporation's revocation of authority.

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

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

25           1. Cancel the certificate of revocation.

26           2. Prepare a certificate of reinstatement that states the  
27 determination and the effective date of the reinstatement.

28           3. File the original of the certificate of reinstatement.

29           4. Serve a copy on the foreign corporation pursuant to section  
30 10-1510.

31           H. Once the reinstatement is effective, the reinstatement relates back  
32 to and takes effect as of the effective date of the revocation and the  
33 foreign corporation shall resume its business as if the revocation had never  
34 occurred.

35           I. If the corporation has not applied for reinstatement within six  
36 months after the effective date of the dissolution, the commission shall  
37 release the corporation name for use pursuant to chapters 1 through 17 of  
38 this title or by a person intending to register the name as a trade name  
39 pursuant to title 44, chapter 10, article 3.1. If another corporation has  
40 adopted the name of the foreign corporation or another person has adopted the  
41 name of the foreign corporation as a trade name, the foreign corporation  
42 shall attach to the application for reinstatement an application for new  
43 authority and adopt a fictitious name for use in this state that satisfies  
44 the requirements of sections 10-1504 and 10-1506.

1           Sec. 3. Section 10-11422, Arizona Revised Statutes, is amended to  
2 read:

3           10-11422. Reinstatement following administrative dissolution

4           A. A corporation administratively dissolved under section 10-11421 may  
5 apply to the commission for reinstatement within ~~three~~ SIX years after the  
6 effective date of dissolution unless the corporation is a utility providing  
7 domestic water services or domestic wastewater services and the assets of the  
8 corporation have been transferred to a domestic water improvement district or  
9 a domestic wastewater improvement district established pursuant to title 48,  
10 chapter 6 or to a municipality incorporated pursuant to title 9, chapter 1.  
11 The application shall both:

12           1. Recite the name of the corporation and the effective date of its  
13 administrative dissolution.

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

16           B. If the commission determines that the application contains the  
17 information required by subsection A of this section and that the information  
18 is correct, ~~it~~ THE COMMISSION shall cancel the certificate of dissolution and  
19 prepare a certificate of reinstatement that recites this determination and  
20 the effective date of reinstatement, file the original of the certificate and  
21 ~~shall~~ serve a copy on the corporation under section 10-3504.

22           C. When reinstatement is effective, it relates back to and takes  
23 effect as of the effective date of the administrative dissolution and the  
24 corporation shall resume carrying on its activities as if the administrative  
25 dissolution had never occurred.

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

31           Sec. 4. Section 10-11531, Arizona Revised Statutes, is amended to  
32 read:

33           10-11531. Procedure and effect of revocation

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

38           B. If the foreign corporation does not correct each ground for  
39 revocation or demonstrate to the reasonable satisfaction of the commission  
40 that each ground for revocation determined by the commission does not exist  
41 within sixty days after service of the notice is perfected under section  
42 10-11510, the commission may revoke the foreign corporation's grant of  
43 authority by signing a certificate of revocation that recites the ground or  
44 grounds for revocation and its effective date. The commission shall file the

1 original of the certificate and serve a copy on the foreign corporation under  
2 section 10-11510.

3 C. The authority of a foreign corporation to conduct affairs in this  
4 state ceases on the date shown on the certificate revoking its grant of  
5 authority.

6 D. The commission's revocation of a foreign corporation's grant of  
7 authority appoints the commission the foreign corporation's agent for service  
8 of process in any proceeding based on a cause of action that arose during the  
9 time the foreign corporation was authorized to conduct affairs in this state.  
10 Service of process on the commission under this subsection is service on the  
11 foreign corporation. On receipt of process, the commission shall mail a copy  
12 of the process to the secretary of the foreign corporation at its principal  
13 office shown in its most recent annual report or in any subsequent  
14 communication received from the foreign corporation stating the current  
15 mailing address of its principal office, or, if none is on file, in its  
16 application for authority.

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

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

23 1. The name of the foreign corporation and the effective date of the  
24 foreign corporation's revocation of authority.

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

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

30 1. Cancel the certificate of revocation.

31 2. Prepare a certificate of reinstatement that states the  
32 determination and the effective date of the reinstatement.

33 3. File the original of the certificate of reinstatement.

34 4. Serve a copy on the foreign corporation pursuant to section  
35 10-11510.

36 H. After the reinstatement becomes effective, the reinstatement  
37 relates back to and takes effect as of the effective date of the revocation,  
38 and the foreign corporation shall resume its business as if the revocation  
39 had never occurred.

40 I. If the corporation has not applied for reinstatement within six  
41 months after the effective date of the dissolution, the commission shall  
42 release the corporation name pursuant to chapters 24 through 40 of this title  
43 or for use by a person intending to register the name as a trade name  
44 pursuant to title 44, chapter 10, article 3.1. If another corporation has  
45 adopted the name of the foreign corporation or another person has adopted the

1 name of the foreign corporation as a trade name, the foreign corporation  
2 shall attach to the application for reinstatement an application for new  
3 authority and shall adopt a fictitious name for use in this state that  
4 satisfies the requirements of sections 10-11504 and 10-11506.

5 Sec. 5. Section 29-786, Arizona Revised Statutes, is amended to read:  
6 29-786. Administrative dissolution

7 A. The commission may administratively dissolve a limited liability  
8 company in the manner provided by this section if the limited liability  
9 company either:

10 1. Fails to amend its articles of organization as required by section  
11 29-633, subsection B.

12 2. Has failed to make any publication required by this chapter and has  
13 failed to file an affidavit of publication thereof required by this chapter.

14 3. Is without a statutory agent or known place of business in this  
15 state for at least sixty days.

16 4. Does not notify the commission within sixty days after its  
17 statutory agent or known place of business has changed or within sixty days  
18 after its statutory agent has resigned.

19 5. Fails to respond to interrogatories as prescribed in section  
20 29-612.

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

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

30 C. If the limited liability company does not correct each ground for  
31 dissolution or demonstrate to the reasonable satisfaction of the commission  
32 that each ground determined by the commission does not exist within sixty  
33 days after service of the notice, the commission shall administratively  
34 dissolve the limited liability company by signing a certificate of  
35 dissolution that recites the ground or grounds for dissolution and its  
36 effective date. The commission shall file the original of the certificate  
37 and mail a copy to the limited liability company addressed to its statutory  
38 agent, or if the limited liability company fails to appoint and maintain a  
39 statutory agent, addressed to the known place of business required to be  
40 maintained pursuant to section 29-604, subsection A, paragraph 1.

41 D. A limited liability company administratively dissolved pursuant to  
42 this section continues in existence but may not carry on any business except  
43 as necessary to wind up and liquidate its business and affairs under section  
44 29-782, subsection B.

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

4           1. Recite the name of the limited liability company and the effective  
5 date of its administrative dissolution.

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

8           F. If the commission determines that the application contains the  
9 information required by subsection E of this section, and that the  
10 information is correct, it shall cancel the certificate of dissolution,  
11 prepare a certificate of reinstatement that recites this determination and  
12 the effective date of reinstatement, file the original of the certificate and  
13 mail a copy to the limited liability company addressed to its statutory  
14 agent.

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

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

21           I. A limited liability company that has been administratively  
22 dissolved pursuant to this section may bring an action against the commission  
23 in superior court to review the commission's refusal to reinstate the limited  
24 liability company. The action by the limited liability company shall be  
25 brought within six months after the commission's refusal becomes final. The  
26 superior court shall hear and determine the action as a trial de novo. In  
27 any such action the burden of proof shall be on the party adverse to the  
28 commission.