

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 122
HOUSE BILL 2603

AN ACT

AMENDING SECTIONS 10-140 AND 44-7003, 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 10-140, Arizona Revised Statutes, is amended to
3 read:

4 10-140. Definitions

5 In chapters 1 through 17 of this title, unless the context otherwise
6 requires:

7 1. "Acknowledged" or "acknowledgment" means either an
8 acknowledgment pursuant to title 33, chapter 4, article 5 or the
9 signature, without more, of the person or persons signing the instrument,
10 in which case the signature or signatures constitute the affirmation or
11 acknowledgment of the signatory, under penalties of perjury, that the
12 instrument is the act and deed of the signatory and that the facts stated
13 in the instrument are true.

14 2. "Act of the board of directors" means either:

15 (a) An act of the majority of the directors present at a duly
16 called meeting at which a quorum is present, unless the act of a greater
17 number is required by chapters 1 through 17 of this title, the articles of
18 incorporation or the bylaws.

19 (b) Action taken by written consent of the directors in accordance
20 with chapters 1 through 17 of this title.

21 3. "Act of the shareholders" means either:

22 (a) An act adopted or rejected by a majority of the votes entitled
23 to be cast by each class of shareholders entitled to vote on the act at a
24 duly called meeting at which a quorum is present, unless a greater number
25 of votes is required by chapters 1 through 17 of this title, the articles
26 of incorporation or the bylaws.

27 (b) An action taken by written consent of the shareholders in
28 accordance with chapters 1 through 17 of this title.

29 4. "Address" means a mailing address.

30 5. "Affiliate" means a person that directly or indirectly, through
31 one or more intermediaries controls, is controlled by or is under common
32 control with the person specified.

33 6. "Articles of incorporation" means the original or restated
34 articles of incorporation or articles of merger and all amendments to the
35 articles of incorporation or merger and includes amended and restated
36 articles of incorporation and articles of amendment and merger.

37 7. "Authorized shares" means the shares of all classes that a
38 domestic or foreign corporation is authorized to issue.

39 8. "Board of directors" means the group of persons vested with the
40 management of the affairs of the corporation irrespective of the name by
41 which the group is designated and includes the governing body or bodies of
42 a water users' association if the articles of incorporation of such water
43 users' association provide for a governing body or bodies denominated
44 other than as a board of directors.

- 1 9. "Business day" means a day that is not a Saturday, a Sunday or
2 any other legal holiday in this state.
- 3 10. "Bylaws" means the code of rules adopted for the regulation or
4 management of the affairs of the corporation irrespective of the name by
5 which those rules are designated.
- 6 11. "Certificate of disclosure" means the certificate of disclosure
7 described in section 10-202.
- 8 12. "Commission" means the Arizona corporation commission.
- 9 13. "Conspicuous" means so written that a reasonable person against
10 whom the writing is to operate should have noticed it. For example,
11 printing in italics, boldface or contrasting color or typing in capitals
12 or underlined is conspicuous.
- 13 14. "Corporation" or "domestic corporation" means a corporation for
14 profit that is not a foreign corporation and that is incorporated under or
15 subject to chapters 1 through 17 of this title.
- 16 15. "Court" means the superior court of this state.
- 17 16. "Deliver" includes sending by mail, private courier, fax or
18 electronic transmission.
- 19 17. "Delivery" means actual receipt by the person or entity to
20 which directed and for electronic transmissions means receipt as described
21 in section 44-7015, subsection B.
- 22 18. "Dissolved" means the status of a corporation on either:
23 (a) Effectiveness of articles of dissolution pursuant to section
24 10-1403, subsection B or section 10-1421, subsection B.
25 (b) A decree pursuant to section 10-1433, subsection B becoming
26 final.
- 27 19. "Distribution" means a direct or indirect transfer of money or
28 other property, except its own shares, or incurrence of indebtedness by a
29 corporation to or for the benefit of its shareholders in respect of any of
30 its shares. A distribution may be in the form of any of the following:
31 (a) A declaration or payment of a dividend.
32 (b) Any purchase, redemption or other acquisition of shares.
33 (c) A distribution of indebtedness.
34 (d) Otherwise.
- 35 20. "Effective date of notice" is as prescribed in section 10-141.
- 36 21. "Electronic transmission" means an electronic record as defined
37 in section 44-7002 that is sent pursuant to section 44-7015.
- 38 22. "Employee" includes an officer but not a director. A director
39 may accept duties that make the director also an employee.
- 40 23. "Entity" includes a corporation, foreign corporation, not for
41 profit corporation, profit and not for profit unincorporated association,
42 nonprofit corporation, close corporation, corporation sole or limited
43 liability company, a professional corporation, association or limited
44 liability company, a business trust, estate, partnership, registered
45 limited liability partnership, trust or joint venture, two or more persons

1 having a joint or common economic interest, any person other than an
2 individual and a state, the United States and a foreign government.

3 24. "Executed by the corporation" means executed by manual or
4 facsimile signature on behalf of the corporation by a duly authorized
5 officer or, if the corporation is in the hands of a receiver or trustee,
6 by the receiver or trustee.

7 25. "Filing" means the commission completing the following
8 procedure with respect to any document delivered for that purpose:

9 (a) Determining that the filing fee requirements of section 10-122
10 have been satisfied.

11 (b) Determining that the document appears in all respects to
12 conform to the requirements of chapters 1 through 17 of this title.

13 (c) On making the determinations, endorsement of the word "filed"
14 with the applicable date on or attached to the document and the return of
15 notice of the filing to the person who delivered the document or the
16 person's representative.

17 26. "Foreign corporation" means a corporation for profit that is
18 incorporated under a law other than the law of this state.

19 27. "Governmental subdivision" includes an authority, county,
20 district, municipality and political subdivision.

21 28. "Includes" and "including" denotes a partial definition.

22 29. "Individual" includes the estate of an incompetent or deceased
23 individual.

24 30. "Insolvent" means inability of a corporation to pay its debts
25 as they become due in the usual course of its business.

26 31. "Known place of business" means the known place of business
27 required to be maintained pursuant to section 10-501.

28 32. "Liquidate its assets and business" includes the distribution
29 of assets, the payment of obligations and debts, the discontinuance of
30 business or any one or more of the distribution, payment or
31 discontinuance.

32 33. "Mail", "to mail" or "have mailed" means to deposit or have
33 deposited a communication in the United States mail with first class or
34 airmail postage prepaid.

35 34. "Means" denotes an exhaustive definition.

36 35. "Newspaper" has the meaning set forth in section 39-201.

37 36. "Notice" and "notify" are as prescribed in section 10-141.

38 37. "Person" includes an individual and entity.

39 38. "President" means that officer designated as the president in
40 the articles of incorporation or bylaws or, if not so designated, that
41 officer authorized in the articles of incorporation, bylaws or otherwise
42 to perform the functions of the chief executive officer, irrespective of
43 the name by which designated.

44 39. "Principal office" means the office, in or out of this state,
45 so designated in the annual report where the principal executive offices

1 of a domestic or foreign corporation are located or in any other document
2 executed by the corporation by an officer and delivered to the commission
3 for filing. If an office has not been so designated, principal office
4 means the known place of business of the corporation.

5 40. "Proceeding" includes a civil suit and a criminal,
6 administrative and investigatory action.

7 41. "Publish" means to publish in a newspaper of general
8 circulation in the county of the known place of business for three
9 consecutive publications.

10 42. "Record date" means the date established under chapter 6 or 7
11 of this title on which a corporation determines the identity of its
12 shareholders and their shareholdings for purposes of chapters 1 through 17
13 of this title. The determinations shall be made as of the close of
14 business on the record date unless another time for doing so is specified
15 when the record date is fixed.

16 43. "Secretary" means that officer designated as the secretary in
17 the articles of incorporation or bylaws or that officer authorized in the
18 articles of incorporation, the bylaws or otherwise to perform the
19 functions of secretary, irrespective of the name by which designated.

20 44. "Shareholder" means the person in whose name shares are
21 registered in the records of a corporation or the beneficial owner of
22 shares to the extent of the rights granted by a nominee certificate on
23 file with a corporation.

24 45. "Shares" means the units into which the proprietary interests
25 in a corporation are divided.

26 46. "State", if referring to a part of the United States, includes
27 a state and commonwealth and their agencies and governmental subdivisions
28 and a territory and insular possession of the United States and their
29 agencies and governmental subdivisions.

30 47. "Subscriber" means a person who subscribes for shares in a
31 corporation, whether before or after incorporation.

32 48. "Treasurer" means that officer designated as the treasurer in
33 the articles of incorporation or bylaws or that officer authorized in the
34 articles of incorporation or bylaws or otherwise to perform the functions
35 of treasurer, irrespective of the name by which designated.

36 49. "United States" includes a district, authority, bureau,
37 commission and department and any other agency of the United States.

38 50. "Vice-president" means an officer designated as the
39 vice-president in the articles of incorporation or bylaws or an officer
40 authorized in the articles of incorporation, the bylaws or otherwise to
41 perform the functions of a vice-president, irrespective of the name by
42 which designated.

43 51. "Voting group" means all shares of one or more classes or
44 series that under the articles of incorporation or chapters 1 through 17
45 of this title are entitled to vote and be counted together collectively on

1 a matter at a meeting of shareholders. All shares entitled by the
2 articles of incorporation or chapters 1 through 17 of this title to vote
3 generally on the matter are for that purpose a single voting group.

4 52. "Water users' association" means a corporation that operates a
5 federal reclamation project pursuant to a contract with the United States.

6 53. "WRITING" OR "WRITTEN" INCLUDES BLOCKCHAIN TECHNOLOGY AS
7 DEFINED IN SECTION 44-7061.

8 Sec. 2. Section 44-7003, Arizona Revised Statutes, is amended to
9 read:

10 44-7003. Scope

11 A. Except as otherwise provided in subsections B and C of this
12 section, this chapter applies to any electronic record and electronic
13 signature relating to a transaction.

14 B. For the purposes of this article and articles 2, 3 and 4 of this
15 chapter, this chapter does not apply to a transaction to the extent the
16 transaction is governed by:

17 1. Title 14 as it relates to the creation and execution of wills,
18 codicils or testamentary trusts.

19 2. Title 47, other than title 47, chapters 2 and 2A and section
20 47-1306 and as otherwise provided in section 44-7016.

21 C. Article 5 of this chapter applies only to **TITLE 10 AND**
22 transactions governed by title 47, chapters 2, 2A and 7.

23 D. This chapter applies to an electronic record or electronic
24 signature otherwise excluded from the application of this chapter under
25 subsection B or C of this section to the extent the record or signature is
26 governed by a law other than those laws described in subsection B or C of
27 this section.

28 E. Any transaction subject to this chapter is also subject to any
29 other applicable substantive law.

APPROVED BY THE GOVERNOR APRIL 3, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 3, 2018.