

AMENDED IN ASSEMBLY MAY 1, 2014

AMENDED IN ASSEMBLY APRIL 7, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1529

Introduced by Assembly Member John A. Pérez

January 17, 2014

An act to amend Sections 2117, 6210, and 8210 of, and to add Sections 5008.9, 6610.5, 8610.5, and 9680.5 to, the Corporations Code, and to add Section 23156 to the Revenue and Taxation Code, relating to nonprofit corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1529, as amended, John A. Pérez. Nonprofit corporations: abatement: dissolution: surrender.

Existing law, the Nonprofit Corporation Law, among other things, regulates the organization and operation of nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations.

(1) Within a specified period of time after the filing of its original articles of incorporation and biennially thereafter, existing law requires nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations to file a statement, known as a Statement of Information, with the Secretary of State containing specified information including the street address of its principal office and its mailing address. Within a specified period of time after filing its original statement and designation and annually thereafter, existing law, the General Corporation Law, requires every foreign corporation, including foreign nonprofit corporations, as

specified, to file a statement, known as a Statement of Information, with the Secretary of State containing specified information, including the street address of its principal executive office and its mailing address.

This bill would authorize the Secretary of State to also obtain address information from the Franchise Tax Board to use in providing notices to a foreign corporation, including these ~~nonprofit~~ foreign *nonprofit* corporations.

(2) Existing law authorizes the corporate powers, rights, and privileges of a domestic taxpayer to be suspended, and the exercise of the corporate powers, rights, and privileges of a foreign taxpayer in this state to be forfeited, if certain tax liabilities are not paid or a taxpayer fails to file a tax return. Existing law also authorizes the corporate powers, rights, and privileges of a domestic corporation exempt from income tax to be suspended and the exercise of the corporate powers, rights, and privileges of a foreign corporation in this state exempt from income tax to be forfeited if the organization fails to file the annual information return or a specified statement for organizations not required to file the information return or pay a specified amount due. Existing law requires notice prior to the suspension or forfeiture of a taxpayer's corporate powers, rights, and privileges. Existing law requires the Franchise Tax Board to transmit to the Secretary of State the names of those taxpayers subject to these suspension or forfeiture provisions and thereby makes the suspension or forfeiture effective. Under existing law, the Secretary of State's certificate is prima facie evidence of the suspension or forfeiture.

Under existing law, a corporation that fails to file a Statement of Information with the Secretary of State within a specified time period and was certified for penalty is subject to suspension rather than penalty. Existing law requires the Secretary of State to provide a notice to the nonprofit corporation informing it that its corporate powers, rights, and privileges will be suspended within a specified time period if the Statement of Information is not filed. If the nonprofit corporation does not file the Statement of Information, existing law requires the Secretary of State to notify the Franchise Tax Board and the nonprofit corporation of the suspension and upon that notification the corporate powers, rights, and privileges of the nonprofit corporation are suspended.

This bill would make a nonprofit public benefit corporation, a nonprofit mutual benefit corporation, a nonprofit religious corporation, and a ~~nonprofit~~ foreign *nonprofit* corporation, subject to administrative dissolution or administrative surrender, as specified, if the nonprofit

corporation's corporate powers are, *and have been*, suspended or forfeited by the Franchise Tax Board ~~and have been suspended or forfeited~~ for a specified period of time or if the nonprofit corporation has not filed a Statement of Information with the Secretary of State for a specified period of time. Prior to the administrative dissolution or administrative surrender of the nonprofit corporation, the bill would require either the Franchise Tax Board or the Secretary of State to provide notice to the nonprofit corporation of the pending administrative dissolution or administrative surrender. The bill would also require the Secretary of State to provide notice of the pending administrative dissolution or administrative surrender on its Internet Web site, as specified. The bill would authorize a nonprofit corporation to provide the Franchise Tax Board or the Secretary of State with a written objection to the administrative dissolution or administrative surrender. If there is no written objection or the written objection fails, the bill would require the nonprofit corporation to be administratively dissolved or administratively surrendered and would provide that the certificate of the Secretary of State is prima facie evidence of the administrative dissolution or administrative surrender. Upon administrative dissolution or administrative surrender, the bill would abate the nonprofit corporation's liabilities for qualified taxes, interest, and penalties, as provided.

(3) Existing law, the Nonprofit Corporation Law, authorizes a nonprofit public benefit corporation, nonprofit mutual benefit corporation, and nonprofit religious corporation to elect voluntarily to wind up and dissolve by either approval of a majority of all members or approval of the board and approval of the members. Under existing law, the General Corporation Law, when a corporation has not issued shares, a majority of the directors, or, if no directors have been named in the articles or have been elected, the incorporator or a majority of the incorporators, are authorized to sign and verify a specified certificate of dissolution. Existing law requires the certificate to be filed with the Secretary of State and requires the Secretary of State to notify the Franchise Tax Board of the dissolution. Existing law provides that, upon the filing of the certificate, a corporation is dissolved and its powers, rights, and privileges cease.

This bill would enact provisions similar to those General Corporation Law provisions and make them applicable to nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations. The bill would additionally provide that liability

to creditors, if any, is not discharged, the liability of the directors of the dissolved nonprofit corporation is not discharged, and the dissolution of a nonprofit corporation does not diminish or adversely affect the ability of the Attorney General to enforce specified liabilities.

(4) Existing law requires every corporation doing business within the limits of this state and not expressly exempted from taxation to annually pay to the state, for the privilege of exercising its corporate franchises within this state, a tax according to or measured by its net income, as specified. Under existing law, every corporation, except as specified, is subject to the minimum franchise tax until the effective date of dissolution or withdrawal or, if later, the date the corporation ceases to do business within the limits of this state. Upon certification by the Secretary of State that a nonprofit public benefit corporation or a nonprofit mutual benefit corporation has failed to file the required Statement of Information, existing law requires the Franchise Tax Board to assess a specified penalty.

This bill would require the Franchise Tax Board to abate, upon written request by a qualified corporation, as defined, unpaid qualified taxes, interest, and penalties, as defined, for the taxable years in which the nonprofit corporation certifies, under penalty of perjury, that it was not doing business, as defined. The bill would make this abatement conditioned on the dissolution of the qualified corporation within a specified period of time of filing the request for abatement. The bill would require the Franchise Tax Board to prescribe rules and regulations to carry out these abatement provisions and would exempt these rules and regulations from the Administrative Procedure Act.

(5) Existing state constitutional law prohibits the Legislature from making any gift, or authorizing the making of any gift, of any public money or thing of value to any individual, municipal or other corporation.

This bill would make certain legislative findings and declarations that abatement of a nonprofit corporation's liabilities for specified taxes, penalties, and interest serves a statewide public purpose, as provided.

(6) By expanding the crime of perjury, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) There are more than 144,000 nonprofit corporations in
4 California that provide a variety of programs and services in areas
5 as diverse as education, recreation, health care, legal, job training,
6 and housing to millions of Californians. These organizations,
7 depending on their formation status, are required to register with
8 the office of the Secretary of State, the Franchise Tax Board, and
9 the office of the Attorney General.

10 (b) Every year, hundreds of nonprofit corporations seek
11 administrative changes to expand their mission or alter their tax
12 status, and, in some cases, to even go out of existence. This
13 dissolution process, which involves the winding down of the
14 nonprofit corporation's affairs, is very cumbersome and protracted.

15 (c) In order to more effectively analyze and monitor the status,
16 finances, and activities of a nonprofit corporation, it is in the
17 public's interest to establish a streamlined process to efficiently
18 dissolve a nonprofit corporation. The act of dissolving the nonprofit
19 corporation and abating unpaid taxes, interest, and penalties serves
20 a statewide public purpose by ensuring that nonprofit corporations
21 that have been suspended or forfeited tax exempt status are no
22 longer able to do business in the state, which will relieve the
23 citizens of California from unknowingly donating to a nonprofit
24 corporation that is not complying with the laws of the state, and
25 do not constitute a gift of public funds within the meaning of
26 Section 6 of Article XVI of the California Constitution.

27 SEC. 2. Section 2117 of the Corporations Code is amended to
28 read:

29 2117. (a) Every foreign corporation (other than a foreign
30 association) qualified to transact intrastate business shall file,
31 within 90 days after the filing of its original statement and
32 designation of foreign corporation and annually thereafter during
33 the applicable filing period, on a form prescribed by the Secretary
34 of State, a statement containing the following:

- 1 (1) The name of the corporation as registered in California and
2 the California Secretary of State's file number.
- 3 (2) The names and complete business or residence addresses of
4 its chief executive officer, secretary, and chief financial officer.
- 5 (3) The street address of its principal executive office.
- 6 (4) The mailing address of the corporation, if different from the
7 street address of its principal executive office.
- 8 (5) The street address of its principal business office in this
9 state, if any.
- 10 (6) If the corporation chooses to receive renewal notices and
11 any other notifications from the Secretary of State by ~~electronic~~
12 ~~mail~~ *email* instead of by United States mail, the corporation shall
13 include a valid ~~electronic-mail~~ *email* address for the corporation
14 or for the corporation's designee to receive those notices.
- 15 (7) A statement of the general type of business that constitutes
16 the principal business activity of the corporation (for example,
17 manufacturer of aircraft; wholesale liquor distributor; or retail
18 department store).
- 19 (b) The statement required by subdivision (a) shall also
20 designate, as the agent of the corporation for the purpose of service
21 of process, a natural person residing in this state or a corporation
22 that has complied with Section 1505 and whose capacity to act as
23 the agent has not terminated. If a natural person is designated, the
24 statement shall set forth the person's complete business or
25 residence street address. If a corporate agent is designated, no
26 address for it shall be set forth.
- 27 (c) The statement required by subdivision (a) shall be available
28 and open to the public for inspection. The Secretary of State shall
29 provide access to all information contained in the statement by
30 means of an online database.
- 31 (d) In addition to any other fees required, a foreign corporation
32 shall pay a five-dollar (\$5) disclosure fee upon filing the statement
33 required by subdivision (a). One-half of the fee shall,
34 notwithstanding Section 12176 of the Government Code, be
35 deposited into the Business Programs Modernization Fund
36 established in subdivision (k) of Section 1502, and one-half shall
37 be deposited into the Victims of Corporate Fraud Compensation
38 Fund established in Section 2280.
- 39 (e) Whenever any of the information required by subdivision
40 (a) is changed, the corporation may file a current statement

1 containing all the information required by subdivisions (a) and
2 (b). In order to change its agent for service of process or the address
3 of the agent, the corporation shall file a current statement
4 containing all the information required by subdivisions (a) and
5 (b). Whenever any statement is filed pursuant to this section, it
6 supersedes any previously filed statement and the statement in the
7 filing pursuant to Section 2105.

8 (f) Subdivisions (c), (d), (f), and (g) of Section 1502 apply to
9 statements filed pursuant to this section, except that “articles” shall
10 mean the filing pursuant to Section 2105, and “corporation” shall
11 mean a foreign corporation.

12 (g) The Secretary of State may obtain address information from
13 the Franchise Tax Board to use in providing notices to a foreign
14 corporation.

15 SEC. 3. Section 5008.9 is added to the Corporations Code, to
16 read:

17 5008.9. (a) A nonprofit corporation described in Section 5059,
18 5060, 5061, or 9912 that has incorporated under the laws of this
19 state, or a foreign nonprofit corporation, *as described in Chapter*
20 *21 (commencing with Section 2100) of Division 1*, that has qualified
21 to transact intrastate business, shall be subject to administrative
22 dissolution or administrative surrender in accordance with this
23 section if, as of January 1, 2015, or later, at least one of the
24 following applies:

25 (1) The nonprofit corporation’s corporate powers are, *and have*
26 *been*, suspended or forfeited by the Franchise Tax Board ~~and have~~
27 ~~been suspended or forfeited by the Franchise Tax Board~~ for a
28 period of not less than 48 continuous months.

29 (2) ~~The nonprofit corporation was incorporated in this state or~~
30 ~~qualified to transact intrastate business and~~ has not filed a
31 Statement of Information with the Secretary of State, as provided
32 by Section 2117, 6210, 8210, or 9660, for a period of not less than
33 48 continuous months.

34 (b) Prior to the administrative dissolution or administrative
35 surrender of the nonprofit corporation, the nonprofit corporation
36 shall be notified of the pending administrative dissolution or
37 administrative surrender as follows:

38 (1) The Franchise Tax Board shall mail written notice to the
39 last known address of a nonprofit corporation meeting the
40 requirement described in paragraph (1) of subdivision (a).

1 (2) The Secretary of State shall provide a notice to the last
2 known address of a nonprofit corporation meeting the requirement
3 described in paragraph (2) of subdivision (a).

4 (3) If the nonprofit corporation does not have a valid address
5 in the records of the Franchise Tax Board or the Secretary of State,
6 the notice provided in subdivision (d) shall be deemed sufficient
7 notice prior to administrative dissolution or administrative
8 surrender.

9 (c) The Franchise Tax Board shall transmit to the Secretary of
10 State the names of nonprofit corporations subject to the
11 administrative dissolution or administrative surrender provisions
12 of this section.

13 (d) The Secretary of State shall provide 60 calendar days' notice
14 of the pending administrative dissolution or administrative
15 surrender on its Internet Web site by listing the corporation name,
16 the Secretary of State's file number, and California corporation
17 number, as applicable, for the nonprofit corporation.

18 (e) (1) A nonprofit corporation may provide the Franchise Tax
19 Board or the Secretary of State with a written objection to the
20 administrative dissolution or administrative surrender.

21 (2) The Franchise Tax Board and the Secretary of State shall
22 notify each other if a written objection has been received.

23 (f) If no written objection to the administrative dissolution or
24 administrative surrender is received by the Secretary of State or
25 the Franchise Tax Board during the 60-day period described in
26 subdivision (d), the nonprofit corporation shall be administratively
27 dissolved or administratively surrendered in accordance with this
28 section. The certificate of the Secretary of State shall be prima
29 facie evidence of the administrative dissolution or administrative
30 surrender.

31 (g) (1) If the written objection of a nonprofit corporation to the
32 administrative dissolution or administrative surrender has been
33 received by the Franchise Tax Board or the Secretary of State
34 before the expiration of the 60-day period described in subdivision
35 (d), that nonprofit corporation shall have an additional 90 days
36 from the date the written objection is received by the Franchise
37 Tax Board or the Secretary of State to pay or otherwise satisfy all
38 accrued taxes, penalties, and interest and to file a current Statement
39 of Information with the Secretary of State.

1 (2) (A) If the conditions in paragraph (1) are satisfied, the
2 administrative dissolution or administrative surrender shall be
3 canceled.

4 (B) If the conditions in paragraph (1) are not satisfied, the
5 nonprofit corporation shall be administratively dissolved or
6 administratively surrendered in accordance with this section as of
7 the date that is 90 days after the receipt of the written objection.

8 (3) The Franchise Tax Board or the Secretary of State may
9 extend the 90-day period in paragraph (1), but for no more than
10 one period of 90 days.

11 (h) Upon administrative dissolution or administrative surrender
12 in accordance with this section, the *nonprofit* corporation's
13 liabilities for qualified taxes, interest, and penalties as defined in
14 Section 23156 of the Revenue and Taxation Code, if any, shall be
15 abated. Any actions taken by the Franchise Tax Board to collect
16 that abated liability shall be released, withdrawn, or otherwise
17 terminated by the Franchise Tax Board, and no subsequent
18 administrative or civil action shall be taken or brought to collect
19 all or part of that amount. Any amounts erroneously received by
20 the Franchise Tax Board in contravention of this section may be
21 credited and refunded in accordance with Article 1 (commencing
22 with Section 19301) of Chapter 6 of Part 10.2 of the Revenue and
23 Taxation Code.

24 (i) If the *nonprofit* corporation is administratively dissolved or
25 administratively surrendered under this section, the liability to
26 creditors, if any, is not discharged. The liability of the directors
27 of, or other persons related to, the administratively dissolved or
28 administratively surrendered *nonprofit* corporation is not
29 discharged. The administrative dissolution or administrative
30 surrender of a nonprofit corporation pursuant to this section shall
31 not diminish or adversely affect the ability of the Attorney General
32 to enforce liabilities as otherwise provided by law.

33 SEC. 4. Section 6210 of the Corporations Code is amended to
34 read:

35 6210. (a) Every corporation shall, within 90 days after the
36 filing of its original articles and biennially thereafter during the
37 applicable filing period, file, on a form prescribed by the Secretary
38 of State, a statement containing: (1) the name of the corporation
39 and the Secretary of State's file number; (2) the names and
40 complete business or residence addresses of its chief executive

1 officer, secretary, and chief financial officer; (3) the street address
2 of its principal office in this state, if any; (4) the mailing address
3 of the corporation, if different from the street address of its
4 principal executive office or if the corporation has no principal
5 office address in this state; and (5) if the corporation chooses to
6 receive renewal notices and any other notifications from the
7 Secretary of State by ~~electronic mail~~ *email* instead of by United
8 States mail, a valid ~~electronic mail~~ *email* address for the
9 corporation or for the corporation's designee to receive those
10 notices.

11 (b) The statement required by subdivision (a) shall also
12 designate, as the agent of the corporation for the purpose of service
13 of process, a natural person residing in this state or any domestic
14 or foreign or foreign business corporation that has complied with
15 Section 1505 and whose capacity to act as an agent has not
16 terminated. If a natural person is designated, the statement shall
17 set forth the person's complete business or residence street address.
18 If a corporate agent is designated, no address for it shall be set
19 forth.

20 (c) For the purposes of this section, the applicable filing period
21 for a corporation shall be the calendar month during which its
22 original articles were filed and the immediately preceding five
23 calendar months. The Secretary of State shall provide a notice to
24 each corporation to comply with this section approximately three
25 months prior to the close of the applicable filing period. The notice
26 shall state the due date for compliance and shall be sent to the last
27 address of the corporation according to the records of the Secretary
28 of State or to the last ~~electronic mail~~ *email* address according to
29 the records of the Secretary of State if the corporation has elected
30 to receive notices from the Secretary of State by ~~electronic mail~~
31 *email*. Neither the failure of the Secretary of State to send the
32 notice nor the failure of the corporation to receive it is an excuse
33 for failure to comply with this section.

34 (d) Whenever any of the information required by subdivision
35 (a) is changed, the corporation may file a current statement
36 containing all the information required by subdivisions (a) and
37 (b). In order to change its agent for service of process or the address
38 of the agent, the corporation must file a current statement
39 containing all the information required by subdivisions (a) and
40 (b). Whenever any statement is filed pursuant to this section, it

1 supersedes any previously filed statement and the statement in the
2 articles as to the agent for service of process and the address of
3 the agent.

4 (e) The Secretary of State may obtain address information from
5 the Franchise Tax Board to use in providing notices to a
6 corporation.

7 (f) The Secretary of State may destroy or otherwise dispose of
8 any statement filed pursuant to this section after it has been
9 superseded by the filing of a new statement.

10 (g) This section shall not be construed to place any person
11 dealing with the corporation on notice of, or under any duty to
12 inquire about, the existence or content of a statement filed pursuant
13 to this section.

14 SEC. 5. Section 6610.5 is added to the Corporations Code, to
15 read:

16 6610.5. (a) Notwithstanding any other provision of this
17 division, when a corporation has not issued any memberships, a
18 majority of the directors, or, if no directors have been named in
19 the articles or have been elected, the incorporator or a majority of
20 the incorporators, may sign and verify a certificate of dissolution
21 stating all of the following:

22 (1) That the certificate of dissolution is being filed within 24
23 months from the date the articles of incorporation were filed.

24 (2) That the corporation does not have any debts or other
25 liabilities, except as provided in paragraph (3) and subdivision (d).

26 (3) That the tax liability will be satisfied on a taxes-paid basis
27 or that a person or corporation or other business entity assumes
28 the tax liability, if any, of the dissolving corporation and is
29 responsible for additional corporate taxes, if any, that are assessed
30 and that become due after the date of the assumption of the tax
31 liability.

32 (4) That a final franchise tax return, as described by Section
33 23332 of the Revenue and Taxation Code, has been or will be filed
34 with the Franchise Tax Board as required under Part 10.2
35 (commencing with Section 18401) of Division 2 of the Revenue
36 and Taxation Code.

37 (5) That the corporation was created in error.

38 (6) That the known assets of the corporation remaining after
39 payment of, or adequately providing for, known debts and liabilities

1 have been distributed as required by law or that the corporation
2 acquired no known assets, as the case may be.

3 (7) That a majority of the directors, or, if no directors have been
4 named in the articles or have been elected, the incorporator or a
5 majority of the incorporators authorized the dissolution and elected
6 to dissolve the corporation.

7 (8) That the corporation has not issued any memberships, and
8 if the corporation has received payments for memberships, those
9 payments have been returned to those making the payments.

10 (9) That the corporation is dissolved.

11 (b) A certificate of dissolution signed and verified pursuant to
12 subdivision (a) shall be filed with the Secretary of State. The
13 Secretary of State shall notify the Franchise Tax Board of the
14 dissolution.

15 (c) Upon filing a certificate of dissolution pursuant to
16 subdivision (b), a corporation shall be dissolved and its powers,
17 rights, and privileges shall cease.

18 (d) Notwithstanding the dissolution of a corporation pursuant
19 to this section, its liability to creditors, if any, is not discharged.
20 The liability of the directors of, or other persons related to, the
21 dissolved corporation is not discharged. The dissolution of a
22 corporation pursuant to this section shall not diminish or adversely
23 affect the ability of the Attorney General to enforce liabilities as
24 otherwise provided by law.

25 SEC. 6. Section 8210 of the Corporations Code is amended to
26 read:

27 8210. (a) Every corporation shall, within 90 days after the
28 filing of its original articles and biennially thereafter during the
29 applicable filing period, file, on a form prescribed by the Secretary
30 of State, a statement containing: (1) the name of the corporation
31 and the Secretary of State's file number; (2) the names and
32 complete business or residence addresses of its chief executive
33 officer, secretary, and chief financial officer; (3) the street address
34 of its principal office in this state, if any; (4) the mailing address
35 of the corporation, if different from the street address of its
36 principal executive office or if the corporation has no principal
37 office address in this state; and (5) if the corporation chooses to
38 receive renewal notices and any other notifications from the
39 Secretary of State by ~~electronic mail~~ *email* instead of by United
40 States mail, a valid ~~electronic mail~~ *email* address for the

1 corporation or for the corporation's designee to receive those
2 notices.

3 (b) The statement required by subdivision (a) shall also
4 designate, as the agent of the corporation for the purpose of service
5 of process, a natural person residing in this state or any domestic
6 or foreign or foreign business corporation that has complied with
7 Section 1505 and whose capacity to act as an agent has not
8 terminated. If a natural person is designated, the statement shall
9 set forth the person's complete business or residence street address.
10 If a corporate agent is designated, no address for it shall be set
11 forth.

12 (c) For the purposes of this section, the applicable filing period
13 for a corporation shall be the calendar month during which its
14 original articles were filed and the immediately preceding five
15 calendar months. The Secretary of State shall provide a notice to
16 each corporation to comply with this section approximately three
17 months prior to the close of the applicable filing period. The notice
18 shall state the due date for compliance and shall be sent to the last
19 address of the corporation according to the records of the Secretary
20 of State or to the last ~~electronic mail~~ *email* address according to
21 the records of the Secretary of State if the corporation has elected
22 to receive notices from the Secretary of State by ~~electronic mail~~
23 *email*. Neither the failure of the Secretary of State to send the
24 notice nor the failure of the corporation to receive it is an excuse
25 for failure to comply with this section.

26 (d) Whenever any of the information required by subdivision
27 (a) is changed, the corporation may file a current statement
28 containing all the information required by subdivisions (a) and
29 (b). In order to change its agent for service of process or the address
30 of the agent, the corporation must file a current statement
31 containing all the information required by subdivisions (a) and
32 (b). Whenever any statement is filed pursuant to this section, it
33 supersedes any previously filed statement and the statement in the
34 articles as to the agent for service of process and the address of
35 the agent.

36 (e) The Secretary of State may obtain address information from
37 the Franchise Tax Board to use in providing notices to a
38 corporation.

1 (f) The Secretary of State may destroy or otherwise dispose of
2 any statement filed pursuant to this section after it has been
3 superseded by the filing of a new statement.

4 (g) This section shall not be construed to place any person
5 dealing with the corporation on notice of, or under any duty to
6 inquire about, the existence or content of a statement filed pursuant
7 to this section.

8 SEC. 7. Section 8610.5 is added to the Corporations Code, to
9 read:

10 8610.5. (a) Notwithstanding any other provision of this
11 division, when a corporation has not issued any memberships, a
12 majority of the directors, or, if no directors have been named in
13 the articles or have been elected, the incorporator or a majority of
14 the incorporators, may sign and verify a certificate of dissolution
15 stating the following:

16 (1) That the certificate of dissolution is being filed within 24
17 months from the date the articles of incorporation were filed.

18 (2) That the corporation does not have any debts or other
19 liabilities, except as provided in paragraph (3) and subdivision (d).

20 (3) That the tax liability will be satisfied on a taxes-paid basis,
21 or that a person or corporation or other business entity assumes
22 the tax liability, if any, of the dissolving corporation and is
23 responsible for additional corporate taxes, if any, that are assessed
24 and that become due after the date of the assumption of the tax
25 liability.

26 (4) That a final franchise tax return, as described by Section
27 23332 of the Revenue and Taxation Code, has been or will be filed
28 with the Franchise Tax Board as required under Part 10.2
29 (commencing with Section 18401) of Division 2 of the Revenue
30 and Taxation Code.

31 (5) That the corporation was created in error.

32 (6) That the known assets of the corporation remaining after
33 payment of, or adequately providing for, known debts and liabilities
34 have been distributed as required by law or that the corporation
35 acquired no known assets, as the case may be.

36 (7) That a majority of the directors, or, if no directors have been
37 named in the articles or have been elected, the incorporator or a
38 majority of the incorporators authorized the dissolution and elected
39 to dissolve the corporation.

1 (8) That the corporation has not issued any memberships, and
2 if the corporation has received payments for memberships, those
3 payments have been returned to those making the payments.

4 (9) That the corporation is dissolved.

5 (b) A certificate of dissolution signed and verified pursuant to
6 subdivision (a) shall be filed with the Secretary of State. The
7 Secretary of State shall notify the Franchise Tax Board of the
8 dissolution.

9 (c) Upon filing a certificate of dissolution pursuant to
10 subdivision (b), a corporation shall be dissolved and its powers,
11 rights, and privileges shall cease.

12 (d) Notwithstanding the administrative dissolution of a
13 corporation pursuant to this section, its liability to creditors, if any,
14 is not discharged. The liability of the directors of, or other persons
15 related to, the administratively dissolved corporation is not
16 discharged. The dissolution of a corporation pursuant to this section
17 shall not diminish or adversely affect the ability of the Attorney
18 General to enforce liabilities as otherwise provided by law.

19 SEC. 8. Section 9680.5 is added to the Corporations Code, to
20 read:

21 9680.5. (a) Notwithstanding any other provision of this
22 division, when a corporation has not issued any memberships, a
23 majority of the directors, or, if no directors have been named in
24 the articles or been elected, the incorporator or a majority of the
25 incorporators, may sign and verify a certificate of dissolution
26 stating the following:

27 (1) That the certificate of dissolution is being filed within 24
28 months from the date the articles of incorporation were filed.

29 (2) That the corporation does not have any debts or other
30 liabilities, except as provided in paragraph (3) and subdivision (d).

31 (3) That the tax liability will be satisfied on a taxes-paid basis
32 or that a person or corporation or other business entity assumes
33 the tax liability, if any, of the dissolving corporation and is
34 responsible for additional corporate taxes, if any, that are assessed
35 and that become due after the date of the assumption of the tax
36 liability.

37 (4) That a final franchise tax return, as described by Section
38 23332 of the Revenue and Taxation Code, has been or will be filed
39 with the Franchise Tax Board as required under Part 10.2

1 (commencing with Section 18401) of Division 2 of the Revenue
2 and Taxation Code.

3 (5) That the corporation was created in error.

4 (6) That the known assets of the corporation remaining after
5 payment of, or adequately providing for, known debts and liabilities
6 have been distributed as required by law or that the corporation
7 acquired no known assets, as the case may be.

8 (7) That a majority of the directors, or, if no directors have been
9 named in the articles or been elected, the incorporator or a majority
10 of the incorporators authorized the dissolution and elected to
11 dissolve the corporation.

12 (8) That the corporation has not issued any memberships, and
13 if the corporation has received payments for memberships, those
14 payments have been returned to those making the payments.

15 (9) That the corporation is dissolved.

16 (b) A certificate of dissolution signed and verified pursuant to
17 subdivision (a) shall be filed with the Secretary of State. The
18 Secretary of State shall notify the Franchise Tax Board of the
19 dissolution.

20 (c) Upon filing a certificate of dissolution pursuant to
21 subdivision (b), a corporation shall be dissolved and its powers,
22 rights, and privileges shall cease.

23 (d) Notwithstanding the dissolution of a nonprofit corporation
24 pursuant to this section, its liability to creditors, if any, is not
25 discharged. The liability of the directors of, or other persons related
26 to, the dissolved corporation is not discharged. The dissolution of
27 a nonprofit corporation pursuant to this section shall not diminish
28 or adversely affect the ability of the Attorney General to enforce
29 liabilities as otherwise provided by law.

30 SEC. 9. Section 23156 is added to the Revenue and Taxation
31 Code, to read:

32 23156. (a) The Franchise Tax Board shall abate, upon written
33 request by a qualified corporation, as defined in this section, unpaid
34 qualified taxes, interest, and penalties for the taxable years in which
35 the nonprofit corporation certifies, under penalty of perjury, that
36 it was not doing business, within the meaning of Section 23101.

37 (b) For purposes of this section:

38 (1) "Qualified corporation" means a nonprofit corporation
39 identified in Section 5059, 5060, 5061, or 9912 of the Corporations
40 Code that is incorporated under the laws of this state or a ~~nonprofit~~

1 foreign *nonprofit* corporation, *as described in Chapter 21*
2 *(commencing with Section 2100) of Division 1 of the Corporations*
3 *Code* that has qualified to transact intrastate business in this state
4 and that satisfies any of the following conditions:

5 (A) Was operating and previously obtained tax-exempt status
6 with the Franchise Tax Board, but had its tax-exempt status
7 revoked under Section 23777.

8 (B) Was operating and previously obtained tax-exempt status
9 with the Internal Revenue Service, but had its tax-exempt status
10 revoked under subsection (j) of Section 6033 of the Internal
11 Revenue Code.

12 (C) Never did business, within the meaning of Section 23101,
13 in this state at any time after the time of its incorporation in this
14 state.

15 (2) “Qualified taxes, interest, and penalties” means tax imposed
16 under Section 23153 and associated interest and penalties, and any
17 penalties imposed under Section 19141. “Qualified taxes, interest,
18 and penalties” does not include tax imposed under Section 23731,
19 or associated interest or penalties.

20 (c) The qualified corporation must establish that it has ceased
21 all business operations at the time of filing the request for
22 abatement under this section.

23 (d) The abatement of unpaid qualified tax, interest, and penalties
24 is conditioned on the dissolution of the qualified corporation within
25 12 months from the date of filing the request for abatement under
26 this section.

27 If the qualified corporation is not dissolved within 12 months
28 from the date of filing the request for abatement or restarts business
29 operations at any time after requesting abatement under this section,
30 the abatement of qualified tax, interest, and penalties under this
31 section shall be canceled and the qualified taxes, interest, and
32 penalties subject to that abatement shall be treated as if the
33 abatement never occurred.

34 (e) The Franchise Tax Board shall prescribe any rules and
35 regulations that may be necessary or appropriate to implement this
36 section. Chapter 3.5 (commencing with Section 11340) of Part 1
37 of Division 3 of Title 2 of the Government Code shall not apply
38 to any standard, criterion, procedure, determination, rule, notice,
39 or guideline established or issued by the Franchise Tax Board
40 pursuant to this section.

1 SEC. 10. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

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