



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

March 29, 2018

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2nd Regular Session, which I signed on March 29, 2018:

HB 2035 deferred compensation plans; governing committee (Livingston)
HB 2156 legislative vacancy; appointment; time frame (Coleman)
HB 2196 certificates of necessity; hearings; duration (Carter)
HB 2242 fire districts; revisions; county islands (Farnsworth, E.)
HB 2258 diabetes; annual report (Carter)
HB 2412 leave of absence; day; definition (Shope)
HB 2477 high school mathematics; proficiency; notification (Udall)
HB 2505 converted entities; claims (Cobb)
HB 2513 hyperbaric oxygen therapy; veterans; fund (Finchem)
HB 2536 dual enrollment; homeschooled children (Bowers)
SB 1073 orthotics; prosthetic devices; valid prescription (Brophy McGee)
SB 1111 workers' compensation; opioids; dispensed medications (Fann)
SB 1204 trusts and estates (Worsley)
SB 1253 game and fish; licenses; fees (Griffin)
SB 1294 tax corrections act of 2018 (Farnsworth, D.)
SB 1401 ignition interlock device; installer; manufacturer (Worsley)
SB 1405 corporate income tax allocation; sales (Fann)
SB 1422 universities; tuition and fees (Griffin)

SB 1499 community facilities districts; directors (Smith)
SB 1502 ignition interlock device; incarceration credits (Smith)
SB 1518 department of child safety; reports (Brophy McGee)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive, flowing style.

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

House Engrossed

FILED

MICHELE REAGAN

SECRETARY OF STATE

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

CHAPTER 97
HOUSE BILL 2505

AN ACT

AMENDING SECTION 29-2406, ARIZONA REVISED STATUTES; RELATING TO ENTITY
RESTRUCTURING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 29-2406, Arizona Revised Statutes, is amended to
3 read:

4 29-2406. Effect of conversion

5 A. When a conversion becomes effective:

6 1. The converted entity is both of the following:

7 (a) Organized under and subject to the governing statute of the
8 converted entity.

9 (b) The same entity without interruption as the converting entity.

10 2. All property, including rights, privileges, immunities and
11 powers, of the converting entity remains vested in the converted entity
12 without assignment, reversion or impairment.

13 3. All obligations of the converting entity continue as obligations
14 of the converted entity EXCEPT THAT ONLY A GOVERNOR OF OR INTEREST HOLDER
15 IN THE CONVERTED ENTITY MAY BRING OR MAINTAIN A CLAIM FOR DISSOLUTION OR
16 RECEIVERSHIP AGAINST THE CONVERTED ENTITY BROUGHT PURSUANT TO ANY OF THE
17 FOLLOWING:

18 (a) SECTION 10-1430, SUBSECTION B.

19 (b) SECTION 10-1815.

20 (c) SECTION 10-11430, SUBSECTION B.

21 (d) SECTION 10-11431, SUBSECTION C.

22 (e) SECTION 12-1241.

23 (f) SECTION 29-345.

24 (g) SECTION 29-785.

25 4. Except as provided by law other than this chapter or the plan of
26 conversion, all of the rights, privileges, immunities, powers and purposes
27 of the converting entity remain in the converted entity.

28 5. The name of the converted entity may be substituted for the name
29 of the converting entity in any pending action or proceeding EXCEPT THAT
30 ONLY A GOVERNOR OF OR INTEREST HOLDER IN THE CONVERTED ENTITY MAY BRING OR
31 MAINTAIN A CLAIM FOR DISSOLUTION OR RECEIVERSHIP AGAINST THE CONVERTED
32 ENTITY BROUGHT PURSUANT TO ANY OF THE FOLLOWING:

33 (a) SECTION 10-1430, SUBSECTION B.

34 (b) SECTION 10-1815.

35 (c) SECTION 10-11430, SUBSECTION B.

36 (d) SECTION 10-11431, SUBSECTION C.

37 (e) SECTION 12-1241.

38 (f) SECTION 29-345.

39 (g) SECTION 29-785.

40 6. If the converted entity is a domestic filing entity, its public
41 organizational document is effective and is binding on its interest
42 holders.

43 7. If the converted entity is a domestic limited liability
44 partnership, its statement of qualification is effective simultaneously.

1 8. If the converted entity is to be a qualified foreign entity, the
2 documents it filed to become a qualified foreign entity are effective
3 simultaneously.

4 9. The private organizational documents of the converted entity
5 that are to be in a record, if any, approved as part of the plan of
6 conversion are effective and are binding.

7 10. The interests in the converting entity are converted and the
8 interest holders of the converting entity are entitled only to the rights
9 provided to them under the plan of conversion and to any appraisal rights
10 they have under section 29-2109 and the converting entity's governing
11 statute.

12 B. Except as provided in the plan of conversion or in the governing
13 statute or organizational documents of the converting entity, the
14 conversion does not give rise to any rights that an interest holder,
15 governor or third party would otherwise have on a dissolution, liquidation
16 or winding up of the converting entity.

17 C. When a conversion becomes effective, a person that did not have
18 interest holder liability with respect to the converting entity and that
19 becomes subject to interest holder liability with respect to the domestic
20 converted entity as a result of a conversion has interest holder liability
21 only to the extent provided by the governing statute or organizational
22 documents of the domestic converted entity, and then only for those
23 obligations that arise after the conversion becomes effective.

24 D. When a conversion becomes effective, the interest holder
25 liability of a person that ceases to hold an interest in a domestic
26 converting entity with respect to which the person had interest holder
27 liability is as follows:

28 1. The conversion does not discharge any interest holder liability
29 under the governing statute or organizational documents of a domestic
30 converting entity to the extent the interest holder liability arose before
31 the conversion became effective.

32 2. The person does not have interest holder liability under the
33 governing statute or organizational documents of the domestic converting
34 entity for any obligation that arises after the conversion becomes
35 effective.

36 3. The governing statute and organizational documents of the
37 domestic converting entity continue to apply to the release, collection or
38 discharge of any interest holder liability preserved under paragraph 1 of
39 this subsection as if the conversion had not occurred.

40 4. The person has the same rights of contribution from any other
41 person as are provided by the governing statute or organizational
42 documents of the domestic converting entity with respect to any interest
43 holder liability preserved under paragraph 1 of this subsection as if the
44 conversion had not occurred.

1 E. When a conversion becomes effective, a foreign entity that is
2 the converted entity:

3 1. May be served with process in this state for the collection and
4 enforcement of any of its obligations that arise before the conversion
5 becomes effective, including obligations arising out of the exercise of
6 appraisal rights.

7 2. If it is not a qualified foreign entity, appoints the
8 appropriate filing authority as its agent for service of process for
9 collecting or enforcing those obligations.

10 F. When the conversion becomes effective, the authority,
11 registration or other qualification granted by the appropriate filing
12 authority to transact business or conduct affairs in this state of a
13 converting entity that is a qualified foreign entity is automatically
14 revoked or cancelled.

15 G. A conversion does not require the entity to wind up its affairs
16 and does not constitute or cause the dissolution of the entity.

APPROVED BY THE GOVERNOR MARCH 29, 2018

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2018

Passed the House February 21, 20 18

Passed the Senate March 26, 20 18

by the following vote: 60 Ayes,

by the following vote: 30 Ayes,

Nays, Not Voting

Nays, Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

Pro Tempore

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

27th day of March, 20 18

at 9:26 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 29th day of

March 2018

at 12:08 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 29 day of March, 20 18

at 3:04 o'clock P. M.

[Signature]
Secretary of State

H.B. 2505