

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 84

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO GENERAL BUSINESS CORPORATIONS; AMENDING SECTION 30-29-120,  
2 IDAHO CODE, TO REVISE PROVISIONS REGARDING REQUIREMENTS FOR DOCUMENTS  
3 AND EXTRINSIC FACTS AND TO REVISE TERMINOLOGY; AMENDING CHAPTER 29,  
4 TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-123, IDAHO  
5 CODE, TO PROVIDE FOR THE EFFECTIVE DATE OF A FILED DOCUMENT; AMENDING  
6 SECTION 30-29-140, IDAHO CODE, TO REVISE DEFINITIONS AND TO DEFINE  
7 TERMS; AMENDING SECTION 30-29-141, IDAHO CODE, TO REVISE PROVISIONS  
8 REGARDING NOTICES AND OTHER COMMUNICATIONS; AMENDING CHAPTER 29, TI-  
9 TLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-142, IDAHO  
10 CODE, TO PROVIDE FOR THE NUMBER OF SHAREHOLDERS; AMENDING CHAPTER 29,  
11 TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-143, IDAHO  
12 CODE, TO PROVIDE FOR A QUALIFIED DIRECTOR; AMENDING CHAPTER 29, TI-  
13 TLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-144, IDAHO  
14 CODE, TO PROVIDE FOR HOUSEHOLDING; AMENDING CHAPTER 29, TITLE 30, IDAHO  
15 CODE, BY THE ADDITION OF A NEW SECTION 30-29-145, IDAHO CODE, TO DEFINE  
16 TERMS; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF A  
17 NEW SECTION 30-29-146, IDAHO CODE, TO PROVIDE FOR DEFECTIVE CORPORATE  
18 ACTIONS; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION  
19 OF A NEW SECTION 30-29-147, IDAHO CODE, TO PROVIDE FOR RATIFICATION  
20 OF DEFECTIVE CORPORATE ACTIONS; AMENDING CHAPTER 29, TITLE 30, IDAHO  
21 CODE, BY THE ADDITION OF A NEW SECTION 30-29-148, IDAHO CODE, TO PRO-  
22 VIDE FOR ACTION ON RATIFICATION; AMENDING CHAPTER 29, TITLE 30, IDAHO  
23 CODE, BY THE ADDITION OF A NEW SECTION 30-29-149, IDAHO CODE, TO PROVIDE  
24 FOR NOTICE REQUIREMENTS; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE,  
25 BY THE ADDITION OF A NEW SECTION 30-29-150, IDAHO CODE, TO PROVIDE FOR  
26 EFFECT ON RATIFICATION; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY  
27 THE ADDITION OF A NEW SECTION 30-29-151, IDAHO CODE, TO PROVIDE FOR FIL-  
28 INGS; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF A  
29 NEW SECTION 30-29-152, IDAHO CODE, TO PROVIDE FOR JUDICIAL PROCEEDINGS  
30 REGARDING VALIDITY OF CORPORATE ACTIONS; AMENDING SECTION 30-29-202,  
31 IDAHO CODE, TO REVISE PROVISIONS REGARDING ARTICLES OF INCORPORATION;  
32 AMENDING SECTION 30-29-203, IDAHO CODE, TO REVISE PROVISIONS REGARD-  
33 ING INCORPORATION; AMENDING SECTION 30-29-204, IDAHO CODE, TO REVISE  
34 PROVISIONS REGARDING LIABILITY FOR PREINCORPORATION TRANSACTIONS;  
35 AMENDING SECTION 30-29-205, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
36 ORGANIZATION OF A CORPORATION; AMENDING SECTION 30-29-206, IDAHO CODE,  
37 TO REVISE PROVISIONS REGARDING BYLAWS; AMENDING SECTION 30-29-207,  
38 IDAHO CODE, TO REVISE PROVISIONS REGARDING EMERGENCY BYLAWS; AMEND-  
39 ING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION  
40 30-29-208, IDAHO CODE, TO PROVIDE FOR FORUM SELECTION PROVISIONS;  
41 AMENDING SECTION 30-29-301, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
42 PURPOSES; AMENDING SECTION 30-29-302, IDAHO CODE, TO REVISE PROVISIONS  
43 REGARDING GENERAL POWERS; AMENDING SECTION 30-29-303, IDAHO CODE,  
44 TO REVISE PROVISIONS REGARDING EMERGENCY POWERS; AMENDING SECTION  
45

1 30-29-304, IDAHO CODE, TO REVISE PROVISIONS REGARDING LACK OF POWER  
2 TO ACT; AMENDING SECTION 30-29-601, IDAHO CODE, TO REVISE PROVISIONS  
3 REGARDING AUTHORIZED SHARES; AMENDING SECTION 30-29-602, IDAHO CODE,  
4 TO REVISE PROVISIONS REGARDING TERMS OF CLASS OR SERIES DETERMINED BY  
5 BOARD OF DIRECTORS; AMENDING SECTION 30-29-603, IDAHO CODE, TO REVISE  
6 PROVISIONS REGARDING ISSUED AND OUTSTANDING SHARES; AMENDING SEC-  
7 TION 30-29-604, IDAHO CODE, TO REVISE PROVISIONS REGARDING FRACTIONAL  
8 SHARES; AMENDING SECTION 30-29-620, IDAHO CODE, TO REVISE PROVISIONS  
9 REGARDING SUBSCRIPTION FOR SHARES BEFORE INCORPORATION; AMENDING SEC-  
10 TION 30-29-621, IDAHO CODE, TO REVISE PROVISIONS REGARDING ISSUANCE  
11 OF SHARES; AMENDING SECTION 30-29-622, IDAHO CODE, TO REVISE PROVI-  
12 SIONS REGARDING LIABILITY OF SHAREHOLDERS; AMENDING SECTION 30-29-623,  
13 IDAHO CODE, TO REVISE PROVISIONS REGARDING SHARE DIVIDENDS; AMENDING  
14 SECTION 30-29-624, IDAHO CODE, TO REVISE PROVISIONS REGARDING SHARE  
15 RIGHTS, OPTIONS, WARRANTS, AND AWARDS; AMENDING SECTION 30-29-625,  
16 IDAHO CODE, TO REVISE PROVISIONS REGARDING FORM AND CONTENT OF CERTIFI-  
17 CATES; AMENDING SECTION 30-29-626, IDAHO CODE, TO REVISE PROVISIONS  
18 REGARDING SHARES WITHOUT CERTIFICATES; AMENDING SECTION 30-29-627,  
19 IDAHO CODE, TO REVISE PROVISIONS REGARDING RESTRICTION ON TRANSFER OF  
20 SHARES; REPEALING SECTION 30-29-628, IDAHO CODE, RELATING TO EXPENSE  
21 OF ISSUE; AMENDING SECTION 30-29-630, IDAHO CODE, TO REVISE PROVI-  
22 SIONS REGARDING SHAREHOLDERS' PREEMPTIVE RIGHTS; AMENDING SECTION  
23 30-29-631, IDAHO CODE, TO REVISE PROVISIONS REGARDING A CORPORATION'S  
24 ACQUISITION OF ITS OWN SHARES; AMENDING SECTION 30-29-640, IDAHO CODE,  
25 TO REVISE PROVISIONS REGARDING DISTRIBUTIONS TO SHAREHOLDERS; AMENDING  
26 SECTION 30-29-701, IDAHO CODE, TO REVISE PROVISIONS REGARDING ANNUAL  
27 MEETINGS; AMENDING SECTION 30-29-702, IDAHO CODE, TO REVISE PROVISIONS  
28 REGARDING SPECIAL MEETINGS; AMENDING SECTION 30-29-703, IDAHO CODE, TO  
29 REVISE PROVISIONS REGARDING COURT-ORDERED MEETINGS; AMENDING SECTION  
30 30-29-704, IDAHO CODE, TO REVISE PROVISIONS REGARDING ACTION WITHOUT  
31 A MEETING; AMENDING SECTION 30-29-705, IDAHO CODE, TO REVISE PROVI-  
32 SIONS REGARDING NOTICE OF A MEETING; AMENDING SECTION 30-29-706, IDAHO  
33 CODE, TO REVISE PROVISIONS REGARDING WAIVER OF NOTICE; AMENDING SEC-  
34 TION 30-29-707, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE RECORD  
35 DATE FOR A MEETING; AMENDING SECTION 30-29-708, IDAHO CODE, TO REVISE  
36 PROVISIONS REGARDING CONDUCT OF A MEETING; AMENDING CHAPTER 29, TITLE  
37 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-709, IDAHO CODE,  
38 TO PROVIDE FOR REMOTE PARTICIPATION IN SHAREHOLDERS' MEETINGS; AMEND-  
39 ING SECTION 30-29-720, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE  
40 SHAREHOLDERS' LIST FOR A MEETING; AMENDING SECTION 30-29-721, IDAHO  
41 CODE, TO REVISE PROVISIONS REGARDING THE VOTING ENTITLEMENT OF SHARES;  
42 AMENDING SECTION 30-29-722, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
43 PROXIES; AMENDING SECTION 30-29-723, IDAHO CODE, TO REVISE PROVISIONS  
44 REGARDING SHARES HELD BY INTERMEDIARIES AND NOMINEES; AMENDING SECTION  
45 30-29-724, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE ACCEPTANCE OF  
46 VOTES AND OTHER INSTRUMENTS; AMENDING SECTION 30-29-725, IDAHO CODE, TO  
47 REVISE PROVISIONS REGARDING QUORUM AND VOTING REQUIREMENTS FOR VOTING  
48 GROUPS; AMENDING SECTION 30-29-726, IDAHO CODE, TO REVISE PROVISIONS  
49 REGARDING ACTION BY SINGLE AND MULTIPLE VOTING GROUPS; AMENDING SECTION  
50 30-29-727, IDAHO CODE, TO REVISE PROVISIONS REGARDING MODIFYING QUORUM

1 OR VOTING REQUIREMENTS; AMENDING SECTION 30-29-728, IDAHO CODE, TO RE-  
2 VISE PROVISIONS REGARDING VOTING FOR DIRECTORS AND CUMULATIVE VOTING;  
3 AMENDING SECTION 30-29-729, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
4 INSPECTORS OF AN ELECTION; AMENDING SECTION 30-29-730, IDAHO CODE, TO  
5 REVISE PROVISIONS REGARDING VOTING TRUSTS; AMENDING SECTION 30-29-731,  
6 IDAHO CODE, TO REVISE PROVISIONS REGARDING VOTING AGREEMENTS; AMENDING  
7 SECTION 30-29-732, IDAHO CODE, TO REVISE PROVISIONS REGARDING SHARE-  
8 HOLDER AGREEMENTS; AMENDING SECTION 30-29-740, IDAHO CODE, TO REVISE  
9 PROVISIONS REGARDING PART DEFINITIONS AND TO DEFINE A TERM; AMENDING  
10 SECTION 30-29-741, IDAHO CODE, TO REVISE PROVISIONS REGARDING STAND-  
11 ING; AMENDING SECTION 30-29-742, IDAHO CODE, TO REVISE PROVISIONS  
12 REGARDING DEMAND; AMENDING SECTION 30-29-744, IDAHO CODE, TO REVISE  
13 PROVISIONS REGARDING DISMISSAL; AMENDING SECTION 30-29-745, IDAHO  
14 CODE, TO REVISE A PROVISION REGARDING DISCONTINUANCE OR SETTLEMENT;  
15 AMENDING SECTION 30-29-746, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
16 PAYMENT OF EXPENSES; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE  
17 ADDITION OF A NEW SECTION 30-29-748, IDAHO CODE, TO PROVIDE FOR A SHARE-  
18 HOLDER ACTION TO APPOINT A CUSTODIAN OR RECEIVER; AMENDING CHAPTER 29,  
19 TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-749, IDAHO  
20 CODE, TO PROVIDE FOR JUDICIAL DETERMINATION OF CORPORATE OFFICES AND  
21 REVIEW OF ELECTIONS AND SHAREHOLDER VOTES; AMENDING SECTION 30-29-801,  
22 IDAHO CODE, TO REVISE PROVISIONS REGARDING THE REQUIREMENT FOR AND DU-  
23 TIES OF THE BOARD OF DIRECTORS; AMENDING SECTION 30-29-802, IDAHO CODE,  
24 TO REVISE PROVISIONS REGARDING QUALIFICATIONS OF DIRECTORS; AMENDING  
25 SECTION 30-29-803, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE NUM-  
26 BER AND ELECTION OF DIRECTORS; AMENDING SECTION 30-29-804, IDAHO CODE,  
27 TO REVISE PROVISIONS REGARDING THE ELECTION OF DIRECTORS BY CERTAIN  
28 CLASSES OR SERIES OF SHARES; AMENDING SECTION 30-29-805, IDAHO CODE,  
29 TO REVISE PROVISIONS REGARDING TERMS OF DIRECTORS GENERALLY; AMENDING  
30 SECTION 30-29-806, IDAHO CODE, TO REVISE PROVISIONS REGARDING STAG-  
31 GERED TERMS FOR DIRECTORS; AMENDING SECTION 30-29-807, IDAHO CODE, TO  
32 REVISE PROVISIONS REGARDING THE RESIGNATION OF DIRECTORS; AMENDING  
33 SECTION 30-29-808, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE RE-  
34 MOVAL OF DIRECTORS BY SHAREHOLDERS; AMENDING SECTION 30-29-809, IDAHO  
35 CODE, TO REVISE PROVISIONS REGARDING THE REMOVAL OF DIRECTORS BY A JU-  
36 DICIAL PROCEEDING; AMENDING SECTION 30-29-810, IDAHO CODE, TO REVISE  
37 PROVISIONS REGARDING A VACANCY ON THE BOARD OF DIRECTORS; AMENDING  
38 SECTION 30-29-820, IDAHO CODE, TO REVISE PROVISIONS REGARDING CERTAIN  
39 MEETINGS; AMENDING SECTION 30-29-821, IDAHO CODE, TO REVISE PROVISIONS  
40 REGARDING ACTION WITHOUT A MEETING; AMENDING SECTION 30-29-822, IDAHO  
41 CODE, TO REVISE PROVISIONS REGARDING NOTICE OF A MEETING; AMENDING  
42 SECTION 30-29-823, IDAHO CODE, TO REVISE PROVISIONS REGARDING WAIVER  
43 OF NOTICE; AMENDING SECTION 30-29-824, IDAHO CODE, TO REVISE PROVI-  
44 SIONS REGARDING A QUORUM AND VOTING; AMENDING SECTION 30-29-825, IDAHO  
45 CODE, TO REVISE PROVISIONS REGARDING COMMITTEES OF THE BOARD; AMEND-  
46 ING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION  
47 30-29-826, IDAHO CODE, TO PROVIDE FOR THE SUBMISSION OF MATTERS FOR A  
48 SHAREHOLDER VOTE; AMENDING SECTION 30-29-830, IDAHO CODE, TO REVISE  
49 PROVISIONS REGARDING STANDARDS OF CONDUCT FOR DIRECTORS; AMENDING SEC-  
50 TION 30-29-831, IDAHO CODE, TO REVISE PROVISIONS REGARDING STANDARDS

1 OF LIABILITY FOR DIRECTORS; AMENDING SECTION 30-29-833, IDAHO CODE, TO  
2 REDESIGNATE THE SECTION AND TO REVISE PROVISIONS REGARDING DIRECTORS'  
3 LIABILITY FOR UNLAWFUL DISTRIBUTIONS; AMENDING SECTION 30-29-840,  
4 IDAHO CODE, TO REVISE PROVISIONS REGARDING OFFICERS; AMENDING SEC-  
5 TION 30-29-841, IDAHO CODE, TO REVISE PROVISIONS REGARDING FUNCTIONS  
6 OF OFFICERS; AMENDING SECTION 30-29-842, IDAHO CODE, TO REVISE PROVI-  
7 SIONS REGARDING STANDARDS OF CONDUCT FOR OFFICERS; AMENDING SECTION  
8 30-29-843, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE RESIGNATION  
9 AND REMOVAL OF OFFICERS; AMENDING SECTION 30-29-844, IDAHO CODE, TO  
10 REVISE PROVISIONS REGARDING THE CONTRACT RIGHTS OF OFFICERS; AMENDING  
11 SECTION 30-29-850, IDAHO CODE, TO REMOVE DEFINITIONS AND TO REVISE DEF-  
12 INITIONS; AMENDING SECTION 30-29-851, IDAHO CODE, TO REVISE PROVISIONS  
13 REGARDING PERMISSIBLE INDEMNIFICATION; AMENDING SECTION 30-29-852,  
14 IDAHO CODE, TO REVISE A PROVISION REGARDING MANDATORY INDEMNIFICA-  
15 TION; AMENDING SECTION 30-29-853, IDAHO CODE, TO REVISE PROVISIONS  
16 REGARDING AN ADVANCE FOR EXPENSES; AMENDING SECTION 30-29-854, IDAHO  
17 CODE, TO REVISE PROVISIONS REGARDING COURT-ORDERED INDEMNIFICATION  
18 AND AN ADVANCE FOR EXPENSES; AMENDING SECTION 30-29-855, IDAHO CODE,  
19 TO REVISE PROVISIONS REGARDING THE DETERMINATION AND AUTHORIZATION OF  
20 INDEMNIFICATION; AMENDING SECTION 30-29-856, IDAHO CODE, TO REVISE  
21 PROVISIONS REGARDING THE INDEMNIFICATION OF OFFICERS; AMENDING SEC-  
22 TION 30-29-857, IDAHO CODE, TO REVISE PROVISIONS REGARDING INSURANCE;  
23 AMENDING SECTION 30-29-858, IDAHO CODE, TO REVISE PROVISIONS REGARD-  
24 ING VARIATION BY CORPORATE ACTION AND APPLICATION OF INDEMNIFICATION  
25 PROVISIONS; REPEALING SECTION 30-29-860, IDAHO CODE, RELATING TO DEFINI-  
26 TIONS; AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF  
27 A NEW SECTION 30-29-860, IDAHO CODE, TO DEFINE TERMS; AMENDING SECTION  
28 30-29-861, IDAHO CODE, TO REVISE PROVISIONS REGARDING JUDICIAL ACTION;  
29 AMENDING SECTION 30-29-862, IDAHO CODE, TO REVISE PROVISIONS REGARDING  
30 DIRECTORS' ACTION; AMENDING SECTION 30-29-863, IDAHO CODE, TO REVISE  
31 PROVISIONS REGARDING SHAREHOLDERS' ACTION; AMENDING CHAPTER 29, TITLE  
32 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-870, IDAHO CODE,  
33 TO PROVIDE FOR CERTAIN BUSINESS OPPORTUNITIES; AMENDING CHAPTER 29,  
34 TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW PART 9, CHAPTER 29, TITLE  
35 30, IDAHO CODE, TO DEFINE TERMS, TO PROVIDE FOR ACTION ON A PLAN OF DO-  
36 MESTICATION, ARTICLES OF DOMESTICATION AND EFFECTIVENESS, THE EFFECT  
37 OF DOMESTICATION, ACTION ON A PLAN OF CONVERSION, ARTICLES OF CONVER-  
38 SION AND EFFECTIVENESS, AND THE EFFECT OF CONVERSION; AMENDING SECTION  
39 30-29-1001, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE AUTHORITY  
40 TO AMEND; AMENDING SECTION 30-29-1003, IDAHO CODE, TO REVISE PROVI-  
41 SIONS REGARDING AMENDMENT BY THE BOARD OF DIRECTORS AND SHAREHOLDERS;  
42 AMENDING SECTION 30-29-1004, IDAHO CODE, TO REVISE PROVISIONS REGARD-  
43 ING VOTING ON AMENDMENTS BY VOTING GROUPS; AMENDING SECTION 30-29-1005,  
44 IDAHO CODE, TO REVISE PROVISIONS REGARDING AMENDMENT BY THE BOARD OF DI-  
45 RECTORS; AMENDING SECTION 30-29-1006, IDAHO CODE, TO REVISE PROVISIONS  
46 REGARDING ARTICLES OF AMENDMENT; AMENDING SECTION 30-29-1007, IDAHO  
47 CODE, TO REVISE PROVISIONS REGARDING RESTATED ARTICLES OF INCORPORA-  
48 TION; AMENDING SECTION 30-29-1008, IDAHO CODE, TO REVISE PROVISIONS  
49 REGARDING AMENDMENT PURSUANT TO REORGANIZATION; AMENDING SECTION  
50 30-29-1009, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE EFFECT OF

1 AMENDMENT; AMENDING SECTION 30-29-1020, IDAHO CODE, TO REVISE PRO-  
2 VISIONS REGARDING AUTHORITY TO AMEND; AMENDING SECTION 30-29-1021,  
3 IDAHO CODE, TO REVISE PROVISIONS REGARDING A BYLAW INCREASING A QUORUM  
4 OR VOTING REQUIREMENTS FOR DIRECTORS; AMENDING CHAPTER 29, TITLE 30,  
5 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-1022, IDAHO CODE,  
6 TO PROVIDE FOR BYLAW PROVISIONS RELATING TO THE ELECTION OF DIRECTORS;  
7 AMENDING THE HEADING FOR PART 11, CHAPTER 29, TITLE 30, IDAHO CODE,  
8 TO REVISE THE PART DESCRIPTION; AMENDING CHAPTER 29, TITLE 30, IDAHO  
9 CODE, BY THE ADDITION OF A NEW SECTION 30-29-1101, IDAHO CODE, TO DEFINE  
10 TERMS; AMENDING SECTION 30-29-1104, IDAHO CODE, TO REVISE PROVISIONS  
11 REGARDING ACTION ON A PLAN OF MERGER OR SHARE EXCHANGE; AMENDING SECTION  
12 30-29-1105, IDAHO CODE, TO REVISE PROVISIONS REGARDING A MERGER BETWEEN  
13 A PARENT AND SUBSIDIARY OR BETWEEN SUBSIDIARIES; AMENDING CHAPTER 29,  
14 TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-1107, IDAHO  
15 CODE, TO PROVIDE FOR THE EFFECT OF A MERGER OR SHARE EXCHANGE; AMENDING  
16 SECTION 30-29-1201, IDAHO CODE, TO REVISE PROVISIONS REGARDING DISPO-  
17 SITION OF ASSETS NOT REQUIRING SHAREHOLDER APPROVAL; AMENDING SECTION  
18 30-29-1202, IDAHO CODE, TO REVISE PROVISIONS REGARDING SHAREHOLDER  
19 APPROVAL OF CERTAIN DISPOSITIONS; AMENDING SECTION 30-29-1301, IDAHO  
20 CODE, TO DEFINE TERMS, TO REVISE DEFINITIONS, AND TO REMOVE DEFINI-  
21 TIONS; AMENDING SECTION 30-29-1302, IDAHO CODE, TO REVISE PROVISIONS  
22 REGARDING A RIGHT TO APPRAISAL; AMENDING SECTION 30-29-1303, IDAHO  
23 CODE, TO REVISE PROVISIONS REGARDING ASSERTION OF RIGHTS BY NOMINEES  
24 AND BENEFICIAL SHAREHOLDERS; AMENDING SECTION 30-29-1320, IDAHO CODE,  
25 TO REVISE PROVISIONS REGARDING NOTICE OF APPRAISAL RIGHTS; AMENDING  
26 SECTION 30-29-1321, IDAHO CODE, TO REVISE PROVISIONS REGARDING NOTICE  
27 OF INTENT TO DEMAND PAYMENT AND CONSEQUENCES OF VOTING OR CONSENTING;  
28 AMENDING SECTION 30-29-1322, IDAHO CODE, TO REVISE PROVISIONS REGARD-  
29 ING APPRAISAL NOTICE AND FORM; AMENDING SECTION 30-29-1323, IDAHO CODE,  
30 TO REVISE PROVISIONS REGARDING PERFECTION OF RIGHTS AND THE RIGHT TO  
31 WITHDRAW; AMENDING SECTION 30-29-1324, IDAHO CODE, TO REVISE PROVI-  
32 SIONS REGARDING PAYMENT; AMENDING SECTION 30-29-1325, IDAHO CODE, TO  
33 REVISE PROVISIONS REGARDING AFTER ACQUIRED SHARES; AMENDING SECTION  
34 30-29-1326, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE PROCEDURE  
35 IF A SHAREHOLDER IS DISSATISFIED WITH A PAYMENT OR OFFER; AMENDING  
36 SECTION 30-29-1330, IDAHO CODE, TO REVISE PROVISIONS REGARDING COURT  
37 ACTION; AMENDING SECTION 30-29-1331, IDAHO CODE, TO REVISE PROVISIONS  
38 REGARDING COURT COSTS AND EXPENSES; AMENDING CHAPTER 29, TITLE 30,  
39 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 30-29-1340, IDAHO CODE, TO  
40 PROVIDE THAT CERTAIN OTHER REMEDIES MAY BE LIMITED; AMENDING SECTION  
41 30-29-1401, IDAHO CODE, TO REVISE PROVISIONS REGARDING DISSOLUTION  
42 BY INCORPORATORS OR INITIAL DIRECTORS; AMENDING SECTION 30-29-1402,  
43 IDAHO CODE, TO REVISE PROVISIONS REGARDING DISSOLUTION BY THE BOARD OF  
44 DIRECTORS OR SHAREHOLDERS; AMENDING SECTION 30-29-1403, IDAHO CODE, TO  
45 REVISE PROVISIONS REGARDING ARTICLES OF DISSOLUTION; AMENDING SECTION  
46 30-29-1404, IDAHO CODE, TO REVISE PROVISIONS REGARDING A REVOCATION  
47 OF DISSOLUTION; AMENDING SECTION 30-29-1405, IDAHO CODE, TO REVISE  
48 PROVISIONS REGARDING THE EFFECT OF DISSOLUTION; AMENDING SECTION  
49 30-29-1406, IDAHO CODE, TO REVISE PROVISIONS REGARDING KNOWN CLAIMS  
50 AGAINST A DISSOLVED CORPORATION; AMENDING SECTION 30-29-1407, IDAHO

1 CODE, TO REVISE PROVISIONS REGARDING OTHER CLAIMS AGAINST A DISSOLVED  
 2 CORPORATION; AMENDING SECTION 30-29-1408, IDAHO CODE, TO REVISE PROVI-  
 3 SIONS REGARDING COURT PROCEEDINGS; AMENDING SECTION 30-29-1409, IDAHO  
 4 CODE, TO REVISE PROVISIONS REGARDING DIRECTOR DUTIES; AMENDING SECTION  
 5 30-29-1430, IDAHO CODE, TO REVISE PROVISIONS REGARDING GROUNDS FOR JU-  
 6 DICIAL DISSOLUTION; AMENDING SECTION 30-29-1431, IDAHO CODE, TO REVISE  
 7 PROVISIONS REGARDING THE PROCEDURE FOR JUDICIAL DISSOLUTION; AMENDING  
 8 SECTION 30-29-1432, IDAHO CODE, TO REVISE PROVISIONS REGARDING A RE-  
 9 CEIVERSHIP OR CUSTODIANSHIP; AMENDING SECTION 30-29-1433, IDAHO CODE,  
 10 TO REVISE PROVISIONS REGARDING A DECREE OF DISSOLUTION; AMENDING SEC-  
 11 TION 30-29-1434, IDAHO CODE, TO REVISE PROVISIONS REGARDING AN ELECTION  
 12 TO PURCHASE IN LIEU OF DISSOLUTION; AMENDING SECTION 30-29-1601, IDAHO  
 13 CODE, TO REVISE PROVISIONS REGARDING CORPORATE RECORDS; AMENDING SEC-  
 14 TION 30-29-1602, IDAHO CODE, TO REVISE PROVISIONS REGARDING INSPECTION  
 15 RIGHTS OF SHAREHOLDERS; AMENDING SECTION 30-29-1603, IDAHO CODE, TO  
 16 REVISE PROVISIONS REGARDING THE SCOPE OF AN INSPECTION RIGHT; AMEND-  
 17 ING SECTION 30-29-1604, IDAHO CODE, TO REVISE PROVISIONS REGARDING A  
 18 COURT-ORDERED INSPECTION; AMENDING SECTION 30-29-1605, IDAHO CODE,  
 19 TO REVISE PROVISIONS REGARDING THE INSPECTION RIGHTS OF DIRECTORS;  
 20 REPEALING SECTION 30-29-1606, IDAHO CODE, RELATING TO AN EXCEPTION TO  
 21 A NOTICE REQUIREMENT; REPEALING SECTION 30-29-1620, IDAHO CODE, RE-  
 22 LATING TO FINANCIAL STATEMENTS FOR SHAREHOLDERS; REPEALING SECTION  
 23 30-29-1621, IDAHO CODE, RELATING TO OTHER REPORTS TO SHAREHOLDERS;  
 24 AMENDING CHAPTER 29, TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW SEC-  
 25 TION 30-29-1620, IDAHO CODE, TO PROVIDE FOR FINANCIAL STATEMENTS FOR  
 26 SHAREHOLDERS; AMENDING SECTION 30-29-1701, IDAHO CODE, TO REVISE PRO-  
 27 VISIONS REGARDING THE APPLICATION TO EXISTING DOMESTIC CORPORATIONS;  
 28 AMENDING SECTION 30-29-1702, IDAHO CODE, TO REVISE PROVISIONS REGARD-  
 29 ING APPLICATION TO EXISTING FOREIGN CORPORATIONS; AMENDING SECTION  
 30 30-29-1703, IDAHO CODE, TO REVISE PROVISIONS REGARDING SAVING PROVI-  
 31 SIONS; AMENDING SECTION 30-29-1704, IDAHO CODE, TO REVISE A PROVISION  
 32 REGARDING SEVERABILITY; AND AMENDING SECTION 30-2006, IDAHO CODE, TO  
 33 PROVIDE A CORRECT CODE REFERENCE.

34 Be It Enacted by the Legislature of the State of Idaho:

35 SECTION 1. That Section 30-29-120, Idaho Code, be, and the same is  
 36 hereby amended to read as follows:

37 30-29-120. REQUIREMENTS FOR DOCUMENTS -- EXTRINSIC FACTS. ~~(1a) Except~~  
 38 ~~as otherwise permitted by subsection (3) of this section, a record~~ A document  
 39 delivered to the secretary of state for filing pursuant to this chapter must  
 40 be signed as follows typewritten or printed, or, if electronically transmit-  
 41 ted, it must be in a format that can be retrieved or reproduced in typewritten  
 42 or printed form.

43 (b) Notwithstanding the provisions of section 30-21-209(b), Idaho  
 44 Code, and except as otherwise permitted by subsection (e) of this section,  
 45 the document must be signed:

46 (a1) By the chairman of the board of directors of a domestic or foreign  
 47 corporation, by its president, or by another of its officers;

1           (b~~2~~) If directors have not been selected or the corporation has not been  
2           formed, by an incorporator; or

3           (e~~3~~) If the corporation is in the hands of a receiver, trustee or other  
4           court-appointed fiduciary, by that fiduciary.

5           (c) The person executing the document shall sign it and state beneath or  
6           opposite the person's signature the person's name and the capacity in which  
7           the document is signed. The document may, but need not, contain a corporate  
8           seal, attestation, acknowledgment, or verification.

9           (2d) Whenever a provision of this chapter, or section 30-22-107, Idaho  
10          Code, permits any of the terms of a plan or a filed document to be dependent  
11          upon facts objectively ascertainable outside the plan or filed document, the  
12          following provisions apply:

13          (a~~1~~) The manner in which the facts will operate upon the terms of the  
14          plan or filed document ~~shall~~ must be set forth in the plan or filed docu-  
15          ment.

16          (b~~2~~) The facts may include, ~~but are not limited to:~~

17           (i) Any of the following that are available in a nationally rec-  
18           ognized news or information medium either in print or electroni-  
19           cally: statistical or market indices, market prices of any se-  
20           curity or group of securities, interest rates, currency exchange  
21           rates, or similar economic or financial data;

22           (ii) A determination or action by any person or body, including  
23           the corporation or any other party, to a plan or filed document; or

24           (iii) The terms of, or actions taken under, an agreement ~~or docu-~~  
25           ~~ment~~ to which the corporation is a party, or any other agreement or  
26           document.

27          (e~~3~~) As used in this subsection:

28           (i) "Filed document" means a document filed ~~with~~ by the secre-  
29           tary of state under any provision of this chapter or chapter 21 or  
30           22, title 30, Idaho Code, except section 30-21-213, Idaho Code, or  
31           part 5, chapter 21, title 30, Idaho Code; and

32           (ii) "Plan" means a plan of domestication, conversion, merger or  
33           share exchange.

34          (d~~4~~) The following provisions of a plan or filed document may not be  
35          made dependent upon facts outside the plan or filed document:

36           (i) The name and address of any person required in a filed docu-  
37           ment;

38           (ii) The registered office, if any, of any entity required in a  
39           filed document;

40           (iii) The registered agent of any entity required in a filed docu-  
41           ment;

42           (iv) The number of authorized shares and designation of each class  
43           or series of shares;

44           (v) The effective date of a filed document; and

45           (vi) Any required statement in a filed document of the date on  
46           which the underlying transaction was approved or the manner in  
47           which that approval was given.

48          (e~~5~~) If a provision of a filed document is made dependent upon a fact  
49          ascertainable outside of the filed document, and that fact is ~~not~~  
50          neither ascertainable by reference to a source described in subsection

1        (d) (2) (b) (i) of this section or a document that is a matter of public  
 2        record, ~~or nor have~~ the affected shareholders ~~have not~~ received notice  
 3        of the fact from the corporation, then the corporation shall file with  
 4        the secretary of state articles of amendment to the filed document set-  
 5        ting forth the fact promptly after the time when the fact referred to  
 6        is first ascertainable or thereafter changes. Articles of amendment  
 7        under this ~~subsection~~ paragraph are deemed to be authorized by the au-  
 8        thorization of the original filed document ~~or plan~~ to which they relate  
 9        and may be filed by the corporation without further action by the board  
 10       of directors or the shareholders.

11        (3e) The annual report delivered to the secretary of state for filing  
 12        under section 30-21-213, Idaho Code, shall be executed by one (1) of the per-  
 13        sons identified in subsection (1a) of this section or by another person who  
 14        is authorized by the board of directors to execute the report.

15        SECTION 2. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 16        hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 17        ignated as Section 30-29-123, Idaho Code, and to read as follows:

18        30-29-123. EFFECTIVE DATE OF FILED DOCUMENT. (a) If a filed document  
 19        does not specify the time zone or place at which a date or time or both is to  
 20        be determined, the date or time or both at which it becomes effective shall be  
 21        those prevailing at the place of filing in this state.

22        (b) Unless otherwise provided in sections 30-29-145 through 30-29-152,  
 23        Idaho Code, any document filed pursuant to this chapter may have a delayed  
 24        effective date and, when accepted for filing, is effective as provided in  
 25        section 30-21-203, Idaho Code, and this section.

26        SECTION 3. That Section 30-29-140, Idaho Code, be, and the same is  
 27        hereby amended to read as follows:

28        30-29-140. CHAPTER DEFINITIONS. ~~As used i~~In this chapter, unless oth-  
 29        erwise specified:

30        (1) "Articles of incorporation" means the ~~original~~ articles of incor-  
 31        poration described in section 30-29-202, Idaho Code, all amendments thereof  
 32        to the articles of incorporation, and any other documents permitted or re-  
 33        quired to be filed delivered for filing by a domestic business corporation  
 34        with the secretary of state under any provision of this chapter that mod-  
 35        ify, amend, supplement, restate, or replace the articles of incorporation.  
 36        ~~If~~ After an amendment of the articles of incorporation or any other docu-  
 37        ment filed under this chapter that restates the articles of incorporation  
 38        in their entirety, ~~thenceforth~~ the "articles" of incorporation shall not in-  
 39        clude any prior documents. When used with respect to a foreign corporation  
 40        or a domestic or foreign nonprofit corporation, the "articles of incorpora-  
 41        tion" of such an entity means the document of such entity that is equivalent  
 42        to the articles of incorporation of a domestic business corporation.

43        (2) "Authorized shares" means the shares of all classes a domestic or  
 44        foreign corporation is authorized to issue.

1           (3) "Beneficial shareholder" means a person who owns the beneficial in-  
 2 terest in shares, that may be a record shareholder or a person on whose behalf  
 3 shares are registered in the name of an intermediary or nominee.

4           (4) "Conspicuous" means so written, displayed, or presented that a rea-  
 5 sonable person against whom the writing is to operate should have noticed it.  
 6 For example, printing in italics or boldface or contrasting color, or typing  
 7 in capitals or underlined, is conspicuous.

8           (45) "Corporation," "domestic corporation," "business corporation,"  
 9 or "domestic business corporation" means a corporation for profit that is  
 10 not a foreign corporation, incorporated under ~~or subject to the provisions~~  
 11 ~~of~~ this chapter.

12           (56) "Distribution" means a direct or indirect transfer of ~~money~~ cash  
 13 or other property, except ~~its~~ a corporation's own shares, or incurrence  
 14 of indebtedness by a corporation to or for the benefit of its sharehold-  
 15 ers in respect of any of its shares. A distribution may be in the form of  
 16 a ~~declaration or~~ payment of a dividend; a purchase, redemption, or other  
 17 acquisition of shares; a distribution of indebtedness; a distribution of  
 18 liquidation; or otherwise.

19           (7) "Document" means any tangible medium on which information is in-  
 20 scribed, and includes handwritten, typed, printed, or similar instruments,  
 21 and copies of such instruments; or an electronic record.

22           ~~(6) "Domestic unincorporated entity" means an unincorporated entity~~  
 23 ~~whose internal affairs are governed by the laws of this state.~~

24           (8) "Effective date," when referring to a record filed by the secre-  
 25 tary of state, means the time and date determined in accordance with section  
 26 30-21-203 or 30-29-123 (b), Idaho Code.

27           (9) "Electronic" means relating to technology having electrical, dig-  
 28 ital, magnetic, wireless, optical, electromagnetic, or similar capabili-  
 29 ties.

30           (10) "Electronic record" means information that is stored in an elec-  
 31 tronic or other nontangible medium and is retrievable in paper form through  
 32 an automated process used in conventional commercial practice, unless oth-  
 33 erwise authorized in accordance with section 30-29-141 (j), Idaho Code.

34           ~~(711) "Electronic transmission" or "electronically transmitted" means~~  
 35 ~~any form or process of communication not directly involving the physical~~  
 36 ~~transfer of paper, or another tangible medium, that is suitable for the re-~~  
 37 ~~tention, retrieval and reproduction in written form of information by the~~  
 38 ~~recipient and is retrievable in paper form by the recipient through an au-~~  
 39 ~~tomated process used in conventional commercial practice, unless otherwise~~  
 40 ~~authorized in accordance with section 30-29-141 (j), Idaho Code.~~

41           ~~(812) "Eligible entity" means a domestic or foreign unincorporated en-~~  
 42 ~~tity or a domestic or foreign nonprofit corporation.~~

43           ~~(913) "Eligible interests" means interests ~~or memberships~~ in eligible~~  
 44 ~~entities.~~

45           ~~(104) "Employee" includes an officer but not a director. A director may~~  
 46 ~~accept duties that make him the director also an employee.~~

47           ~~(11) The phrase "facts objectively ascertainable outside the plan or~~  
 48 ~~filed document" is as set forth in section 30-29-120(2), Idaho Code.~~

49           (15) "Expenses" means reasonable expenses of any kind that are incurred  
 50 in connection with a matter.

1           (126) "Foreign corporation" or "foreign business" means a corporation  
2 incorporated under a law other than the law of this state which would be a  
3 business corporation if incorporated under the laws of this state.

4           (137) "Foreign nonprofit corporation" means a corporation incorporated  
5 under a law other than the law of this state, which would be a nonprofit cor-  
6 poration if incorporated under the laws of this state.

7           ~~(14) "Foreign unincorporated entity" means an unincorporated entity~~  
8 ~~whose internal affairs are governed by an organic law of a jurisdiction other~~  
9 ~~than this state.~~

10           ~~(15) "Governmental subdivision" includes authority, county, district~~  
11 ~~and municipality.~~

12           ~~(16) "Membership" means the right of a member in a domestic or foreign~~  
13 ~~nonprofit corporation.~~

14           ~~(17) "Notice" is defined in section 30-29-141, Idaho Code.~~

15           ~~(18) "Organic document" means a public organic document or a private or-~~  
16 ~~ganic document.~~

17           (18) "Foreign registration statement" means the foreign registration  
18 statement described in section 30-21-503, Idaho Code.

19           (19) "Includes" and "including" denote a partial definition or a nonex-  
20 clusive list.

21           (20) "Individual" means a natural person.

22           ~~(1921) "Owner Interest holder liability" means:~~

23           (i) ~~Personal liability for a debt, obligation, or other liabil-~~  
24 ~~ity of a domestic or foreign business or nonprofit corporation or~~  
25 ~~unincorporated other entity that is imposed on a person:~~

26           (aA) ~~Solely by reason of the person's status as a shareholder,~~  
27 ~~member or other interest holder; or~~

28           (bB) ~~By the articles of incorporation, bylaws or an organic docu-~~  
29 ~~ment under a provision of the domestic corporation or the organic~~  
30 ~~law rules of an the other entity authorizing the articles of in-~~  
31 ~~corporation, bylaws or an organic document to that make one (1)~~  
32 ~~or more specified shareholders, members or interest holders, or~~  
33 ~~categories of shareholders or interest holders, liable in their~~  
34 ~~capacity as shareholders, members or interest holders for all or~~  
35 ~~specified debts, obligations or liabilities of the corporation or~~  
36 ~~other entity; or~~

37           (ii) An obligation of a shareholder or interest holder under the arti-  
38 cles of incorporation of a domestic corporation or the organic rules of  
39 another entity or to contribute to the corporation or other entity.

40 For purposes of the foregoing, except as otherwise provided in the articles  
41 of incorporation of a domestic corporation or the organic law or organic  
42 rules of another entity, interest holder liability arises under paragraph  
43 (i) of this subsection when the corporation or other entity incurs the li-  
44 ability.

45           (22) "Means" denotes an exhaustive definition.

46           (23) "Membership" [Reserved.]

47           ~~(204) "Record date" means the date established under part 6 or 7 of this~~  
48 ~~chapter on which a corporation determines fixed for determining the identity~~  
49 ~~of its the corporation's shareholders and their shareholdings for purposes~~  
50 ~~of this chapter. The determinations shall be made as of the close of busi-~~

1 ~~ness on the record date~~ Unless another time for doing so is specified when  
2 the record date is fixed, the determination shall be made as of the close of  
3 business at the principal office of the corporation on the date so fixed.

4 (25) "Record shareholder" means the person in whose name shares are  
5 registered in the records of the corporation or the person identified as the  
6 beneficial owner of shares in a beneficial ownership certificate pursuant to  
7 section 30-29-723, Idaho Code, on file with the corporation to the extent of  
8 the rights granted by such certificate.

9 (216) "Secretary" means the corporate officer to whom the board of di-  
10 rectors has delegated responsibility under section 30-29-840(3c), Idaho  
11 Code, ~~for custody of to maintain~~ the minutes of the meetings of the board  
12 of directors and of the shareholders and for authenticating records of the  
13 corporation.

14 (27) "Share exchange" means an interest exchange as defined in section  
15 30-22-102(10), Idaho Code.

16 (228) "Shareholder" means the person in whose name shares are regis-  
17 tered in the records of a corporation or the beneficial owner of shares to the  
18 extent of the rights granted by a nominee certificate on file with a corpora-  
19 tion a record shareholder.

20 (2329) "Shares" means the units into which the proprietary interests in  
21 a domestic or foreign corporation are divided.

22 (2430) "Subscriber" means a person who subscribes for shares in a corpo-  
23 ration, whether before or after incorporation.

24 (2531) "Treasury shares" means shares of a corporation which have been  
25 issued, have been subsequently acquired by and belong to the corporation,  
26 and have not, either by reason of the acquisition or thereafter, been can-  
27 celed or restored to the status of authorized but unissued shares. Treasury  
28 shares shall be deemed to be "issued" shares, but not "outstanding" shares.

29 (2632) "Unincorporated entity" means an organization or artificial  
30 legal person that either has a separate legal existence or has the power to  
31 acquire an estate in real property in its own name and that is not any of  
32 the following: a domestic or foreign business or nonprofit corporation,  
33 a series of a limited liability company or of another type of entity, an  
34 estate, a trust, a state, the United States, or a foreign government. The  
35 term includes, ~~without limitation,~~ a general partnership, limited liability  
36 company, limited partnership, business trust, joint stock association and  
37 unincorporated nonprofit association.

38 (2733) "United States" includes district, authority, bureau, commis-  
39 sion, department and any other agency of the United States.

40 (34) "Unrestricted voting trust beneficial owner" means, with respect  
41 to any shareholder rights, a voting trust beneficial owner whose entitlement  
42 to exercise the shareholder right in question is not inconsistent with the  
43 voting trust agreement.

44 (2835) "Voting group" means all shares of one (1) or more classes or  
45 series that under the articles of incorporation or this chapter are entitled  
46 to vote and be counted together collectively on a matter at a meeting of  
47 shareholders. All shares entitled by the articles of incorporation or this  
48 chapter to vote generally on the matter are for that purpose a single voting  
49 group.

1           ~~(2936)~~ "Voting power" means the current power to vote in the election of  
2 directors.

3           (37) "Voting trust beneficial owner" means an owner of a beneficial in-  
4 terest in shares of the corporation held in a voting trust established pur-  
5 suant to section 30-29-730 (a), Idaho Code.

6           (38) "Writing" or "written" means any information in the form of a docu-  
7 ment.

8           SECTION 4. That Section 30-29-141, Idaho Code, be, and the same is  
9 hereby amended to read as follows:

10           30-29-141. NOTICES AND OTHER COMMUNICATIONS. ~~(1a)~~ Notice under this  
11 chapter must be in writing unless oral notice is reasonable under in the  
12 circumstances. ~~Notice by electronic transmission is written notice~~ Unless  
13 otherwise agreed between the sender and the recipient, words in a notice or  
14 other communication under this chapter must be in English.

15           ~~(2b) A nNotice or other communication may be communicated in person; by~~  
16 ~~mail or other given by any method of delivery; or by telephone, voice mail or~~  
17 ~~other, except that electronic means transmissions must be in accordance with~~  
18 ~~this section. If these forms the methods of personal notice delivery are im-~~  
19 ~~practicable, notice or other communication may be communicated by given by~~  
20 ~~means of a broad non-exclusionary distribution to the public that may in-~~  
21 ~~clude a newspaper of general circulation in the area where published, or by~~  
22 ~~radio, television, or other form methods of public broadcast communication~~  
23 ~~distribution that the corporation has previously identified to its share-~~  
24 ~~holders.~~

25           ~~(3) Written notice by a domestic or foreign corporation to its share-~~  
26 ~~holder, if in a comprehensible form, is effective:~~

27           ~~(a) Upon deposit in the United States mail, if mailed postpaid and~~  
28 ~~correctly addressed to the shareholder's address shown in the corpora-~~  
29 ~~tion's current record of shareholders; or~~

30           ~~(b) When electronically transmitted to the shareholder in a manner au-~~  
31 ~~thorized by the shareholders.~~

32           ~~(4) Written notice to a domestic or foreign corporation, authorized to~~  
33 ~~transact business in this state, may be addressed to its registered agent or~~  
34 ~~to the corporation or its secretary at its correspondence address shown in~~  
35 ~~its most recent annual report or, in the case of a foreign corporation that~~  
36 ~~has not yet delivered an annual report, in its application for a certificate~~  
37 ~~of authority.~~

38           ~~(5) Except as provided in subsection (3) of this section, written no-~~  
39 ~~tice, if in a comprehensible form, is effective at the earliest of the fol-~~  
40 ~~lowing:~~

41           ~~(a) When received;~~

42           ~~(b) Five (5) days after its deposit in the United States mail, if mailed~~  
43 ~~postpaid and correctly addressed;~~

44           ~~(c) On the date shown on the return receipt, if sent by registered or~~  
45 ~~certified mail, return receipt requested, and the receipt is signed by~~  
46 ~~or on behalf of the addressee.~~

47           ~~(6) Oral notice is effective when communicated, if communicated in a~~  
48 ~~comprehensible manner.~~

1       (c) Notice or other communication to a domestic corporation or to a for-  
2 foreign corporation registered to do business in this state may be delivered to  
3 the corporation's registered agent at its registered office or to the sec-  
4 retary at the corporation's principal office shown in its most recent annual  
5 report or, in the case of a foreign corporation that has not yet delivered an  
6 annual report, in its foreign registration statement.

7       (d) A notice or other communications may be delivered by electronic  
8 transmission if consented to by the recipient or if authorized by subsection  
9 (j) of this section.

10       (e) Any consent under subsection (d) of this section may be revoked by  
11 the person who consented by written or electronic notice to the person to  
12 whom the consent was delivered. Any such consent is deemed revoked if the  
13 corporation is unable to deliver two (2) consecutive electronic transmis-  
14 sions given by the corporation in accordance with such consent, and such in-  
15 ability becomes known to the secretary or an assistant secretary or to the  
16 transfer agent, or other person responsible for the giving of notice or other  
17 communications; provided, however, the inadvertent failure to treat such  
18 inability as a revocation shall not invalidate any meeting or other action.

19       (f) Unless otherwise agreed between the sender and the recipient, an  
20 electronic transmission is received when:

21       (1) It enters an information processing system that the recipient has  
22 designated or uses for the purposes of receiving electronic transmis-  
23 sions or information of the type sent, and from which the recipient is  
24 able to retrieve the electronic transmission; and

25       (2) It is in a form capable of being processed by that system.

26       (g) Receipt of an electronic acknowledgment from an information pro-  
27 cessing system described in subsection (f) (1) of this section establishes  
28 that an electronic transmission was received but, by itself, does not estab-  
29 lish that the content sent corresponds to the content received.

30       (h) An electronic transmission is received under this section even if  
31 no person is aware of its receipt.

32       (i) A notice or other communication, if in a comprehensible form or man-  
33 ner, is effective at the earliest of the following:

34       (1) If in a physical form, the earliest of when it is actually received,  
35 or when it is left at:

36       (i) A shareholder's address shown on the corporation's record of  
37 shareholders maintained by the corporation under section 30-29-  
38 1601(d), Idaho Code;

39       (ii) A director's residence or usual place of business; or

40       (iii) The corporation's principal office;

41       (2) If mailed postage prepaid and correctly addressed to a shareholder,  
42 upon deposit in the United States mail;

43       (3) If mailed by United States mail postage prepaid and correctly ad-  
44 ressed to a recipient other than a shareholder, the earliest of when it  
45 is actually received, or:

46       (i) If sent by registered or certified mail, return receipt re-  
47 quested, the date shown on the return receipt signed by or on be-  
48 half of the addressee; or

49       (ii) Five (5) days after it is deposited in the United States mail;

1       (4) If an electronic transmission, when it is received as provided in  
 2       subsection (f) of this section; and

3       (5) If oral, when communicated.

4       (j) A notice or other communication may be in the form of an electronic  
 5       transmission that cannot be directly reproduced in paper form by the recip-  
 6       ient through an automated process used in conventional commercial practice  
 7       only if the electronic transmission is otherwise retrievable in perceivable  
 8       form, and the sender and the recipient have consented in writing to the use of  
 9       such form of electronic transmission.

10       (7k) If this chapter prescribes ~~notice~~ requirements for notices or  
 11       other communications in particular circumstances, those requirements gov-  
 12       ern. If articles of incorporation or bylaws prescribe ~~notice~~ requirements  
 13       for notices or other communications, not inconsistent with this section or  
 14       other provisions of this chapter, those requirements govern. The articles  
 15       of incorporation or bylaws may authorize or require delivery of notices of  
 16       meetings of directors by electronic transmission.

17       (l) In the event that any provisions of this chapter are deemed to mod-  
 18       ify, limit, or supersede the federal electronic signatures in global and na-  
 19       tional commerce act, 15 U.S.C. 7001 et seq., the provisions of this chapter  
 20       shall control to the maximum extent permitted by section 102(a)(2) of that  
 21       federal act.

22       SECTION 5. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 23 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 24 ignated as Section 30-29-142, Idaho Code, and to read as follows:

25       30-29-142. NUMBER OF SHAREHOLDERS. (a) For purposes of this chapter,  
 26 the following identified as a shareholder in a corporation's current record  
 27 of shareholders constitutes one (1) shareholder:

28       (1) Three (3) or fewer co-owners;

29       (2) A corporation, partnership, trust, estate, or other entity; or

30       (3) The trustees, guardians, custodians, or other fiduciaries of a sin-  
 31       gle trust, estate, or account.

32       (b) For purposes of this chapter, shareholdings registered in substan-  
 33       tially similar names constitute one (1) shareholder if it is reasonable to  
 34       believe that the names represent the same person.

35       SECTION 6. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 36 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 37 ignated as Section 30-29-143, Idaho Code, and to read as follows:

38       30-29-143. QUALIFIED DIRECTOR. (a) A "qualified director" is a direc-  
 39       tor who, at the time action is to be taken under:

40       (1) Section 30-29-202(b)(6), Idaho Code, is not a director to whom the  
 41       limitation or elimination of the duty of an officer to offer potential  
 42       business opportunities to the corporation would apply or who has a mate-  
 43       rial relationship with any other person to whom the limitation or elimi-  
 44       nation would apply;

45       (2) Section 30-29-744, Idaho Code, does not have a material interest in  
 46       the outcome of the proceeding or a material relationship with a person  
 47       who has such an interest;

1 (3) Section 30-29-853 or 30-29-855, Idaho Code, is not a party to the  
2 proceeding, is not a director as to whom a transaction is a director's  
3 conflicting interest transaction or who sought a disclaimer of the cor-  
4 poration's interest in a business opportunity under section 30-29-870,  
5 Idaho Code, which transaction or disclaimer is challenged in the pro-  
6 ceeding, and does not have a material relationship with a director de-  
7 scribed in this subsection;

8 (4) Section 30-29-862, Idaho Code, is not a director as to whom the  
9 transaction is a director's conflicting interest transaction or who has  
10 a material relationship with another director as to whom the transac-  
11 tion is a director's conflicting interest transaction; or

12 (5) Section 30-29-870, Idaho Code, is not a director who pursues or  
13 takes advantage of the business opportunity, directly or indirectly  
14 through or on behalf of another person or has a material relation-  
15 ship with a director or officer who pursues or takes advantage of the  
16 business opportunity, directly or indirectly through or on behalf of  
17 another person.

18 (b) For purposes of this section:

19 (1) "Material interest" means an actual or potential benefit or detri-  
20 ment, other than one which would devolve on the corporation or the  
21 shareholders generally, that would reasonably be expected to impair the  
22 objectivity of the director's judgment when participating in the action  
23 to be taken; and

24 (2) "Material relationship" means a familial, financial, profes-  
25 sional, employment, or other relationship that would reasonably be  
26 expected to impair the objectivity of the director's judgment when par-  
27 ticipating in the action to be taken.

28 (c) The presence of one (1) or more of the following circumstances shall  
29 not automatically prevent a director from being a qualified director:

30 (1) Nomination or election of the director to the current board by any  
31 director who is not a qualified director with respect to the matter, or  
32 by any person who has a material relationship with that director, acting  
33 alone or participating with others;

34 (2) Service as a director of another corporation of which a director who  
35 is not a qualified director with respect to the matter, or any individ-  
36 ual who has a material relationship with that director, is or was also a  
37 director; or

38 (3) With respect to action to be taken under section 30-29-744, Idaho  
39 Code, status as a named defendant, as a director against whom action is  
40 demanded, or as a director who approved the conduct being challenged.

41 SECTION 7. That Chapter 29, Title 30, Idaho Code, be, and the same is  
42 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
43 ignated as Section 30-29-144, Idaho Code, and to read as follows:

44 30-29-144. HOUSEHOLDING. (a) A corporation has delivered written no-  
45 tice or any other report or statement under this chapter, the articles of in-  
46 corporation, or the bylaws to all shareholders who share a common address if:

47 (1) The corporation delivers one (1) copy of the notice, report, or  
48 statement to the common address;

1 (2) The corporation addresses the notice, report, or statement to those  
2 shareholders either as a group or to each of those shareholders individ-  
3 ually or to the shareholders in a form to which each of those sharehold-  
4 ers has consented; and

5 (3) Each of those shareholders consents to delivery of a single copy of  
6 such notice, report, or statement to the shareholders' common address.

7 (b) Any such consent described in subsections (a) (2) or (a) (3) of this  
8 section shall be revocable by any of such shareholders who deliver written  
9 notice of revocation to the corporation. If such written notice of re-  
10 vocation is delivered, the corporation shall begin providing individual  
11 notices, reports, or other statements to the revoking shareholder no later  
12 than thirty (30) days after delivery of the written notice of revocation.

13 (c) Any shareholder who fails to object by written notice to the corpo-  
14 ration, within sixty (60) days of written notice by the corporation of its  
15 intention to deliver single copies of notices, reports, or statements to  
16 shareholders who share a common address as permitted by subsection (a) of  
17 this section shall be deemed to have consented to receiving such single copy  
18 at the common address; provided that the notice of intention explains that  
19 consent may be revoked and the method for revoking.

20 SECTION 8. That Chapter 29, Title 30, Idaho Code, be, and the same is  
21 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
22 ignated as Section 30-29-145, Idaho Code, and to read as follows:

23 30-29-145. DEFINITIONS. For purposes of sections 30-29-145 through  
24 30-29-152, Idaho Code:

25 (1) "Corporate action" means any action taken by or on behalf of the  
26 corporation, including any action taken by the incorporator, the board of  
27 directors, a committee of the board of directors, an officer or agent of the  
28 corporation, or the shareholders.

29 (2) "Date of the defective corporate action" means the date, or the ap-  
30 proximate date if the exact date is unknown, the defective corporate action  
31 was purported to have been taken.

32 (3) "Defective corporate action" means any corporate action purport-  
33 edly taken that is, and at the time such corporate action was purportedly  
34 taken, would have been within the power of the corporation, but is void or  
35 voidable due to a failure of authorization, and is an overissue.

36 (4) "Failure of authorization" means the failure to authorize, approve  
37 or otherwise effect a corporate action in compliance with the provisions of  
38 this chapter, the articles of incorporation or bylaws, a corporate resolu-  
39 tion, or any plan or agreement to which the corporation is a party, if and to  
40 the extent such failure would render such corporate action void or voidable.

41 (5) "Overissue" means the purported issuance of shares of a class or se-  
42 ries in excess of the number of shares of a class or series the corporation  
43 has the power to issue under section 30-29-601, Idaho Code, at the time of  
44 such issuance; or shares of any class or series that is not then authorized  
45 for issuance by the articles of incorporation.

46 (6) "Putative shares" means the shares of any class or series, includ-  
47 ing shares issued upon exercise of rights, options, warrants, or other secu-  
48 rities convertible into shares of the corporation or interests with respect  
49 to such shares that were created or issued as a result of a defective cor-

1 porate action that, but for any failure of authorization, would constitute  
2 valid shares or cannot be determined by the board of directors to be valid  
3 shares.

4 (7) "Valid shares" means the shares of any class or series that have  
5 been duly authorized and validly issued in accordance with this chapter, in-  
6 cluding as a result of ratification or validation under sections 30-29-145  
7 through 30-29-152, Idaho Code.

8 (8) "Validation effective time" with respect to any defective cor-  
9 porate action ratified under sections 30-29-145 through 30-29-152, Idaho  
10 Code, means the later of:

11 (a) The time at which the ratification of the defective corporate ac-  
12 tion is approved by the shareholders, or if approval of shareholders is  
13 not required, the time at which the notice required by section 30-29-  
14 149, Idaho Code, becomes effective in accordance with section 30-29-  
15 141, Idaho Code; and

16 (b) The time at which any articles of validation filed in accordance  
17 with section 30-29-151, Idaho Code, become effective.

18 The validation effective time shall not be affected by the filing or pendency  
19 of a judicial proceeding under section 30-29-152, Idaho Code, or otherwise,  
20 unless otherwise ordered by the court.

21 SECTION 9. That Chapter 29, Title 30, Idaho Code, be, and the same is  
22 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
23 ignated as Section 30-29-146, Idaho Code, and to read as follows:

24 30-29-146. DEFECTIVE CORPORATE ACTIONS. (a) A defective corporate ac-  
25 tion shall not be void or voidable if ratified in accordance with section  
26 30-29-147, Idaho Code, or validated in accordance with section 30-29-152,  
27 Idaho Code.

28 (b) Ratification under section 30-29-147, Idaho Code, or validation  
29 under section 30-29-152, Idaho Code, shall not be deemed to be the exclu-  
30 sive means of ratifying or validating any defective corporate action, and  
31 the absence or failure of ratification in accordance with sections 30-29-145  
32 through 30-29-152, Idaho Code, shall not, of itself, affect the validity or  
33 effectiveness of any corporate action properly ratified under common law or  
34 otherwise, nor shall it create a presumption that any such corporate action  
35 is or was a defective corporate action or void or voidable.

36 (c) In the case of an overissue, putative shares shall be valid shares  
37 effective as of the date originally issued or purportedly issued upon:

38 (1) The effectiveness under sections 30-29-145 through 30-29-152,  
39 Idaho Code, and under part 10 of this chapter or an amendment to the  
40 articles of incorporation authorizing, designating, or creating such  
41 shares; or

42 (2) The effectiveness of any other corporate action under sections  
43 30-29-145 through 30-29-152, Idaho Code, ratifying the authorization,  
44 designation, or creation of such shares.

45 SECTION 10. That Chapter 29, Title 30, Idaho Code, be, and the same is  
46 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
47 ignated as Section 30-29-147, Idaho Code, and to read as follows:

1           30-29-147.   RATIFICATION OF DEFECTIVE CORPORATE ACTIONS. (a) To ratify  
2 a defective corporate action under this section, other than the ratification  
3 of an election of the initial board of directors under subsection (b) of this  
4 section, the board of directors shall take action ratifying the action in ac-  
5 cordance with section 30-29-148, Idaho Code, stating:

6           (1) The defective corporate action to be ratified and, if the defective  
7 corporate action involved the issuance of putative shares, the number  
8 and type of putative shares purportedly issued;

9           (2) The date of the defective corporate action;

10          (3) The nature of the failure of authorization with respect to the de-  
11 fective corporate action to be ratified; and

12          (4) That the board of directors approves the ratification of the defec-  
13 tive corporate action.

14          (b) In the event that a defective corporate action to be ratified re-  
15 lates to the election of the initial board of directors of the corporation  
16 under section 30-29-205(a) (2), Idaho Code, a majority of the persons who,  
17 at the time of the ratification, are exercising the powers of directors, may  
18 take an action stating:

19          (1) The name of the person or persons who first took action in the name  
20 of the corporation as the initial board of directors of the corporation;

21          (2) The earlier of the date on which such persons first took such action  
22 or were purported to have been elected as the initial board of direc-  
23 tors; and

24          (3) That the ratification of the election of such person or persons as  
25 the initial board of directors is approved.

26          (c) If any provision of this chapter, the articles of incorporation  
27 or bylaws, any corporate resolution or any plan or agreement to which the  
28 corporation is a party in effect at the time action under subsection (a) of  
29 this section is taken, requires shareholder approval or would have required  
30 shareholder approval at the date of the occurrence of the defective corpo-  
31 rate action, the ratification of the defective corporate action approved in  
32 the action taken by the directors under subsection (a) of this section shall  
33 be submitted to the shareholders for approval in accordance with section  
34 30-29-148, Idaho Code.

35          (d) Unless otherwise provided in the action taken by the board of direc-  
36 tors under subsection (a) of this section, after the action by the board of  
37 directors has been taken and, if required, approved by the shareholders, the  
38 board of directors may abandon the ratification at any time before the vali-  
39 dation effective time without further action of the shareholders.

40           SECTION 11. That Chapter 29, Title 30, Idaho Code, be, and the same is  
41 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
42 ignated as Section 30-29-148, Idaho Code, and to read as follows:

43           30-29-148.   ACTION ON RATIFICATION. (a) The quorum and voting require-  
44 ments applicable to a ratifying action by the board of directors under sec-  
45 tion 30-29-147(a), Idaho Code, shall be the quorum and voting requirements  
46 applicable to the corporate action proposed to be ratified at the time such  
47 ratifying action is taken.

48           (b) If the ratification of the defective corporate action requires ap-  
49 proval by the shareholders under section 30-29-147(c), Idaho Code, and if

1 the approval is to be given at a meeting, the corporation shall notify each  
2 holder of valid and putative shares, regardless of whether entitled to vote,  
3 as of the record date for notice of the meeting and as of the date of the oc-  
4 currence of defective corporate action, provided that notice shall not be  
5 required to be given to holders of valid or putative shares whose identities  
6 or addresses for notice cannot be determined from the records of the corpo-  
7 ration. The notice must state that the purpose, or one (1) of the purposes,  
8 of the meeting is to consider ratification of a defective corporate action  
9 and must be accompanied by either a copy of the action taken by the board of  
10 directors in accordance with section 30-29-147(a), Idaho Code, or the infor-  
11 mation required by paragraphs (1) through (4) of subsection (a) of section  
12 30-29-147, Idaho Code, and a statement that any claim that the ratification  
13 of such defective corporate action and any putative shares issued as a result  
14 of such defective corporate action should not be effective, or should be ef-  
15 fective only on certain conditions, shall be brought within 120 days from the  
16 applicable validation effective time.

17 (c) Except as provided in subsection (d) of this section with respect to  
18 the voting requirements to ratify the election of a director, the quorum and  
19 voting requirements applicable to the approval by the shareholders required  
20 by section 30-29-147(c), Idaho Code, shall be the quorum and voting require-  
21 ments applicable to the corporate action proposed to be ratified at the time  
22 of such shareholder approval.

23 (d) The approval by shareholders to ratify the election of a director  
24 requires that the votes cast within the voting group favoring such ratifi-  
25 cation exceed the votes cast opposing such ratification of the election at a  
26 meeting at which a quorum is present.

27 (e) Putative shares on the record date for determining the sharehold-  
28 ers entitled to vote on any matter submitted to shareholders under section  
29 30-29-147(c), Idaho Code, and without giving effect to any ratification of  
30 putative shares that becomes effective as a result of such vote, shall nei-  
31 ther be entitled to vote nor counted for quorum purposes in any vote to ap-  
32 prove the ratification of any defective corporate action.

33 (f) If the approval under this section of putative shares would result  
34 in an overissue, in addition to the approval required by section 30-29-147,  
35 Idaho Code, approval of an amendment to the articles of incorporation un-  
36 der part 10 of this chapter to increase the number of shares of an authorized  
37 class or series, or to authorize the creation of a class or series of shares  
38 so there would be no overissue, shall also be required.

39 SECTION 12. That Chapter 29, Title 30, Idaho Code, be, and the same is  
40 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
41 ignated as Section 30-29-149, Idaho Code, and to read as follows:

42 30-29-149. NOTICE REQUIREMENTS. (a) Unless shareholder approval is  
43 required under section 30-29-147(c), Idaho Code, prompt notice of an action  
44 taken under section 30-29-147, Idaho Code, shall be given to each holder of  
45 valid and putative shares, regardless of whether entitled to vote, as of the  
46 date of such action by the board of directors and the date of the defective  
47 corporate action ratified, provided that notice shall not be required to be  
48 given to holders of valid and putative shares whose identities or addresses  
49 for notice cannot be determined from the records of the corporation.

1 (b) The notice must contain either a copy of the action taken by the  
2 board of directors in accordance with subsection (a) or (b) of section 30-29-  
3 147, Idaho Code, or the information required by paragraphs (1) through (4) of  
4 subsection (a) of section 30-29-147, Idaho Code, or paragraphs (1) through  
5 (3) of subsection (b) of section 30-29-147, Idaho Code, as applicable; and  
6 a statement that any claim that the ratification of the defective corporate  
7 action and any putative shares issued as a result of such defective corporate  
8 action should not be effective, or should be effective only on certain con-  
9 ditions, shall be brought within 120 days from the applicable validation ef-  
10 fective time.

11 (c) No notice under this section is required with respect to any ac-  
12 tion required to be submitted to shareholders for approval under section  
13 30-29-147(c), Idaho Code, if notice is given in accordance with section  
14 30-29-148(b), Idaho Code.

15 (d) A notice required by this section may be given in any manner permit-  
16 ted by section 30-29-141, Idaho Code, and, for any corporation subject to the  
17 reporting requirements of section 13 or 15(d) of the securities exchange act  
18 of 1934, may be given by means of a filing or furnishing of such notice with  
19 the United States securities and exchange commission.

20 SECTION 13. That Chapter 29, Title 30, Idaho Code, be, and the same is  
21 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
22 ignated as Section 30-29-150, Idaho Code, and to read as follows:

23 30-29-150. EFFECT OF RATIFICATION. From and after the validation ef-  
24 fective time, and without regard to the one hundred twenty (120) day period  
25 during which a claim may be brought under section 30-29-152, Idaho Code:

26 (a) Each defective corporate action ratified in accordance with sec-  
27 tion 30-29-147, Idaho Code, shall not be void or voidable as a result of the  
28 failure of authorization identified in the action taken under subsection (a)  
29 or (b) of section 30-29-147, Idaho Code, and shall be deemed a valid corpo-  
30 rate action effective as of the date of the defective corporate action;

31 (b) The issuance of each putative share or fraction of a putative share  
32 purportedly issued pursuant to a defective corporate action identified in  
33 the action taken under section 30-29-147, Idaho Code, shall not be void or  
34 voidable, and each such putative share or fraction of a putative share shall  
35 be deemed to be an identical share or fraction of a valid share as of the time  
36 it was purportedly issued; and

37 (c) Any corporate action taken subsequent to the defective corporate  
38 action ratified in accordance with sections 30-29-145 through 30-29-152,  
39 Idaho Code, in reliance on such defective corporate action having been  
40 validly effected and any subsequent defective corporate action resulting  
41 directly or indirectly from such original defective corporate action shall  
42 be valid as of the time taken.

43 SECTION 14. That Chapter 29, Title 30, Idaho Code, be, and the same is  
44 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
45 ignated as Section 30-29-151, Idaho Code, and to read as follows:

46 30-29-151. FILINGS. (a) If the defective corporate action ratified  
47 under sections 30-29-145 through 30-29-152, Idaho Code, would have required

1 under any other section of this chapter a filing in accordance with this  
2 chapter, then, regardless of whether a filing was previously made in respect  
3 of such defective corporate action and in lieu of a filing otherwise required  
4 by this chapter, the corporation shall file articles of validation in accord-  
5 dance with this section, and such articles of validation shall serve to amend  
6 or substitute for any other filing with respect to such defective corporate  
7 action required by this chapter.

8 (b) The articles of validation must set forth:

9 (1) The defective corporate action that is the subject of the articles  
10 of validation including, in the case of any defective corporate action  
11 involving the issuance of putative shares, the number and type of pu-  
12 tative shares issued, and the date or dates upon which such putative  
13 shares were purported to have been issued;

14 (2) The date of the defective corporate action;

15 (3) The nature of the failure of authorization in respect of the defec-  
16 tive corporate action;

17 (4) A statement that the defective corporate action was ratified in  
18 accordance with section 30-29-147, Idaho Code, including the date on  
19 which the board of directors ratified such defective corporate action  
20 and the date, if any, on which the shareholders approved the ratifica-  
21 tion of such defective corporate action; and

22 (5) The information required by subsection (c) of this section.

23 (c) The articles of validation must also contain the following informa-  
24 tion:

25 (1) If a filing was previously made in respect of the defective corpo-  
26 rate action and no changes to such filing are required to give effect  
27 to the ratification of such defective corporate action in accordance  
28 with section 30-29-147, Idaho Code, the articles of validation must set  
29 forth the name, title, and filing date of the filing previously made and  
30 any articles of correction to that filing and a statement that a copy of  
31 the filing previously made, together with any articles of correction to  
32 that filing, is attached as an exhibit to the articles of validation;

33 (2) If a filing was previously made in respect of the defective corpo-  
34 rate action and such filing requires any change to give effect to the  
35 ratification of such defective corporate action in accordance with sec-  
36 tion 30-29-147, Idaho Code, the articles of validation must set forth  
37 the name, title, and filing date of the filing previously made and any  
38 articles of correction to that filing; a statement that a filing con-  
39 taining all of the information required to be included under the appli-  
40 cable section or sections of this chapter to give effect to such defec-  
41 tive corporate action is attached as an exhibit to the articles of val-  
42 idation; and the date and time that such filing is deemed to have become  
43 effective; or

44 (3) If a filing was not previously made in respect of the defective corpo-  
45 rate action and the defective corporate action ratified under section  
46 30-29-147, Idaho Code, would have required a filing under any other sec-  
47 tion of this chapter, the articles of validation must set forth a state-  
48 ment that a filing containing all of the information required to be in-  
49 cluded under the applicable section or sections of this chapter to give  
50 effect to such defective corporate action is attached as an exhibit to

1 the articles of validation; and the date and time that such filing is  
2 deemed to have become effective.

3 SECTION 15. That Chapter 29, Title 30, Idaho Code, be, and the same is  
4 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
5 ignated as Section 30-29-152, Idaho Code, and to read as follows:

6 30-29-152. JUDICIAL PROCEEDINGS REGARDING VALIDITY OF CORPORATE AC-  
7 TIONS. (a) Upon application by the corporation, any successor entity to  
8 the corporation, a director of the corporation, any shareholder, bene-  
9 ficial shareholder or unrestricted voting trust beneficial owner of the  
10 corporation, including any such shareholder, beneficial shareholder or  
11 unrestricted voting trust beneficial owner as of the date of the defective  
12 corporate action ratified under section 30-29-147, Idaho Code, or any other  
13 person claiming to be substantially and adversely affected by a ratification  
14 under section 30-29-147, Idaho Code, the Idaho district court of the county  
15 where a corporation's principal office is located, or, if none in this state,  
16 Ada county, may:

17 (1) Determine the validity and effectiveness of any corporate action or  
18 defective corporate action;

19 (2) Determine the validity and effectiveness of any ratification under  
20 section 30-29-147, Idaho Code;

21 (3) Determine the validity of any putative shares; and

22 (4) Modify or waive any of the procedures specified in section 30-29-  
23 147, Idaho Code, or 30-29-148, Idaho Code, to ratify a defective corpo-  
24 rate action.

25 (b) In connection with an action under this section, the court may make  
26 such findings or orders, and take into account any factors or considerations  
27 regarding such matters as it deems proper under the circumstances.

28 (c) Service of process of the application under subsection (a) of this  
29 section on the corporation may be made in any manner provided by statute of  
30 this state or by rule of the applicable court for service on the corporation,  
31 and no other party need be joined in order for the court to adjudicate the  
32 matter. In an action filed by the corporation, the court may require notice  
33 of the action be provided to other persons specified by the court and permit  
34 such other persons to intervene in the action.

35 (d) Notwithstanding any other provision of this section or otherwise  
36 under applicable law, any action asserting that the ratification of any de-  
37 fective corporate action and any putative shares issued as a result of such  
38 defective corporate action should not be effective, or should be effective  
39 only on certain conditions, shall be brought within one hundred twenty (120)  
40 days of the validation effective time.

41 SECTION 16. That Section 30-29-202, Idaho Code, be, and the same is  
42 hereby amended to read as follows:

43 30-29-202. ARTICLES OF INCORPORATION. (~~1~~a) The articles of incorpora-  
44 tion must set forth:

45 (~~a~~1) A corporate name for the corporation that satisfies the require-  
46 ments of sections 30-21-301 and 30-21-302 (a), Idaho Code;

47 (~~b~~2) The number of shares the corporation is authorized to issue;

- 1 (e3) The information required by section 30-21-404 (a), Idaho Code; and  
 2 (~~d4~~) The name and address of each incorporator.  
 3 (~~2b~~) The articles of incorporation may set forth:  
 4 (~~a1~~) The names and addresses of the individuals who are to serve as the  
 5 initial directors;  
 6 (~~b2~~) Provisions not inconsistent with law regarding:  
 7 (i) The purpose or purposes for which the corporation is orga-  
 8 nized;  
 9 (ii) Managing the business and regulating the affairs of the cor-  
 10 poration;  
 11 (iii) Defining, limiting and regulating the powers of the corpora-  
 12 tion, its board of directors, and shareholders;  
 13 (iv) A par value for authorized shares or classes of shares; or  
 14 (v) The imposition of personal interest holder liability on share-  
 15 holders for the debts of the corporation to a specified extent and  
 16 upon specified conditions;  
 17 (e3) Any provision that under this chapter is required or permitted to  
 18 be set forth in the bylaws;  
 19 (~~d4~~) A provision eliminating or limiting the liability of a director  
 20 to the corporation or its shareholders for money damages for any action  
 21 taken, or any failure to take any action, as a director, except liabil-  
 22 ity for:  
 23 (i) The amount of a financial benefit received by a director to  
 24 which ~~he~~ the director is not entitled;  
 25 (ii) An intentional infliction of harm on the corporation or the  
 26 shareholders;  
 27 (iii) A violation of section 30-29-8332, Idaho Code; or  
 28 (iv) An intentional violation of criminal law; ~~and~~  
 29 (e5) A provision permitting or making obligatory indemnification of  
 30 a director for liability, as defined in section 30-29-850 (~~53~~), Idaho  
 31 Code, to any person for any action taken, or any failure to take any ac-  
 32 tion, as a director, except liability for:  
 33 (i) Receipt of a financial benefit to which ~~he~~ the director is not  
 34 entitled;  
 35 (ii) An intentional infliction of harm on the corporation or its  
 36 shareholders;  
 37 (iii) A violation of section 30-29-8332, Idaho Code; or  
 38 (iv) An intentional violation of criminal law; ~~and~~  
 39 (6) A provision limiting or eliminating any duty of a director or any  
 40 other person to offer the corporation the right to have or participate  
 41 in any, or one (1) or more classes or categories of, business opportu-  
 42 nities, before the pursuit or taking of the opportunity by the director  
 43 or other person; provided that any application of such a provision to  
 44 an officer or a related person of that officer also requires approval of  
 45 that application by the board of directors, subsequent to the effective  
 46 date of the provision, by action of qualified directors taken in com-  
 47 pliance with the same procedures as are set forth in section 30-29-862,  
 48 Idaho Code; and may be limited by the authorizing action of the board.  
 49 (~~3c~~) The articles of incorporation need not set forth any of the corpo-  
 50 rate powers enumerated in this chapter.

1           (4d) Provisions of the articles of incorporation may be made dependent  
2 upon facts objectively ascertainable outside the articles of incorporation  
3 in accordance with section 30-29-120 (2d), Idaho Code.

4           (e) As used in this section, "related person" has the meaning specified  
5 in section 30-29-860, Idaho Code.

6           SECTION 17. That Section 30-29-203, Idaho Code, be, and the same is  
7 hereby amended to read as follows:

8           30-29-203. INCORPORATION. (1a) Unless a delayed effective date is  
9 specified, the corporate existence begins when the articles of incorpora-  
10 tion are filed.

11           (2b) The secretary of state's filing of the articles of incorporation  
12 is ~~prima facie~~ conclusive proof that the incorporators satisfied all condi-  
13 tions precedent to incorporation except in a proceeding by the state to can-  
14 cel or revoke the incorporation or involuntarily dissolve the corporation.

15           SECTION 18. That Section 30-29-204, Idaho Code, be, and the same is  
16 hereby amended to read as follows:

17           30-29-204. LIABILITY FOR PREINCORPORATION TRANSACTIONS. All persons  
18 purporting to act as or on behalf of a corporation, when knowing there was no  
19 incorporation under this chapter, are jointly and severally liable for all  
20 liabilities created while so acting.

21           SECTION 19. That Section 30-29-205, Idaho Code, be, and the same is  
22 hereby amended to read as follows:

23           30-29-205. ORGANIZATION OF CORPORATION. (1a) After incorporation:

24           (a1) If initial directors are named in the articles of incorporation,  
25 the initial directors shall hold an organizational meeting, at the call  
26 of a majority of the directors, to complete the organization of the cor-  
27 poration by appointing officers, adopting bylaws, and carrying on any  
28 other business brought before the meeting ~~and shall hold an organiza-~~  
29 ~~tional meeting at the call of a majority of the incorporators; or~~

30           (2) If initial directors are not named in the articles of incorpora-  
31 tion, the incorporator or incorporators shall hold an organizational  
32 meeting at the call of a majority of the incorporators:

33           (i) To elect initial directors and complete the organization of  
34 the corporation; or

35           (ii) To elect a board of directors, who shall complete the organi-  
36 zation of the corporation.

37           (2b) Action required or permitted by this chapter to be taken by incor-  
38 porators at an organizational meeting may be taken without a meeting if the  
39 action taken is evidenced by one (1) or more written consents describing the  
40 action taken and signed by each incorporator.

41           (3c) An organizational meeting may be held in or out of this state.

42           SECTION 20. That Section 30-29-206, Idaho Code, be, and the same is  
43 hereby amended to read as follows:

1 30-29-206. BYLAWS. (~~1a~~) The incorporators or board of directors of a  
2 corporation shall adopt initial bylaws for the corporation.

3 (~~2b~~) The bylaws of a corporation may contain any provision ~~for managing~~  
4 ~~the business and regulating the affairs of the corporation~~ that is not incon-  
5 sistent with law or the articles of incorporation.

6 (c) The bylaws may contain one (1) or both of the following provisions:

7 (1) A requirement that if the corporation solicits proxies or consents  
8 with respect to an election of directors, the corporation include in its  
9 proxy statement and any form of its proxy or consent, to the extent and  
10 subject to such procedures or conditions as are provided in the bylaws,  
11 one (1) or more individuals nominated by a shareholder in addition to  
12 individuals nominated by the board of directors; and

13 (2) A requirement that the corporation reimburse the expenses incurred  
14 by a shareholder in soliciting proxies or consents in connection with  
15 an election of directors, to the extent and subject to such procedures  
16 and conditions as are provided in the bylaws, provided that no bylaw so  
17 adopted shall apply to elections for which any record date precedes its  
18 adoption.

19 (d) Notwithstanding section 30-29-1020 (b) (2), Idaho Code, the share-  
20 holders in amending, repealing, or adopting a bylaw described in subsection  
21 (c) of this section may not limit the authority of the board of directors to  
22 amend or repeal any condition or procedure set forth in or to add any proce-  
23 dure or condition to such a bylaw to provide for a reasonable, practical, and  
24 orderly process.

25 SECTION 21. That Section 30-29-207, Idaho Code, be, and the same is  
26 hereby amended to read as follows:

27 30-29-207. EMERGENCY BYLAWS. (~~1a~~) Unless the articles of incorpora-  
28 tion provide otherwise, the board of directors ~~of a corporation~~ may adopt by-  
29 laws to be effective only in an emergency defined in subsection (~~4d~~) of this  
30 section. The emergency bylaws, which are subject to amendment or repeal by  
31 the shareholders, may make all provisions necessary for managing the corpo-  
32 ration during the emergency, including:

33 (a1) Procedures for calling a meeting of the board of directors;

34 (b2) Quorum requirements for the meeting; and

35 (e3) Designation of additional or substitute directors.

36 (2b) All provisions of the regular bylaws not inconsistent with the  
37 emergency bylaws remain effective during the emergency. The emergency by-  
38 laws are not effective after the emergency ends.

39 (3c) Corporate action taken in good faith in accordance with the emer-  
40 gency bylaws:

41 (a1) Binds the corporation; and

42 (b2) May not be used to impose liability on a ~~corporate~~ director, offi-  
43 cer, employee or agent of the corporation.

44 (4d) An emergency exists for purposes of this section if a quorum of the  
45 corporation's board of directors cannot readily be assembled because of some  
46 catastrophic event.

1 SECTION 22. That Chapter 29, Title 30, Idaho Code, be, and the same is  
2 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
3 ignated as Section 30-29-208, Idaho Code, and to read as follows:

4 30-29-208. FORUM SELECTION PROVISIONS. (a) The articles of incorpo-  
5 ration or the bylaws may require that any or all internal corporate claims  
6 shall be brought exclusively in any specified court or courts of this state  
7 and, if so specified, in any additional courts in this state or in any other  
8 jurisdictions with which the corporation has a reasonable relationship.

9 (b) A provision of the articles of incorporation or bylaws adopted un-  
10 der subsection (a) of this section shall not have the effect of conferring  
11 jurisdiction on any court or over any person or claim, and shall not apply if  
12 none of the courts specified by such provision has the requisite personal and  
13 subject matter jurisdiction. If the court or courts of this state specified  
14 in a provision adopted under subsection (a) of this section do not have the  
15 requisite personal and subject matter jurisdiction and another court of this  
16 state does have such jurisdiction, then the internal corporate claim may be  
17 brought in such other court of this state, notwithstanding that such other  
18 court of this state is not specified in such provision, and in any other court  
19 specified in such provision that has the requisite jurisdiction.

20 (c) No provision of the articles of incorporation or the bylaws may pro-  
21 hibit bringing an internal corporate claim in the courts of this state or re-  
22 quire such claims to be determined by arbitration.

23 (d) As used in this section, "internal corporate claim" means any claim  
24 that is based upon a violation of a duty under the laws of this state by a  
25 current or former director, officer, or shareholder in such capacity; any  
26 derivative action or proceeding brought on behalf of the corporation; any  
27 action asserting a claim arising pursuant to any provision of this chapter or  
28 the articles of incorporation or bylaws; or any action asserting a claim gov-  
29 erned by the internal affairs doctrine that is not included in this section.

30 SECTION 23. That Section 30-29-301, Idaho Code, be, and the same is  
31 hereby amended to read as follows:

32 30-29-301. PURPOSES. (~~1~~a) Every corporation incorporated under this  
33 chapter has the purpose of engaging in any lawful business unless a more lim-  
34 ited purpose is set forth in the articles of incorporation.

35 (~~2~~b) A corporation engaging in a business that is subject to regulation  
36 under another statute of this state may incorporate under this chapter only  
37 if permitted by, and subject to all limitations of, the other statute.

38 SECTION 24. That Section 30-29-302, Idaho Code, be, and the same is  
39 hereby amended to read as follows:

40 30-29-302. GENERAL POWERS. Unless its articles of incorporation pro-  
41 vide otherwise, every corporation has perpetual duration and succession in  
42 its corporate name and has the same powers as an individual to do all things  
43 necessary or convenient to carry out its business and affairs, including  
44 ~~without limitation~~ power:

45 (~~1~~a) To sue and be sued, complain and defend in its corporate name;

1           (2b) To have a corporate seal, which may be altered at will, and to use  
2 it, or a facsimile of it, by impressing or affixing it or in any other manner  
3 reproducing it;

4           (3c) To make and amend bylaws, not inconsistent with its articles of  
5 incorporation or with the laws of this state, for managing the business and  
6 regulating the affairs of the corporation;

7           (4d) To purchase, receive, lease, or otherwise acquire, and own, hold,  
8 improve, use, and otherwise deal with real or personal property, or any legal  
9 or equitable interest in property wherever located;

10          (5e) To sell, convey, mortgage, pledge, lease, exchange, and otherwise  
11 dispose of all or any part of its property;

12          (6f) To purchase, receive, subscribe for, or otherwise acquire; own,  
13 hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of; and  
14 deal in and with shares or other interests in, or obligations of, any other  
15 entity;

16          (7g) To make contracts and guarantees, incur liabilities, borrow  
17 money, issue its notes, bonds, and other securities and obligations, which  
18 may be convertible into or include the option to purchase other securities of  
19 the corporation, and secure any of its obligations by mortgage or pledge of  
20 any of its property, franchises or income;

21          (8h) To lend money, invest and reinvest its funds, and receive and hold  
22 real and personal property as security for repayment;

23          (9i) To be a promoter, partner, member, associate or manager of any  
24 partnership, joint venture, trust or other entity;

25          (10j) To conduct its business, locate offices, and exercise the powers  
26 granted by this chapter within or without this state;

27          (11k) To elect directors and appoint officers, employees, and agents of  
28 the corporation, define their duties, fix their compensation, and lend them  
29 money and credit;

30          (12l) To pay pensions and establish pension plans, pension trusts,  
31 profit-sharing plans, share bonus plans, share option plans, and benefit or  
32 incentive plans for any or all of its current or former directors, officers,  
33 employees and agents;

34          (13m) To make donations for the public welfare or for charitable, sci-  
35 entific, or educational purposes;

36          (14n) To transact any lawful business that will aid governmental pol-  
37 icy; and

38          (15o) To make payments or donations, or do any other act, not inconsis-  
39 tent with law, that furthers the business and affairs of the corporation.

40           SECTION 25. That Section 30-29-303, Idaho Code, be, and the same is  
41 hereby amended to read as follows:

42           30-29-303. EMERGENCY POWERS. (1a) In anticipation of or during an  
43 emergency defined in subsection (4d) of this section, the board of directors  
44 of a corporation may:

45           (a1) Modify lines of succession to accommodate the incapacity of any  
46 director, officer, employee or agent; and

47           (b2) Relocate the principal office, designate alternative principal  
48 offices or regional offices, or authorize the officers to do so.

1           (2b) During an emergency defined in subsection (4d) of this section,  
2 unless emergency bylaws provide otherwise:

3           (a1) Notice of a meeting of the board of directors need be given only to  
4 those directors whom it is practicable to reach and may be given in any  
5 practicable manner, ~~including by publication and radio~~; and

6           (b2) One (1) or more officers of the corporation present at a meeting of  
7 the board of directors may be deemed to be directors for the meeting, in  
8 order of rank and within the same rank in order of seniority, as neces-  
9 sary to achieve a quorum.

10           (3c) Corporate action taken in good faith during an emergency under  
11 this section to further the ordinary business affairs of the corporation:

12           (a1) Binds the corporation; and

13           (b2) May not be used to impose liability on a ~~corporate~~ director, offi-  
14 cer, employee or agent.

15           (4d) An emergency exists for purposes of this section if a quorum of the  
16 ~~corporation's~~ board of directors cannot readily be assembled because of some  
17 catastrophic event.

18           SECTION 26. That Section 30-29-304, Idaho Code, be, and the same is  
19 hereby amended to read as follows:

20           30-29-304. ~~ULTRA VIRES LACK OF POWER TO ACT.~~ (1a) Except as provided in  
21 subsection (2b) of this section, the validity of corporate action may not be  
22 challenged on the ground that the corporation lacks or lacked power to act.

23           (2b) A corporation's power to act may be challenged:

24           (a1) In a proceeding by a shareholder against the corporation to enjoin  
25 the act;

26           (b2) In a proceeding by the corporation, directly, derivatively or  
27 through a receiver, trustee or other legal representative, against an  
28 incumbent or former director, officer, employee or agent of the corpo-  
29 ration; or

30           (e3) In a proceeding by the attorney general under section 30-29-1430,  
31 Idaho Code.

32           (3c) In a shareholder's proceeding under subsection (2b) (a1) of this  
33 section to enjoin an unauthorized corporate act, the court may enjoin or set  
34 aside the act, if equitable and if all affected persons are parties to the  
35 proceeding, and may award damages for loss, other than anticipated profits,  
36 suffered by the corporation or another party because of enjoining the unau-  
37 thorized act.

38           SECTION 27. That Section 30-29-601, Idaho Code, be, and the same is  
39 hereby amended to read as follows:

40           30-29-601. AUTHORIZED SHARES. (1a) The articles of incorporation  
41 must set forth any classes of shares and series of shares within a class, and  
42 the number of shares of each class and series, that the corporation is autho-  
43 rized to issue. If more than one (1) class or series of shares is authorized,  
44 the articles of incorporation must prescribe a distinguishing designation  
45 for each class or series and ~~must describe, prior to~~ before the issuance of  
46 shares of a class or series, describe the terms, including the preferences,  
47 rights and limitations of that class or series. Except to the extent varied

1 as permitted by this section, all shares of a class or series must have terms,  
 2 including preferences, rights and limitations, that are identical with  
 3 those of other shares of the same class or series.

4 (2b) The articles of incorporation must authorize:

5 (a1) One (1) or more classes or series of shares that together have  
 6 ~~unlimited full~~ voting rights; and

7 (b2) One (1) or more classes or series of shares, which may be the same  
 8 class ~~or~~, classes, or series as those with voting rights, that together  
 9 are entitled to receive the net assets of the corporation upon dissolu-  
 10 tion.

11 (3c) The articles of incorporation may authorize one (1) or more  
 12 classes or series of shares that:

13 (a1) Have special, conditional or limited voting rights, or no right to  
 14 vote, except to the extent otherwise provided by this chapter;

15 (b2) Are redeemable or convertible as specified in the articles of in-  
 16 corporation:

17 (i) At the option of the corporation, the shareholder, or another  
 18 person or upon the occurrence of a specified event;

19 (ii) For cash, indebtedness, securities or other property; and

20 (iii) At prices and in amounts specified or determined in accor-  
 21 dance with a formula;

22 (e3) Entitle the holders to distributions calculated in any manner, in-  
 23 cluding dividends that may be cumulative, noncumulative or partially  
 24 cumulative; or

25 (d4) Have preference over any other class or series of shares with re-  
 26 spect to distributions, including distributions upon the dissolution  
 27 of the corporation.

28 (4d) Terms of shares may be made dependent upon facts objectively as-  
 29 certainable outside the articles of incorporation in accordance with sec-  
 30 tion 30-29-120(2d), Idaho Code.

31 (5e) Any of the terms of shares may vary among holders of the same class  
 32 or series so long as such variations are expressly set forth in the articles  
 33 of incorporation.

34 (6f) The description of the preferences, rights and limitations of  
 35 classes or series of shares in subsection (3c) of this section is not exhaus-  
 36 tive.

37 SECTION 28. That Section 30-29-602, Idaho Code, be, and the same is  
 38 hereby amended to read as follows:

39 30-29-602. TERMS OF CLASS OR SERIES DETERMINED BY BOARD OF DIREC-  
 40 TORS. (1a) If the articles of incorporation so provide, the board of direc-  
 41 tors is authorized, without shareholder approval, to:

42 (a1) Classify any unissued shares into one (1) or more classes or into  
 43 one (1) or more series within a class;

44 (b2) Reclassify any unissued shares of any class into one (1) or more  
 45 classes or into one (1) or more series within one (1) or more classes; or

46 (e3) Reclassify any unissued shares of any series of any class into one  
 47 (1) or more classes or into one (1) or more series within a class.

48 (2b) If the board of directors acts pursuant to subsection (1a) of  
 49 this section, it ~~must~~ shall determine the terms, including the prefer-

1 ences, rights, and limitations, to the same extent permitted under section  
2 30-29-601, Idaho Code, of:

3 (a~~1~~) Any class of shares before the issuance of any shares of that  
4 class; or

5 (b~~2~~) Any series within a class before the issuance of any shares of that  
6 series.

7 (c~~3~~) Before issuing any shares of a class or series created under this  
8 section, the corporation ~~must~~ shall deliver to the secretary of state for  
9 filing articles of amendment setting forth the terms determined under sub-  
10 section (a~~1~~) of this section.

11 SECTION 29. That Section 30-29-603, Idaho Code, be, and the same is  
12 hereby amended to read as follows:

13 30-29-603. ISSUED AND OUTSTANDING SHARES. (a~~1~~) A corporation may is-  
14 sue the number of shares of each class or series authorized by the articles of  
15 incorporation. Shares that are issued are outstanding shares until they are  
16 reacquired, redeemed, converted, or canceled.

17 (b~~2~~) The reacquisition, redemption, or conversion of outstanding  
18 shares is subject to the limitations of subsection (c~~3~~) of this section and  
19 to section 30-29-640, Idaho Code.

20 (c~~3~~) At all times that shares of the corporation are outstanding, one  
21 (1) or more shares that together have ~~unlimited~~ full voting rights and one  
22 (1) or more shares that together are entitled to receive the net assets of the  
23 corporation upon dissolution must be outstanding.

24 SECTION 30. That Section 30-29-604, Idaho Code, be, and the same is  
25 hereby amended to read as follows:

26 30-29-604. FRACTIONAL SHARES. (a~~1~~) A corporation may issue fractions  
27 of a share or, in lieu of doing so, may:

28 (a~~1~~) ~~Issue fractions of a share or p~~Pay in money cash the value of frac-  
29 tions of a share;

30 ~~(b) Arrange for disposition of fractional shares by the shareholders;~~

31 (e~~2~~) Issue scrip in registered or bearer form entitling the holder  
32 to receive a full share upon surrendering enough scrip to equal a full  
33 share; or

34 (3) Arrange for disposition of fractional shares by the holders of such  
35 shares.

36 (b~~2~~) Each certificate representing scrip must be conspicuously labeled  
37 "scrip" and must contain the information required by section 30-29-625 (b~~2~~),  
38 Idaho Code.

39 (c~~3~~) The holder of a fractional share is entitled to exercise the rights  
40 of a shareholder, including the rights to vote, to receive dividends, and  
41 to ~~participate in the assets of the corporation~~ receive distributions upon  
42 ~~liquidation~~ dissolution. The holder of scrip is not entitled to any of these  
43 rights unless the scrip provides for them.

44 (d~~4~~) The board of directors may authorize the issuance of scrip subject  
45 to any condition ~~considered desirable~~, including that:

46 (a~~1~~) ~~That~~ The scrip will become void if not exchanged for full shares  
47 before a specified date; and

1           ~~(b2) That t~~The shares for which the scrip is exchangeable may be sold  
2           and the proceeds paid to the scripholders.

3           SECTION 31. That Section 30-29-620, Idaho Code, be, and the same is  
4           hereby amended to read as follows:

5           30-29-620. SUBSCRIPTION FOR SHARES BEFORE INCORPORATION. ~~(1a)~~ A sub-  
6           scription for shares entered into before incorporation ~~must be in writing~~  
7           and is irrevocable for six (6) months unless the subscription agreement pro-  
8           vides a longer or shorter period or all the subscribers agree to revocation.

9           ~~(2b)~~ The board of directors may determine the payment terms of sub-  
10          scriptions for shares that were entered into before incorporation, unless  
11          the subscription agreement specifies them. A call for payment by the board  
12          of directors must be uniform so far as practicable as to all shares of the  
13          same class or series, unless the subscription agreement specifies other-  
14          wise.

15          ~~(3c)~~ Shares issued pursuant to subscriptions entered into before in-  
16          corporation are fully paid and nonassessable when the corporation receives  
17          the consideration specified in the subscription agreement, provided that  
18          such consideration meets the requirements of section 30-29-621~~(2b)~~, Idaho  
19          Code.

20          ~~(4d)~~ If a subscriber defaults in payment of ~~money cash~~ or property un-  
21          der a subscription agreement entered into before incorporation, the corpo-  
22          ration may collect the amount owed as any other debt. Alternatively, unless  
23          the subscription agreement provides otherwise, the corporation may rescind  
24          the agreement and may sell the shares if the debt remains unpaid for more than  
25          twenty (20) days after the corporation ~~sends~~ delivers a written demand for  
26          payment to the subscriber.

27          ~~(5) A subscription agreement entered into after incorporation is a con-~~  
28          ~~tract between the subscriber and the corporation subject to section 30-29-~~  
29          ~~621, Idaho Code.~~

30          ~~(6e)~~ A subscription for stock of a corporation, whether made before or  
31          after the formation of a corporation, shall not be enforceable against the  
32          subscriber or the corporation, unless in writing and signed by the party to  
33          be bound.

34          SECTION 32. That Section 30-29-621, Idaho Code, be, and the same is  
35          hereby amended to read as follows:

36          30-29-621. ISSUANCE OF SHARES. ~~(1a)~~ The powers granted in this section  
37          to the board of directors may be reserved to the shareholders by the articles  
38          of incorporation.

39          ~~(2b)~~ The board of directors may authorize shares to be issued for con-  
40          sideration consisting of any tangible or intangible property or benefit to  
41          the corporation, including cash, promissory notes, services performed, or  
42          other securities of the corporation.

43          ~~(3c)~~ Before the corporation issues shares, the board of directors ~~must~~  
44          shall determine that the consideration received or to be received for shares  
45          to be issued is adequate. That determination by the board of directors is  
46          conclusive insofar as the adequacy of consideration for the issuance of

1 shares relates to whether the shares are validly issued, fully paid and  
2 nonassessable.

3 (4d) When the corporation receives the consideration for which the  
4 board of directors authorized the issuance of shares, the shares issued  
5 therefor are fully paid and nonassessable.

6 (5e) The corporation may place in escrow shares issued for a promis-  
7 sory note, or make other arrangements to restrict the transfer of the shares,  
8 and may credit distributions in respect of the shares against their purchase  
9 price, until the services are performed, the benefits are received, or the  
10 note is paid. If the note is not paid, the shares escrowed or restricted and  
11 the distributions credited may be canceled in whole or part.

12 (6f) (a1) An issuance of shares or other securities convertible into  
13 or rights exercisable for shares, in a transaction or a series of inte-  
14 grated transactions, requires approval of the shareholders, at a meet-  
15 ing at which a quorum consisting of at least a majority, or such greater  
16 number as the articles of incorporation may prescribe, of the votes en-  
17 titled to be cast on the matter exists, if:

18 (i) The shares, other securities, or rights are to be issued for  
19 consideration other than cash or cash equivalents; and

20 (ii) The voting power of shares that are issued and issuable as  
21 a result of the transaction or series of integrated transactions  
22 will comprise more than twenty percent (20%) of the voting power  
23 of the shares of the corporation that were outstanding immediately  
24 before the transaction.

25 (b2) In this subsection:

26 (i) For purposes of determining the voting power of shares is-  
27 sued and issuable as a result of a transaction or series of inte-  
28 grated transactions, the voting power of shares, or other securi-  
29 ties convertible into or rights exercisable for shares, shall be  
30 the greater of:

31 (A) The voting power of the shares to be issued; or

32 (B) The voting power of the shares that would be outstanding  
33 after giving effect to the conversion of convertible shares  
34 and other securities and the exercise of rights to be issued.

35 (ii) A series of transactions is integrated only if consummation  
36 of one (1) transaction is made contingent on consummation of one  
37 (1) or more of the other transactions.

38 SECTION 33. That Section 30-29-622, Idaho Code, be, and the same is  
39 hereby amended to read as follows:

40 30-29-622. LIABILITY OF SHAREHOLDERS. (1a) A purchaser from a corpo-  
41 ration of its the corporation's own shares is not liable to the corporation  
42 or its creditors with respect to the shares except to pay the consideration  
43 for which the shares were authorized to be issued ~~as provided in section~~  
44 ~~30-29-621, Idaho Code,~~ or specified in the subscription agreement ~~as pre-~~  
45 ~~vided in section 30-29-620, Idaho Code.~~

46 (2b) ~~Unless otherwise provided in the articles of incorporation, a~~  
47 ~~shareholder of a corporation is not personally liable for the acts or debts~~  
48 any liabilities of the corporation, including liabilities arising from acts  
49 of the corporation, except to the extent provided in a provision of the arti-

1 cles of incorporation permitted by section 30-29-202(b) (2) (v), Idaho Code,  
 2 and that ~~he~~ a shareholder may become personally liable by reason of ~~his~~ the  
 3 shareholder's own acts or conduct.

4 SECTION 34. That Section 30-29-623, Idaho Code, be, and the same is  
 5 hereby amended to read as follows:

6 30-29-623. SHARE DIVIDENDS. (~~1~~a) Unless the articles of incorporation  
 7 provide otherwise, shares may be issued pro rata and without consideration  
 8 to the corporation's shareholders or to the shareholders of one (1) or more  
 9 classes or series of shares. An issuance of shares under this subsection is a  
 10 share dividend.

11 (~~2~~b) Shares of one (1) class or series may not be issued as a share divi-  
 12 dend in respect of shares of another class or series unless:

13 (~~a~~1) The articles of incorporation so authorize;

14 (~~b~~2) A majority of the votes entitled to be cast by the class or series  
 15 to be issued approve the issue; or

16 (~~e~~3) There are not outstanding shares of the class or series to be is-  
 17 sued.

18 (c) The board of directors may fix the record date for determining  
 19 shareholders entitled to a share dividend, which date may not be retroac-  
 20 tive.

21 (~~3~~d) If the board of directors does not fix the record date for deter-  
 22 mining shareholders entitled to a share dividend, ~~it~~ the record date is the  
 23 date the board of directors authorizes the share dividend.

24 SECTION 35. That Section 30-29-624, Idaho Code, be, and the same is  
 25 hereby amended to read as follows:

26 30-29-624. SHARE RIGHTS, OPTIONS, WARRANTS, AND AWARDS. (~~1~~a) A corpo-  
 27 ration may issue rights, options, or warrants for the purchase of shares or  
 28 other securities of the corporation. The board of directors shall deter-  
 29 mine:

30 (~~a~~1) The terms and conditions upon which the rights, options, or war-  
 31 rants are issued; and

32 (~~b~~2) The terms, including the consideration for which the shares or  
 33 other securities are to be issued. The authorization by the board of di-  
 34 rectors for the corporation to issue such rights, options, or warrants  
 35 constitutes authorization of the issuance of the shares or other secu-  
 36 rities for which the rights, options, or warrants are exercisable.

37 (~~2~~b) The terms and conditions of such rights, options, or warrants, ~~in-~~  
 38 ~~cluding those outstanding on July 1, 2004,~~ may include, without limitation,  
 39 restrictions or conditions that:

40 (~~a~~1) Preclude or limit the exercise, transfer or receipt of such  
 41 rights, options, or warrants by any person or persons owning or offering  
 42 to acquire a specified number or percentage of the outstanding shares or  
 43 other securities of the corporation or by any transferee or transferees  
 44 of any such person or persons; or

45 (~~b~~2) Invalidate or void such rights, options, or warrants held by any  
 46 such person or persons or any such transferee or transferees.

47 (c) The board of directors may authorize one (1) or more officers to:

1        (1) Designate the recipients of rights, options, warrants, or other equity compensation awards that involve the issuance of shares; and  
 2  
 3        (2) Determine, within an amount and subject to any other limitations  
 4        established by the board of directors and, if applicable, the share-  
 5        holders, the number of such rights, options, warrants, or other equity  
 6        compensation awards and the terms of such rights, options, warrants, or  
 7        awards to be received by the recipients, provided that an officer may  
 8        not use such authority to designate himself or herself or any other per-  
 9        sons as the board of directors may specify as a recipient of such rights,  
 10        options, warrants, or other equity compensation awards.

11        SECTION 36. That Section 30-29-625, Idaho Code, be, and the same is  
 12 hereby amended to read as follows:

13        30-29-625. FORM AND CONTENT OF CERTIFICATES. ~~(1a)~~ Shares may but need  
 14 not be represented by certificates. Unless this chapter or another statute  
 15 expressly provides otherwise, the rights and obligations of shareholders  
 16 are identical regardless of whether ~~or not~~ their shares are represented by  
 17 certificates.

18        (2b) At a minimum each share certificate must state on its face:

19        (a1) The name of the ~~issuing~~ corporation and that it is organized under  
 20 the law of this state;

21        (b2) The name of the person to whom issued; and

22        (e3) The number and class of shares and the designation of the series,  
 23 if any, the certificate represents.

24        (3c) If the ~~issuing~~ corporation is authorized to issue differ-  
 25 ent classes of shares or ~~different series of shares~~ within a class, the  
 26 designations, relative rights, front or back of each certificate must sum-  
 27 marize the rights, preferences, and limitations applicable to each class  
 28 and the series; any variations in rights, preferences, and limitations  
 29 determined for each among the holders of the same class or series; and the  
 30 authority of the board of directors to determine ~~variations for terms of~~  
 31 future classes or series, must be summarized on the front or back of each  
 32 certificate. Alternatively, each certificate may state conspicuously on  
 33 its front or back that the corporation will furnish the shareholder this  
 34 information on request in writing and without charge.

35        (4d) Each share certificate:

36        ~~(a) Must be signed, either manually or in facsimile, by two (2) offi-~~  
 37        ~~cers designated in the bylaws or by the board of directors; and~~

38        ~~(b) May bear the corporate seal or its facsimile.~~

39        (5e) If the person who signed, ~~either manually or in facsimile,~~ a share  
 40 certificate no longer holds office when the certificate is issued, the cer-  
 41 tificate is nevertheless valid.

42        SECTION 37. That Section 30-29-626, Idaho Code, be, and the same is  
 43 hereby amended to read as follows:

44        30-29-626. SHARES WITHOUT CERTIFICATES. ~~(1a)~~ Unless the articles of  
 45 incorporation or bylaws provide otherwise, the board of directors of a cor-  
 46 poration may authorize the issue issuance of some or all of the shares of any  
 47 or all of its classes or series without certificates. The authorization does

1 not affect shares already represented by certificates until they are surren-  
2 dered to the corporation.

3 (2b) Within a reasonable time after the ~~issue~~ issuance or transfer  
4 of shares without certificates, the corporation shall ~~send~~ deliver to the  
5 shareholder a written statement of the information required on certificates  
6 by section 30-29-625(2b) and (3c), Idaho Code, and, if applicable, section  
7 30-29-627, Idaho Code.

8 SECTION 38. That Section 30-29-627, Idaho Code, be, and the same is  
9 hereby amended to read as follows:

10 30-29-627. RESTRICTION ON TRANSFER OF SHARES ~~AND OTHER SECURI-~~  
11 ~~TIES.~~ (1a) The articles of incorporation, the bylaws, an agreement among  
12 shareholders, or an agreement between shareholders and the corporation may  
13 impose restrictions on the transfer or registration of transfer of shares  
14 of the corporation. A restriction does not affect shares issued before the  
15 restriction was adopted unless the holders of the shares are parties to the  
16 restriction agreement or voted in favor of the restriction.

17 (2b) A restriction on the transfer or registration of transfer of  
18 shares is valid and enforceable against the holder or a transferee of the  
19 holder if the restriction is authorized by this section and its existence is  
20 noted conspicuously on the front or back of the certificate or is contained  
21 in the information statement required by section 30-29-626(2b), Idaho Code.  
22 Unless so noted or contained, a restriction is not enforceable against a  
23 person without knowledge of the restriction.

24 (3c) A restriction on the transfer or registration of transfer of  
25 shares is authorized:

26 (a1) To maintain the corporation's status when it is dependent on the  
27 number or identity of its shareholders;

28 (b2) To preserve exemptions under federal or state securities law; or

29 (e3) For any other reasonable purpose.

30 (4d) A restriction on the transfer or registration of transfer of  
31 shares may:

32 (a1) Obligate the shareholder first to offer the corporation or other  
33 persons, separately, consecutively, or simultaneously, an opportunity  
34 to acquire the restricted shares;

35 (b2) Obligate the corporation or other persons, separately, consecu-  
36 tively, or simultaneously, to acquire the restricted shares;

37 (e3) Require the corporation, the holders of any class or series of  
38 its shares, or ~~another other~~ persons to approve the transfer of the res-  
39 tricted shares, if the requirement is not manifestly unreasonable; or

40 (d4) Prohibit the transfer of the restricted shares to designated per-  
41 sons or classes of persons, if the prohibition is not manifestly unrea-  
42 sonable.

43 (5e) For purposes of this section, "shares" includes a security con-  
44 vertible into or carrying a right to subscribe for or acquire shares.

45 SECTION 39. That Section 30-29-628, Idaho Code, be, and the same is  
46 hereby repealed.

1 SECTION 40. That Section 30-29-630, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-630. SHAREHOLDERS' PREEMPTIVE RIGHTS. (~~1a~~) The shareholders of  
4 a corporation do not have a preemptive right to acquire the corporation's  
5 unissued shares except to the extent the articles of incorporation so pro-  
6 vide.

7 (~~2b~~) A statement included in the articles of incorporation that "the  
8 corporation elects to have preemptive rights," or words of similar ~~import~~  
9 effect, means that the following principles apply except to the extent the  
10 articles of incorporation expressly provide otherwise:

11 (~~a1~~) The shareholders of the corporation have a preemptive right,  
12 granted on uniform terms and conditions prescribed by the board of di-  
13 rectors to provide a fair and reasonable opportunity to exercise the  
14 right, to acquire proportional amounts of the corporation's unissued  
15 shares upon the decision of the board of directors to issue them.

16 (~~b2~~) A shareholder may waive his preemptive right. A waiver evidenced  
17 by a writing is irrevocable even though it is not supported by consider-  
18 ation.

19 (~~e3~~) There is no preemptive right with respect to:

20 (i) Shares issued as compensation to directors, officers, agents  
21 or employees of the corporation, its subsidiaries or affiliates;

22 (ii) Shares issued to satisfy conversion ~~rights~~ or option rights  
23 created to provide compensation to directors, officers, agents or  
24 employees of the corporation, its subsidiaries or affiliates;

25 (iii) Shares authorized in the articles of incorporation that are  
26 issued within six (6) months from the effective date of incorpora-  
27 tion; or

28 (iv) Shares sold otherwise than for ~~money~~ cash.

29 (~~d4~~) Holders of shares of any class or series without ~~general~~ voting  
30 ~~rights~~ power but with preferential rights to distributions ~~or assets~~  
31 have no preemptive rights with respect to shares of any class or series.

32 (~~e5~~) Holders of shares of any class or series with ~~general~~ voting ~~rights~~  
33 power but without preferential rights to distributions ~~or assets~~ have  
34 no preemptive rights with respect to shares of any class or series with  
35 preferential rights to distributions ~~or assets~~ unless the shares with  
36 preferential rights are convertible into or carry a right to subscribe  
37 for or acquire the shares without preferential rights.

38 (~~f6~~) Shares subject to preemptive rights that are not acquired by  
39 shareholders may be issued to any person for a period of one (1) year af-  
40 ter being offered to shareholders at a consideration set by the board of  
41 directors that is not lower than the consideration set for the exercise  
42 of preemptive rights. An offer at a lower consideration or after the  
43 expiration of one (1) year is subject to the shareholders' preemptive  
44 rights.

45 (~~3c~~) For purposes of this section, "shares" includes a security con-  
46 vertible into or carrying a right to subscribe for or acquire shares.

47 SECTION 41. That Section 30-29-631, Idaho Code, be, and the same is  
48 hereby amended to read as follows:

1           30-29-631. CORPORATION'S ACQUISITION OF ITS OWN SHARES. (~~1~~a) A corpo-  
 2 ration may acquire its own shares. Unless a resolution of the board of di-  
 3 rectors or the corporation's articles of incorporation provide otherwise,  
 4 shares so acquired constitute authorized but unissued shares.

5           (~~2~~b) If the articles of incorporation prohibit the reissue of the ac-  
 6 quired shares, the number of authorized shares is reduced by the number of  
 7 shares acquired, effective upon amendment of the articles of incorporation  
 8 pursuant to section 30-29-1005 (~~6~~f), Idaho Code.

9           (~~3~~c) A corporation has authority to use, hold, acquire, cancel and dis-  
 10 pose of treasury shares.

11           (~~4~~d) Unless the board of directors adopts an amendment to the corpora-  
 12 tion's articles of incorporation to reduce the number of authorized shares,  
 13 treasury shares of the corporation that are canceled shall be treated as au-  
 14 thorized but unissued shares.

15           SECTION 42. That Section 30-29-640, Idaho Code, be, and the same is  
 16 hereby amended to read as follows:

17           30-29-640. DISTRIBUTIONS TO SHAREHOLDERS. (~~1~~a) A board of directors  
 18 may authorize and the corporation may make distributions to its shareholders  
 19 subject to restriction by the articles of incorporation and the limitation  
 20 in subsection (~~3~~c) of this section.

21           (~~2~~b) ~~If t~~The board of directors ~~does not may~~ fix the record date for  
 22 determining shareholders entitled to a distribution, which date may not be  
 23 retroactive. If the board of directors does not fix a record date for deter-  
 24 mining shareholders entitled to a distribution, other than one involving a  
 25 purchase, redemption, or other acquisition of the corporation's shares, ~~it~~  
 26 the record date is the date the board of directors authorizes the distribu-  
 27 tion.

28           (~~3~~c) No distribution may be made if, after giving it effect:

29           (~~a~~1) The corporation would not be able to pay its debts as they become  
 30 due in the usual course of business; or

31           (~~b~~2) The corporation's total assets would be less than the sum of its  
 32 total liabilities plus, unless the articles of incorporation permit  
 33 otherwise, the amount that would be needed, if the corporation were to  
 34 be dissolved at the time of the distribution, to satisfy the preferen-  
 35 tial rights upon dissolution of shareholders whose preferential rights  
 36 are superior to those receiving the distribution.

37           (~~4~~d) The board of directors may base a determination that a distribu-  
 38 tion is not prohibited under subsection (~~3~~c) of this section either on fi-  
 39 nancial statements prepared on the basis of accounting practices and princi-  
 40 ples that are reasonable in the circumstances or on a fair valuation or other  
 41 method that is reasonable in the circumstances.

42           (~~5~~e) Except as provided in subsection (~~7~~g) of this section, the effect  
 43 of a distribution under subsection (~~3~~c) of this section is measured:

44           (~~a~~1) In the case of distribution by purchase, redemption or other ac-  
 45 quisition of the corporation's shares, as of the earlier of:

46           (i) The date ~~money cash~~ or other property is transferred or debt  
 47 to a shareholder is incurred by the corporation; or

48           (ii) The date the shareholder ceases to be a shareholder with re-  
 49 spect to the acquired shares;

1           (~~b~~2) In the case of any other distribution of indebtedness, as of the  
2 date the indebtedness is distributed; and

3           (~~e~~3) In all other cases, as of:

4           (i) The date the distribution is authorized if the payment occurs  
5 within one hundred twenty (120) days after the date of authoriza-  
6 tion; or

7           (ii) The date the payment is made if it occurs more than one hun-  
8 dred twenty (120) days after the date of authorization.

9           (~~6~~f) A corporation's indebtedness to a shareholder incurred by reason  
10 of a distribution made in accordance with this section is at parity with the  
11 corporation's indebtedness to its general, unsecured creditors except to  
12 the extent subordinated by agreement.

13           (~~7~~g) Indebtedness of a corporation, including indebtedness issued as a  
14 distribution, is not considered a liability for purposes of determinations  
15 under subsection (~~3~~c) of this section if its terms provide that payment of  
16 principal and interest are made only if and to the extent that payment of a  
17 distribution to shareholders could then be made under this section. If ~~the~~  
18 such indebtedness is issued as a distribution, each payment of principal or  
19 interest is treated as a distribution, the effect of which is measured on the  
20 date the payment is actually made.

21           (~~h~~) This section shall not apply to distributions in liquidation under  
22 part 14 of this chapter.

23           SECTION 43. That Section 30-29-701, Idaho Code, be, and the same is  
24 hereby amended to read as follows:

25           30-29-701. ANNUAL MEETING. (~~1~~a) Unless directors are elected by writ-  
26 ten consent in lieu of an annual meeting as permitted by section 30-29-704,  
27 Idaho Code, aA corporation shall hold a meeting of shareholders annually at  
28 a time stated in or fixed in accordance with the bylaws at which directors  
29 shall be elected.

30           (~~2~~b) Annual ~~shareholders'~~ meetings may be held in or out of this state  
31 at the place stated in or fixed in accordance with the bylaws. If no place is  
32 so stated in or fixed in accordance with the bylaws, annual meetings shall be  
33 held at the corporation's principal office.

34           (~~3~~c) The failure to hold an annual meeting at the time stated in or fixed  
35 in accordance with a corporation's bylaws does not affect the validity of any  
36 corporate action.

37           SECTION 44. That Section 30-29-702, Idaho Code, be, and the same is  
38 hereby amended to read as follows:

39           30-29-702. SPECIAL MEETING. (~~1~~a) A corporation shall hold a special  
40 meeting of shareholders:

41           (~~a~~1) On call of its board of directors or the person or persons autho-  
42 rized to do so by the articles of incorporation or bylaws; or

43           (~~b~~2) If ~~the holders of~~ shareholders holding at least twenty percent  
44 (20%) of all the votes entitled to be cast on any issue proposed to be  
45 considered at the proposed special meeting sign, date and deliver to the  
46 corporation one (1) or more written demands for the meeting describing  
47 the purpose or purposes for which it is to be held, provided that the

1 articles of incorporation may fix a lower percentage or a higher per-  
 2 centage not exceeding thirty-three and one-third percent (33 1/3%) of  
 3 all the votes entitled to be cast on any issue proposed to be considered.  
 4 Unless otherwise provided in the articles of incorporation, a written  
 5 demand for a special meeting may be revoked by a writing to that effect  
 6 received by the corporation ~~prior to~~ before the receipt by the corpora-  
 7 tion of demands sufficient in number to require the holding of a special  
 8 meeting.

9 (2b) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho  
 10 Code, the record date for determining shareholders entitled to demand a spe-  
 11 cial meeting ~~is~~ shall be the first date the first on which a signed share-  
 12 holder signs the demand is delivered to the corporation. No written demand  
 13 for a special meeting shall be effective unless, within sixty (60) days of  
 14 the earliest date on which such a demand delivered to the corporation as re-  
 15 quired by this section was signed, written demands signed by shareholders  
 16 holding at least the percentage of votes specified in or fixed in accordance  
 17 with subsection (a) (2) of this section have been delivered to the corpora-  
 18 tion.

19 (3c) Special ~~shareholders'~~ meetings of shareholders may be held in or  
 20 out of this state at the place stated in or fixed in accordance with the by-  
 21 laws. If no place is so stated or fixed ~~in accordance with the bylaws,~~ spe-  
 22 cial meetings shall be held at the corporation's principal office.

23 (4d) Only business within the purpose or purposes described in the  
 24 meeting notice required by section 30-29-705(3c), Idaho Code, may be con-  
 25 ducted at a special ~~shareholders'~~ meeting of shareholders.

26 SECTION 45. That Section 30-29-703, Idaho Code, be, and the same is  
 27 hereby amended to read as follows:

28 30-29-703. COURT-ORDERED MEETING. (1a) The Idaho district court of  
 29 the county where a corporation's principal office is located, or, if none in  
 30 this state, Ada county, may summarily order a meeting to be held:

31 (a1) On application of any shareholder of the corporation ~~entitled to~~  
 32 ~~participate in an annual meeting~~ if an annual meeting was not held or ac-  
 33 ~~tion by written consent in lieu of an annual meeting did not become ef-~~  
 34 ~~fective within the earlier of six (6) months after the end of the corpo-~~  
 35 ~~ration's fiscal year or fifteen (15) months after its last annual meet-~~  
 36 ~~ing; or~~

37 (b2) On application of a one (1) or more shareholders who signed a de-  
 38 mand for a special meeting valid under section 30-29-702, Idaho Code,  
 39 if:

- 40 (i) Notice of the special meeting was not given within thirty  
 41 (30) days after the ~~date~~ first day on which the requisite number of  
 42 such demands was have been delivered to the corporation's secre-  
 43 tary corporation; or  
 44 (ii) The special meeting was not held in accordance with the no-  
 45 tice.

46 (2b) The court may fix the time and place of the meeting, determine the  
 47 shares entitled to participate in the meeting, specify a record date or dates  
 48 for determining shareholders entitled to notice of and to vote at the meet-  
 49 ing, prescribe the form and content of the meeting notice, fix the quorum re-

1 required for specific matters to be considered at the meeting, or direct that  
 2 the ~~votes~~ shares represented at the meeting constitute a quorum for action on  
 3 those matters, and enter other orders necessary to accomplish the purpose or  
 4 purposes of the meeting.

5 (c) For purposes of subsection (a) (1) of this section, "shareholder"  
 6 means a record shareholder, a beneficial shareholder, and an unrestricted  
 7 voting trust beneficial owner.

8 SECTION 46. That Section 30-29-704, Idaho Code, be, and the same is  
 9 hereby amended to read as follows:

10 30-29-704. ACTION WITHOUT MEETING. ~~(1a)~~ Action required or permitted  
 11 by this chapter to be taken at a shareholders' meeting may be taken without  
 12 a meeting if the action is taken by all the shareholders entitled to vote on  
 13 the action. The action must be evidenced by one (1) or more written consents  
 14 bearing the date of signature and describing the action taken, signed by all  
 15 the shareholders entitled to vote on the action, and delivered to the cor-  
 16 poration for ~~inclusion in the minutes or filing by the corporation~~ with the  
 17 minutes or corporate records.

18 (b) The articles of incorporation may provide that any action required  
 19 or permitted by this chapter to be taken at a shareholders' meeting may be  
 20 taken without a meeting, and without prior notice, if consents in writing  
 21 setting forth the action so taken are signed by the holders of outstanding  
 22 shares having not less than the minimum number of votes that would be re-  
 23 quired to authorize or take the action at a meeting at which all shares en-  
 24 titled to vote on the action were present and voted; provided, however, that  
 25 if a corporation's articles of incorporation authorize shareholders to cum-  
 26 ulate their votes when electing directors pursuant to section 30-29-728,  
 27 Idaho Code, directors may not be elected by less than unanimous written con-  
 28 sent. A written consent must bear the date of signature of the shareholder  
 29 who signs the consent and be delivered to the corporation for filing by the  
 30 corporation with the minutes or corporate records.

31 (2c) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho  
 32 Code, and if prior action by the board of directors is not required respect-  
 33 ing the action to be taken without a meeting, the record date for determining  
 34 the shareholders entitled to take action without a meeting is the date shall  
 35 be the first shareholder signs the consent under subsection (1) of this sec-  
 36 tion date on which a signed written consent is delivered to the corporation.  
 37 If not otherwise fixed under section 30-29-707, Idaho Code, and if prior ac-  
 38 tion by the board of directors is required respecting the action to be taken  
 39 without a meeting, the record date shall be the close of business on the day  
 40 the resolution of the board of directors taking such prior action is adopted.  
 41 No written consent shall be effective to take the corporate action referred  
 42 to therein unless, within sixty (60) days of the earliest date appearing on  
 43 which a consent delivered to the corporation in the manner as required by  
 44 this section was signed, written consents signed by all sufficient share-  
 45 holders entitled to vote on take the action are received by have been deliv-  
 46 ered to the corporation. A written consent may be revoked by a writing to  
 47 that effect received by delivered to the corporation prior to the receipt by  
 48 the corporation of before unrevoked written consents sufficient in number to  
 49 take the corporate action have been delivered to the corporation.

1           (3d) A consent signed ~~under~~ pursuant to the provisions of this section  
2 has the effect of a ~~meeting~~ vote taken at a meeting and may be described  
3 as such in any document. Unless the articles of incorporation, bylaws, or  
4 a resolution of the board of directors provides for a reasonable delay to  
5 permit tabulation of written consents, the action taken by written consent  
6 shall be effective when written consents signed by sufficient shareholders  
7 to take the action have been delivered to the corporation.

8           (4e) If this chapter requires that notice of a proposed action be given  
9 to nonvoting shareholders and the action is to be taken by ~~unanimous written~~  
10 consent of the voting shareholders, the corporation ~~must shall~~ give its non-  
11 voting shareholders written notice of the ~~proposed~~ action ~~at least not more~~  
12 ~~than~~ ten (10) days ~~before~~ after written consents sufficient to take the ac-  
13 ~~tion is taken~~ have been delivered to the corporation or such later date that  
14 tabulation of consents is completed pursuant to an authorization under sub-  
15 section (d) of this section. The notice must reasonably describe the ac-  
16 tion taken and contain or be accompanied by the same material that, under any  
17 provision of this chapter, would have been required to be sent to nonvoting  
18 shareholders in a notice of a meeting at which the proposed action would have  
19 been submitted to the shareholders for action.

20           (f) If action is taken by less than unanimous written consent of the  
21 voting shareholders, the corporation shall give its nonconsenting voting  
22 shareholders written notice of the action not more than ten (10) days after  
23 written consents sufficient to take the action have been delivered to the  
24 corporation or such later date that tabulation of consents is completed pur-  
25 suant to an authorization under subsection (d) of this section. The notice  
26 must reasonably describe the action taken and contain or be accompanied by  
27 the same material that, under any provision of this chapter, would have been  
28 required to be sent to voting shareholders in a notice of a meeting at which  
29 the action would have been submitted to the shareholders for action.

30           (g) The notice requirements in subsections (e) and (f) of this section  
31 shall not delay the effectiveness of actions taken by written consent, and  
32 a failure to comply with such notice requirements shall not invalidate ac-  
33 tions taken by written consent, provided that this subsection shall not be  
34 deemed to limit judicial power to fashion any appropriate remedy in favor of  
35 a shareholder adversely affected by a failure to give such notice within the  
36 required time period.

37           SECTION 47. That Section 30-29-705, Idaho Code, be, and the same is  
38 hereby amended to read as follows:

39           30-29-705. NOTICE OF MEETING. (1a) A corporation shall notify share-  
40 holders of the date, time and place of each annual and special shareholders'  
41 meeting no fewer than ten (10) nor more than sixty (60) days before the meet-  
42 ing date. If the board of directors has authorized participation by means of  
43 remote communication pursuant to section 30-29-709, Idaho Code, for holders  
44 of any class or series of shares, the notice to the holders of such class or  
45 series of shares must describe the means of remote communication to be used.  
46 The notice must include the record date for determining the shareholders en-  
47 titled to vote at the meeting if such date is different from the record date  
48 for determining shareholders entitled to notice of the meeting. Unless this  
49 chapter or the articles of incorporation require otherwise, the corporation

1 is required to give notice only to shareholders entitled to vote at the meet-  
 2 ing as of the record date for determining the shareholders entitled to notice  
 3 of the meeting.

4 (2b) Unless this chapter or the articles of incorporation require oth-  
 5 erwise, the notice of an annual meeting of shareholders need not include a  
 6 description of the purpose or purposes for which the meeting is called.

7 (3c) Notice of a special meeting of shareholders must include a de-  
 8 scription of the purpose or purposes for which the meeting is called.

9 (4d) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho  
 10 Code, the record date for determining shareholders entitled to notice of and  
 11 to vote at an annual or special shareholders' meeting is the day before the  
 12 first notice is delivered to shareholders.

13 (5e) Unless the bylaws require otherwise, if an annual or special  
 14 shareholders' meeting is adjourned to a different date, time, or place, no-  
 15 tice need not be given of the new date, time, or place if the new date, time,  
 16 or place is announced at the meeting before adjournment. If a new record date  
 17 for the adjourned meeting is or must be fixed under section 30-29-707, Idaho  
 18 Code, however, notice of the adjourned meeting ~~must~~ shall be given under this  
 19 section to ~~persons who are~~ shareholders entitled to vote at such adjourned  
 20 meeting as of the ~~new~~ record date fixed for notice of such adjourned meeting.

21 SECTION 48. That Section 30-29-706, Idaho Code, be, and the same is  
 22 hereby amended to read as follows:

23 30-29-706. WAIVER OF NOTICE. (1a) A shareholder may waive any notice  
 24 required by this chapter, the articles of incorporation, or bylaws before or  
 25 after the date and time stated in the notice. The waiver must be in writing,  
 26 be signed by the shareholder entitled to the notice, and be delivered to the  
 27 corporation for ~~inclusion in the minutes or filing by the corporation~~ with  
 28 the minutes or corporate records.

29 (2b) A shareholder's attendance at a meeting:

30 (a1) Waives objection to lack of notice or defective notice of the meet-  
 31 ing, unless the shareholder at the beginning of the meeting objects to  
 32 holding the meeting or transacting business at the meeting; and

33 (b2) Waives objection to consideration of a particular matter at the  
 34 meeting that is not within the purpose or purposes described in the  
 35 meeting notice, unless the shareholder objects to considering the mat-  
 36 ter when it is presented.

37 SECTION 49. That Section 30-29-707, Idaho Code, be, and the same is  
 38 hereby amended to read as follows:

39 30-29-707. RECORD DATE FOR MEETING. (1a) The bylaws may fix or pro-  
 40 vide the manner of fixing the record date or dates for one (1) or more voting  
 41 groups ~~in order~~ to determine the shareholders entitled to notice of a share-  
 42 holders' meeting, to demand a special meeting, to vote, or to take any other  
 43 action. If the bylaws do not fix or provide for fixing a record date, the  
 44 board of directors ~~of the corporation~~ may fix a ~~future date~~ as the record  
 45 date.

1           (2b) A record date fixed under this section may not be more than seventy  
2 (70) days before the meeting or action requiring a determination of share-  
3 holders and may not be retroactive.

4           (3c) A determination of shareholders entitled to notice of or to vote  
5 at a shareholders' meeting is effective for any adjournment of the meeting  
6 unless the board of directors fixes a new record date or dates, which it ~~must~~  
7 shall do if the meeting is adjourned to a date more than one hundred twenty  
8 (120) days after the date fixed for the original meeting.

9           (4d) If a court orders a meeting adjourned to a date more than one hun-  
10 dred twenty (120) days after the date fixed for the original meeting, it may  
11 provide that the original record date or dates continues in effect or it may  
12 fix a new record date or dates.

13           (e) The record date or dates for a shareholders' meeting fixed by or in  
14 the manner provided in the bylaws or by the board of directors shall be the  
15 record date or dates for determining shareholders entitled both to notice of  
16 and to vote at the shareholders' meeting, unless in the case of a record date  
17 or dates fixed by the board of directors and to the extent not prohibited by  
18 the bylaws, the board, at the time it fixes the record date for sharehold-  
19 ers entitled to notice of the meeting, fixes a later record date on or before  
20 the date of the meeting to determine the shareholders entitled to vote at the  
21 meeting.

22           SECTION 50. That Section 30-29-708, Idaho Code, be, and the same is  
23 hereby amended to read as follows:

24           30-29-708. CONDUCT OF ~~THE~~ MEETING. (1a) At each meeting of sharehold-  
25 ers, a chair shall preside. The chair shall be appointed as provided in the  
26 bylaws or, in the absence of such provision, by the board of directors.

27           (2b) The chair, unless the articles of incorporation or bylaws provide  
28 otherwise, shall determine the order of business and shall have the author-  
29 ity to establish rules for the conduct of the meeting.

30           (3c) ~~The Any~~ rules adopted for, and the conduct of, the meeting shall be  
31 fair to shareholders.

32           (4d) The chair of the meeting shall announce at the meeting when the  
33 polls close for each matter voted upon. If no announcement is made, the polls  
34 shall be deemed to have closed upon the final adjournment of the meeting. Af-  
35 ter the polls close, no ballots, proxies, or votes nor any revocations or  
36 changes ~~thereto~~ to such ballots, proxies, or votes may be accepted.

37           SECTION 51. That Chapter 29, Title 30, Idaho Code, be, and the same is  
38 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
39 ignated as Section 30-29-709, Idaho Code, and to read as follows:

40           30-29-709. REMOTE PARTICIPATION IN SHAREHOLDERS' MEETINGS. (a)  
41 Shareholders of any class or series of shares may participate in any meeting  
42 of shareholders by means of remote communication to the extent the board of  
43 directors authorizes such participation for such class or series. Partici-  
44 pation as a shareholder by means of remote communication shall be subject to  
45 such guidelines and procedures as the board of directors adopts, and shall be  
46 in conformity with subsection (b) of this section.

1 (b) Shareholders participating in a shareholders' meeting by means of  
2 remote communication shall be deemed present and may vote at such a meeting  
3 if the corporation has implemented reasonable measures:

4 (1) To verify that each person participating remotely as a shareholder  
5 is a shareholder; and

6 (2) To provide such shareholders a reasonable opportunity to partici-  
7 pate in the meeting and to vote on matters submitted to the sharehold-  
8 ers, including an opportunity to communicate, and to read or hear the  
9 proceedings of the meeting, substantially concurrent with such pro-  
10 ceedings.

11 SECTION 52. That Section 30-29-720, Idaho Code, be, and the same is  
12 hereby amended to read as follows:

13 30-29-720. SHAREHOLDERS' LIST FOR MEETING. (~~1a~~) After fixing a record  
14 date for a meeting, a corporation shall prepare an alphabetical list of the  
15 names of all its shareholders who are entitled to notice of a shareholders'  
16 meeting. If the board of directors fixes a different record date under  
17 section 30-29-707(e) to determine the shareholders entitled to vote at the  
18 meeting, a corporation also shall prepare an alphabetical list of the names  
19 of all its shareholders who are entitled to vote at the meeting. The A list  
20 must be arranged by voting group, and within each voting group by class  
21 or series of shares, and show the address of and number of shares held by  
22 each shareholder. Nothing contained in this subsection shall require the  
23 corporation to include on such list the electronic mail address or other  
24 electronic contact information of a shareholder.

25 (2b) The shareholders' list ~~must~~ for notice shall be available for in-  
26 spection by any shareholder, ~~at least ten (10) beginning two (2) business~~  
27 ~~days before~~ after notice of the meeting is given for which the list was pre-  
28 pared and continuing through the meeting, at the corporation's principal of-  
29 fice or at a place identified in the meeting notice in the city where the  
30 meeting will be held. A shareholders' list for voting shall be similarly  
31 available for inspection promptly after the record date for voting. A share-  
32 holder, ~~his~~ or the shareholder's agent or attorney is entitled on written de-  
33 mand to inspect and, subject to the requirements of section 30-29-1602 (3c),  
34 Idaho Code, to copy the a list, during regular business hours and at ~~his~~ the  
35 shareholder's expense, during the period it is available for inspection.

36 (3c) The corporation shall make the ~~shareholders'~~ list of shareholders  
37 entitled to vote available at the meeting, and any shareholder, ~~his~~ or the  
38 shareholder's agent, or attorney is entitled to inspect the list at any time  
39 during the meeting or any adjournment.

40 (4d) If the corporation refuses to allow a shareholder, ~~his~~ or the  
41 shareholder's agent or attorney to inspect the a shareholders' list before  
42 or at the meeting, or copy the a list as permitted by subsection (2b) of  
43 this section, the Idaho district court of the county where a corporation's  
44 principal office is located, or, if none in this state, Ada county, on appli-  
45 cation of the shareholder, may summarily order the inspection or copying at  
46 the corporation's expense and may postpone the meeting for which the list was  
47 prepared until the inspection or copying is complete.

48 (5e) Refusal or failure to prepare or make available the shareholders'  
49 list does not affect the validity of action taken at the meeting.

1 SECTION 53. That Section 30-29-721, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-721. VOTING ENTITLEMENT OF SHARES. (~~1~~a) Except as provided in  
4 subsections (~~2~~b) and (~~4~~d) of this section or unless the articles of incor-  
5 poration provide otherwise, each outstanding share, regardless of class or  
6 series, is entitled to one (1) vote on each matter voted on at a shareholders'  
7 meeting. Only shares are entitled to vote.

8 (~~2~~b) ~~A corporation is not entitled to vote treasury shares. Absent spe-~~  
9 ~~cial circumstances, the s~~Shares of a corporation are not entitled to vote if  
10 they are owned, by or otherwise belong to the corporation directly or indi-  
11 rectly, by a second corporation, domestic or foreign, and the first corpora-  
12 tion owns, directly or indirectly, through an entity of which a majority of  
13 the shares entitled to vote for directors of the second corporation voting  
14 power is held directly or indirectly by the corporation or which is otherwise  
15 controlled by the corporation.

16 (~~3~~) ~~Subsection (2) of this section does not limit the power of a corpo-~~  
17 ~~ration to vote any shares, including its own shares, held by it in a fiduciary~~  
18 ~~capacity.~~

19 (c) Shares held by the corporation in a fiduciary capacity for the ben-  
20 efit of any person are entitled to vote unless they are held for the benefit  
21 of, or otherwise belong to, the corporation directly or indirectly through  
22 an entity of which a majority of the voting power is held directly or indi-  
23 rectly by the corporation or which is otherwise controlled by the corpora-  
24 tion.

25 (~~4~~d) Redeemable shares are not entitled to vote after delivery of writ-  
26 ten notice of redemption is mailed to the holders effective and a sum suffi-  
27 cient to redeem the shares has been deposited with a bank, trust company, or  
28 other financial institution under an irrevocable obligation to pay the hold-  
29 ers the redemption price on surrender of the shares.

30 (e) For purposes of this section, "voting power" means the current  
31 power to vote in the election of directors of a corporation or to elect, se-  
32 lect, or appoint governors of another entity.

33 (f) A corporation is not entitled to vote treasury shares.

34 SECTION 54. That Section 30-29-722, Idaho Code, be, and the same is  
35 hereby amended to read as follows:

36 30-29-722. PROXIES. (~~1~~a) A shareholder may vote ~~his~~ the shareholder's  
37 shares in person or by proxy.

38 (~~2~~b) A shareholder or ~~his~~ the shareholder's agent or attorney-in-fact  
39 may appoint a proxy to vote or otherwise act for the shareholder by signing an  
40 appointment form, or by an electronic transmission. An electronic transmis-  
41 sion must contain or be accompanied by information from which ~~one~~ the recipi-  
42 ent can reasonably verify determine the date of the transmission and that the  
43 shareholder, transmission was authorized by the shareholder's sender or the  
44 sender's agent, or the shareholder's attorney-in-fact authorized the trans-  
45 mission.

46 (~~3~~c) An appointment of a proxy is effective when a signed appointment  
47 form or an electronic transmission of the appointment is received by the in-  
48 spector of election or the officer or agent of the corporation authorized to

1 ~~tabulate count votes. An appointment is valid for eleven (11) months unless~~  
 2 ~~a longer period is expressly the term provided in the appointment form and if~~  
 3 ~~no term is provided, is valid for eleven (11) months unless the appointment~~  
 4 ~~is irrevocable under subsection (d) of this section.~~

5 (4d) An appointment of a proxy is revocable unless the appointment form  
 6 or electronic transmission states that it is irrevocable and the appointment  
 7 is coupled with an interest. Appointments coupled with an interest include  
 8 the appointment of:

9 (a1) A pledgee;

10 (b2) A person who purchased or agreed to purchase the shares;

11 (c3) A creditor of the corporation who extended it credit under terms  
 12 requiring the appointment;

13 (d4) An employee of the corporation whose employment contract requires  
 14 the appointment; or

15 (e5) A party to a voting agreement created under section 30-29-731,  
 16 Idaho Code.

17 (5e) The death or incapacity of the shareholder appointing a proxy does  
 18 not affect the right of the corporation to accept the proxy's authority un-  
 19 less notice of the death or incapacity is received by the inspector of elec-  
 20 tion or ~~the other officer or agent of the corporation~~ authorized to tabulate  
 21 votes before the proxy exercises his authority under the appointment.

22 (6f) An appointment made irrevocable under subsection (4d) of this sec-  
 23 tion is revoked when the interest with which it is coupled is extinguished.

24 (7g) ~~A~~ Unless it otherwise provides, an appointment made irrevocable  
 25 under subsection (d) of this section continues in effect after a transfer of  
 26 the shares and a transferee takes subject to the appointment, except that a  
 27 transferee for value of shares subject to an irrevocable appointment may re-  
 28 voke the appointment if he the transferee did not know of its existence when  
 29 he acquired acquiring the shares and the existence of the irrevocable ap-  
 30 pointment was not noted conspicuously on the certificate representing the  
 31 shares or on the information statement for shares without certificates.

32 (8h) Subject to section 30-29-724, Idaho Code, and to any express limi-  
 33 tation on the proxy's authority stated in the appointment form or electronic  
 34 transmission, a corporation is entitled to accept the proxy's vote or other  
 35 action as that of the shareholder making the appointment.

36 SECTION 55. That Section 30-29-723, Idaho Code, be, and the same is  
 37 hereby amended to read as follows:

38 30-29-723. SHARES HELD BY INTERMEDIARIES AND NOMINEES. (1a) A corpo-  
 39 ration's board of directors may establish a procedure ~~by under which the ben-~~  
 40 ~~eficial owner of a person on whose behalf shares that~~ are registered in the  
 41 name of an intermediary or nominee is recognized may elect to be treated by  
 42 the corporation as the record shareholder- by filing with the corporation a  
 43 beneficial ownership certificate. The terms, conditions, and limitations  
 44 of this treatment shall be specified in the procedure. To tThe extent of  
 45 this recognition may be determined in the such person is treated under such  
 46 procedure as having rights or privileges that the record shareholder other-  
 47 wise would have, the record shareholder shall not have those rights or privi-  
 48 leges.

49 (2b) The procedure ~~may set forth~~ must specify:

- 1           (a~~1~~) The types of intermediaries or nominees to which it applies;
- 2           (b~~2~~) The rights or privileges that the corporation recognizes in a
- 3           person with respect to whom a beneficial owner ownership certificate is
- 4           filed;
- 5           (e~~3~~) The manner in which the procedure is selected that must include
- 6           that the beneficial ownership certificate be signed or assented to by
- 7           the nominee or on behalf of the record shareholder and the person on
- 8           whose behalf the shares are held;
- 9           (d~~4~~) The information that must be provided when the procedure is se-
- 10           lected;
- 11           (e~~5~~) The period for which selection of the procedure is effective; ~~and~~
- 12           (f~~6~~) Requirements for notice to the corporation with respect to the ar-
- 13           rangements; and
- 14           (7) The form and contents of the beneficial ownership certificate.
- 15           (c) The procedure may specify any o~~o~~ther aspects of the rights and du-
- 16           ties created by the filing of a beneficial ownership certificate.

17           SECTION 56. That Section 30-29-724, Idaho Code, be, and the same is

18           hereby amended to read as follows:

19           30-29-724. ~~CORPORATION'S~~ ACCEPTANCE OF VOTES AND OTHER INSTRU-

20           MENTS. (1~~a~~) If the name signed on a vote, ballot, consent, waiver, share-

21           holder demand, or proxy appointment corresponds to the name of a share-

22           holder, the corporation, if acting in good faith, is entitled to accept the

23           vote, ballot, consent, waiver, shareholder demand, or proxy appointment and

24           give it effect as the act of the shareholder.

25           (2~~b~~) If the name signed on a vote, ballot, consent, waiver, shareholder

26           demand, or proxy appointment does not correspond to the name of its share-

27           holder, the corporation, if acting in good faith, is nevertheless entitled

28           to accept the vote, ballot, consent, waiver, shareholder demand, or proxy

29           appointment and give it effect as the act of the shareholder if:

30           (a~~1~~) The shareholder is an entity and the name signed purports to be

31           that of an officer or agent of the entity;

32           (b~~2~~) The name signed purports to be that of an administrator, executor,

33           guardian or conservator representing the shareholder and, if the cor-

34           poration requests, evidence of fiduciary status acceptable to the cor-

35           poration has been presented with respect to the vote, ballot, consent,

36           wavier, shareholder demand, or proxy appointment;

37           (e~~3~~) The name signed purports to be that of a receiver or trustee in

38           bankruptcy of the shareholder and, if the corporation requests, evi-

39           dence of this status acceptable to the corporation has been presented

40           with respect to the vote, ballot, consent, waiver, shareholder demand,

41           or proxy appointment;

42           (d~~4~~) The name signed purports to be that of a pledgee, beneficial

43           owner, or attorney-in-fact of the shareholder and, if the corporation

44           requests, evidence acceptable to the corporation of the signatory's

45           authority to sign for the shareholder has been presented with respect

46           to the vote, ballot, consent, waiver, shareholder demand, or proxy ap-

47           pointment; or

48           (e~~5~~) Two (2) or more persons are the shareholder as cotenants or fidu-

49           ciaries and the name signed purports to be the name ~~or~~ of at least one (1)

1 of the co-owners and the person signing appears to be acting on behalf of  
2 all the co-owners.

3 (3c) The corporation is entitled to reject a vote, ballot, consent,  
4 waiver, shareholder demand, or proxy appointment if the ~~inspector of elec-~~  
5 ~~tion or the officer or agent of the corporation~~ person authorized to ~~tabulate~~  
6 ~~votes accept or reject such instrument,~~ acting in good faith, has reasonable  
7 basis for doubt about the validity of the signature on it or about the signa-  
8 tory's authority to sign for the shareholder.

9 (4d) ~~Neither t~~The corporation and ~~its officer or agent who~~ any per-  
10 son authorized by it, nor an inspector of election appointed under section  
11 30-29-729, Idaho Code, that accepts or rejects a vote, ballot, consent,  
12 waiver, shareholder demand, or proxy appointment in good faith and in ac-  
13 cordance with the standards of this section or section 30-29-722 (2b), Idaho  
14 Code, ~~are not~~ is liable in damages to the shareholder for the consequences of  
15 the acceptance or rejection.

16 (5e) Corporate action based on the acceptance or rejection of a vote,  
17 ballot, consent, waiver, shareholder demand, or proxy appointment under  
18 ~~this section or section 30-29-722 (2), Idaho Code,~~ is valid unless a court of  
19 competent jurisdiction determines otherwise.

20 (f) If an inspector of election has been appointed under section  
21 30-29-729, Idaho Code, the inspector of election also has the authority to  
22 request information and make determinations under subsections (a), (b), and  
23 (c) of this section. Any determination made by the inspector of election  
24 under those subsections is controlling.

25 SECTION 57. That Section 30-29-725, Idaho Code, be, and the same is  
26 hereby amended to read as follows:

27 30-29-725. QUORUM AND VOTING REQUIREMENTS FOR VOTING GROUPS. (1a)  
28 Shares entitled to vote as a separate voting group may take action on a matter  
29 at a meeting only if a quorum of those shares exists with respect to that  
30 matter. Unless the articles of incorporation ~~or this chapter~~ provide other-  
31 wise, shares representing a majority of the votes entitled to be cast on the  
32 matter by the voting group constitutes a quorum of that voting group for ac-  
33 tion on that matter. If the provisions of this chapter require a particular  
34 quorum for a specified action, the articles of incorporation may not provide  
35 for a lower quorum.

36 (2b) Once a share is represented for any purpose at a meeting, it is  
37 deemed present for quorum purposes for the remainder of the meeting and for  
38 any adjournment of that meeting unless a new record date is or must be ~~set~~  
39 fixed for that adjourned meeting.

40 (3c) If a quorum exists, action on a matter, other than the election of  
41 directors, by a voting group is approved if the votes cast within the voting  
42 group favoring the action exceed the votes cast opposing the action, unless  
43 the articles of incorporation ~~or this chapter~~ requires a greater number of  
44 affirmative votes.

45 (4d) An amendment of the articles of incorporation adding, changing  
46 or deleting a quorum or voting requirement for a voting group greater than  
47 specified in subsection (1a) or (3c) of this section is governed by section  
48 30-29-727, Idaho Code.

1           ~~(5e)~~ The election of directors is governed by section 30-29-728, Idaho  
2 Code.

3           (f) If a provision of this chapter provides for voting of classes or se-  
4 ries as separate voting groups, the rules provided in section 30-29-1004(c),  
5 Idaho Code, for amendments of the articles of incorporation shall apply to  
6 that provision.

7           SECTION 58. That Section 30-29-726, Idaho Code, be, and the same is  
8 hereby amended to read as follows:

9           30-29-726. ACTION BY SINGLE AND MULTIPLE VOTING GROUPS. ~~(1a)~~ If the  
10 articles of incorporation or this chapter provide for voting by a single vot-  
11 ing group on a matter, action on that matter is taken when voted upon by that  
12 voting group as provided in section 30-29-725, Idaho Code.

13           ~~(2b)~~ If the articles of incorporation or this chapter provide for vot-  
14 ing by two (2) or more voting groups on a matter, action on that matter is  
15 taken only when voted upon by each of those voting groups counted separately  
16 as provided in section 30-29-725, Idaho Code. Action may be taken by ~~one (1)~~  
17 ~~different~~ voting groups on a matter ~~even though no action is taken by another~~  
18 ~~voting group entitled to vote on the matter at different times.~~

19           SECTION 59. That Section 30-29-727, Idaho Code, be, and the same is  
20 hereby amended to read as follows:

21           30-29-727. GREATER MODIFYING QUORUM OR VOTING REQUIREMENTS. ~~(1)~~  
22 ~~The articles of incorporation may provide for a greater quorum or voting~~  
23 ~~requirement for shareholders, or voting groups of shareholders, than is~~  
24 ~~provided for by this chapter.~~

25           ~~(2)~~ An amendment to the articles of incorporation that adds, changes,  
26 or deletes a ~~greater~~ quorum or voting requirement ~~must~~ shall meet the same  
27 quorum requirement and be adopted by the same vote and voting groups required  
28 to take action under the quorum and voting requirements then in effect or  
29 proposed to be adopted, whichever is greater.

30           SECTION 60. That Section 30-29-728, Idaho Code, be, and the same is  
31 hereby amended to read as follows:

32           30-29-728. VOTING FOR DIRECTORS -- CUMULATIVE VOTING. ~~(1a)~~ Unless  
33 otherwise provided in the articles of incorporation, directors are elected  
34 by a plurality of the votes cast by the shares entitled to vote in the elec-  
35 tion at a meeting at which a quorum is present.

36           ~~(2b)~~ Shareholders do not have a right to cumulate their votes for direc-  
37 tors unless the articles of incorporation so provide.

38           ~~(3c)~~ A statement included in the articles of incorporation that "[all]  
39 [a designated voting group of] shareholders" are entitled to cumulate their  
40 votes for directors," or words of similar import, means that the sharehold-  
41 ers designated are entitled to multiply the number of votes they are entitled  
42 to cast by the number of directors for whom they are entitled to vote and cast  
43 the product for a single candidate or distribute the product among two (2) or  
44 more candidates.

1 (d) Shares otherwise entitled to vote cumulatively may not be voted cu-  
 2 mulatively at a particular meeting unless:

3 (1) The meeting notice or proxy statement accompanying the notice  
 4 states conspicuously that cumulative voting is authorized; or

5 (2) A shareholder who has the right to cumulate the shareholder's votes  
 6 gives notice to the corporation not less than forty-eight (48) hours be-  
 7 fore the time set for the meeting of the shareholder's intent to cumu-  
 8 late votes during the meeting, and if one (1) shareholder gives this no-  
 9 tice, all other shareholders in the same voting group participating in  
 10 the election are entitled to cumulate their votes without giving fur-  
 11 ther notice.

12 SECTION 61. That Section 30-29-729, Idaho Code, be, and the same is  
 13 hereby amended to read as follows:

14 30-29-729. INSPECTORS OF ELECTION. ~~(1a)~~ A corporation ~~having any~~  
 15 ~~shares listed on a national that has a class of equity securities exchange or~~  
 16 ~~regularly traded in a market maintained by one (1) or more members of a na-~~  
 17 ~~tional or affiliated securities association registered pursuant to section~~  
 18 ~~12 of the securities exchange act of 1934 shall, and any other corporation~~  
 19 ~~may, appoint one (1) or more inspectors to act at a meeting of shareholders~~  
 20 ~~and make a written report of the inspectors' determinations in connection~~  
 21 ~~with determining voting results. Each inspector shall take and sign an~~  
 22 ~~oath verify in writing that the inspector will faithfully to execute the~~  
 23 ~~duties of inspector with strict impartiality and according to the best of the~~  
 24 ~~inspector's ability. An inspector may be an officer or employee of the cor-~~  
 25 ~~poration. The inspectors may appoint or retain other persons to assist the~~  
 26 ~~inspectors in the performance of the duties of inspector under subsection~~  
 27 ~~(b) of this section, and may rely on information provided by such persons~~  
 28 ~~and other persons, including those appointed to tabulate votes, unless the~~  
 29 ~~inspectors believe reliance is unwarranted.~~

30 ~~(2b)~~ The inspectors shall:

31 ~~(a1)~~ Ascertain the number of shares outstanding and the voting power of  
 32 each;

33 ~~(b2)~~ Determine the shares represented at a meeting;

34 ~~(e3)~~ Determine the validity of ~~proxies~~ proxy appointments and ballots;

35 ~~(d4)~~ Count ~~all the~~ votes; and

36 ~~(e5)~~ ~~Determine~~ Make a written report of the results.

37 ~~(3) An inspector may be an officer or employee of the corporation.~~

38 (c) In performing their duties, the inspectors may examine:

39 (1) The proxy appointment forms and any other information provided in  
 40 accordance with section 30-29-722 (b), Idaho Code;

41 (2) Any envelope or related writing submitted with those appointment  
 42 forms;

43 (3) Any ballots;

44 (4) Any evidence or other information specified in section 30-29-724,  
 45 Idaho Code; and

46 (5) The relevant books and records of the corporation relating to its  
 47 shareholders and their entitlement to vote, including any securities  
 48 position list provided by a depository clearing agency.

1        (d) The inspectors may also consider other information that they be-  
 2 lieve is relevant and reliable for the purpose of performing any of the du-  
 3 ties assigned to them pursuant to subsection (b) of this section including  
 4 for the purpose of evaluating inconsistent, incomplete, or erroneous infor-  
 5 mation and reconciling information submitted on behalf of banks, brokers,  
 6 their nominees, or similar persons that indicates more votes being cast than  
 7 a proxy authorized by the record shareholder is entitled to cast. If the in-  
 8 spectors consider other information allowed by this subsection, they shall  
 9 in their report under subsection (b) of this section specify the information  
 10 considered by them, including the purpose or purposes for which the informa-  
 11 tion was considered, the person or persons from whom they obtained the infor-  
 12 mation, when the information was obtained, the means by which the informa-  
 13 tion was obtained, and the basis for the inspectors' belief that such infor-  
 14 mation is relevant and reliable.

15        (e) Determinations of law by the inspectors of election are subject  
 16 to de novo review by a court in a proceeding under section 30-29-749, Idaho  
 17 Code, or other judicial proceeding.

18        SECTION 62. That Section 30-29-730, Idaho Code, be, and the same is  
 19 hereby amended to read as follows:

20        30-29-730. VOTING TRUSTS. ~~(1a)~~ One (1) or more shareholders may create  
 21 a voting trust, conferring on a trustee the right to vote or otherwise act for  
 22 them, by signing an agreement setting out the provisions of the trust, which  
 23 may include anything consistent with its purpose, and transferring their  
 24 shares to the trustee. When a voting trust agreement is signed, the trustee  
 25 shall prepare a list of the names and addresses of all ~~owners of voting trust~~  
 26 ~~beneficial interests in the trust owners~~, together with the number and class  
 27 of shares each transferred to the trust, and deliver copies of the list and  
 28 agreement to the corporation's ~~at its principal office.~~

29        ~~(2b) A voting trust becomes effective on the date the first shares sub-~~  
 30 ~~ject to the trust are registered in the trustee's name. A voting trust is~~  
 31 ~~valid for not more than ten (10) years after its effective date unless ex-~~  
 32 ~~tended under subsection (3) of this section.~~

33        ~~(3) All or some of the parties to a voting trust may extend it for addi-~~  
 34 ~~tional terms of not more than ten (10) years each by signing written consent~~  
 35 ~~to the extension. An extension is valid for ten (10) years from the date the~~  
 36 ~~first shareholder signs the extension agreement. The voting trustee must~~  
 37 ~~deliver copies of the extension agreement and list of beneficial owners to~~  
 38 ~~the corporation's principal office. An extension agreement binds only those~~  
 39 ~~parties signing it.~~

40        (c) Limits, if any, on the duration of a voting trust shall be as set  
 41 forth in the voting trust. A voting trust that became effective when this  
 42 chapter provided a ten (10) year limit on its duration remains governed by  
 43 the provisions of this section concerning duration then in effect, unless  
 44 the voting trust is amended to provide otherwise by unanimous agreement of  
 45 the parties to the voting trust.

46        SECTION 63. That Section 30-29-731, Idaho Code, be, and the same is  
 47 hereby amended to read as follows:

1           30-29-731. VOTING AGREEMENTS. (~~1~~a) Two (2) or more shareholders may  
2 provide for the manner in which they will vote their shares by signing an  
3 agreement for that purpose. A voting agreement created under this section is  
4 not subject to the provisions of section 30-29-730, Idaho Code.

5           (~~2~~b) A voting agreement created under this section is specifically en-  
6 forceable.

7           SECTION 64. That Section 30-29-732, Idaho Code, be, and the same is  
8 hereby amended to read as follows:

9           30-29-732. SHAREHOLDER AGREEMENTS. (~~1~~a) An agreement among the share-  
10 holders of a corporation that complies with this section is effective among  
11 the shareholders and the corporation even though it is inconsistent with one  
12 (1) or more other provisions of this chapter in that it:

13           (~~a~~1) Eliminates the board of directors or restricts the discretion or  
14 powers of the board of directors;

15           (~~b~~2) Governs the authorization or making of distributions, regardless  
16 of whether or not they are in proportion to ownership of shares, subject  
17 to the limitations in section 30-29-640, Idaho Code;

18           (~~e~~3) Establishes who shall be directors or officers of the corporation,  
19 or their terms of office or manner of selection or removal;

20           (~~d~~4) Governs, in general or in regard to specific matters, the exercise  
21 or division of voting power by or between the shareholders and directors  
22 or by or among any of them, including use of weighted voting rights or  
23 director proxies;

24           (~~e~~5) Establishes the terms and conditions of any agreement for the  
25 transfer or use of property or the provision of services between the  
26 corporation and any shareholder, director, officer or employee of the  
27 corporation or among any of them;

28           (~~f~~6) Transfers to one (1) or more shareholders or other persons all or  
29 part of the authority to exercise the corporate powers or to manage the  
30 business and affairs of the corporation, including the resolution of  
31 any issue about which there exists a deadlock among directors or share-  
32 holders;

33           (~~g~~7) Requires dissolution of the corporation at the request of one (1)  
34 or more of the shareholders or upon the occurrence of a specified event  
35 or contingency; or

36           (~~h~~8) Otherwise governs the exercise of the corporate powers or the  
37 management of the business and affairs of the corporation or the rela-  
38 tionship among the shareholders, the directors and the corporation, or  
39 among any of them, and is not contrary to public policy.

40           (~~2~~b) An agreement authorized by this section shall be:

41           (~~a~~1) As sSet forth:

42           (i) In the articles of incorporation or bylaws and approved by all  
43 persons who are shareholders at the time of the agreement; or

44           (ii) In a written agreement that is signed by all persons who are  
45 shareholders at the time of the agreement and is made known to the  
46 corporation; and

47           (~~b~~2) Subject to amendment only by all persons who are shareholders at  
48 the time of the amendment, unless the agreement provides otherwise; ~~and~~

49           ~~(c) Valid for ten (10) years, unless the agreement provides otherwise.~~

1           (3c) The existence of an agreement authorized by this section shall be  
2 noted conspicuously on the front or back of each certificate for outstanding  
3 shares or on the information statement required by section 30-29-626(2b),  
4 Idaho Code. If at the time of the agreement the corporation has shares  
5 outstanding represented by certificates, the corporation shall recall the  
6 outstanding certificates and issue substitute certificates that comply with  
7 this subsection. The failure to note the existence of the agreement on the  
8 certificate or information statement shall not affect the validity of the  
9 agreement or any action taken pursuant to it. Any purchaser of shares who, at  
10 the time of purchase, did not have knowledge of the existence of the agree-  
11 ment shall be entitled to rescission of the purchase.

12           A purchaser shall be deemed to have knowledge of the existence of the  
13 agreement if its existence is noted on the certificate or information state-  
14 ment for the shares in compliance with this subsection and, if the shares are  
15 not represented by a certificate, the information statement is delivered to  
16 the purchaser at or ~~prior to~~ before the time of purchase of the shares. An  
17 action to enforce the right of rescission authorized by this subsection ~~must~~  
18 shall be commenced within the earlier of ninety (90) days after discovery of  
19 the existence of the agreement or two (2) years after the time of purchase of  
20 the shares.

21           ~~(4d) An agreement authorized by this section shall cease to be effec-~~  
22 ~~tive when shares of the corporation are listed on a national securities ex-~~  
23 ~~change or regularly traded in a market maintained by one (1) or more members~~  
24 ~~of a national or affiliated securities association. If the agreement ceases~~  
25 ~~to be effective for any reason, the board of directors may, if the agreement~~  
26 ~~is contained or referred to in the corporation's articles of incorporation~~  
27 ~~or bylaws, adopt an amendment to the articles of incorporation or bylaws,~~  
28 ~~without shareholder action, to delete the agreement and any references to~~  
29 ~~it.~~

30           (5e) An agreement authorized by this section that limits the discretion  
31 or powers of the board of directors shall relieve the directors of, and im-  
32 pose upon the person or persons in whom such discretion or powers are vested,  
33 liability for acts or omissions imposed by law on directors to the extent  
34 that the discretion or powers of the directors are limited by the agreement.

35           (6f) The existence or performance of an agreement authorized by this  
36 section shall not be a ground for imposing personal liability on any share-  
37 holder for the acts or debts of the corporation even if the agreement or its  
38 performance treats the corporation as if it were a partnership or results  
39 in failure to observe the corporate formalities otherwise applicable to the  
40 matters governed by the agreement.

41           (7g) Incorporators or subscribers for shares may act as shareholders  
42 with respect to an agreement authorized by this section if no shares have  
43 been issued when the agreement is made.

44           (h) Limits, if any, on the duration of an agreement authorized by this  
45 section must be set forth in the agreement. An agreement that became ef-  
46 fective when this chapter provided for a limit of ten (10) years on duration  
47 of shareholder agreements, unless the agreement provided otherwise, remains  
48 governed by the provisions of this section concerning duration then in ef-  
49 fect.

1 SECTION 65. That Section 30-29-740, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-740. PART DEFINITIONS. As used in sections 30-29-741 through  
4 30-29-747, Idaho Code:

5 (1) "~~e~~Derivative proceeding" means a civil suit in the right of a domes-  
6 tic corporation or, to the extent provided in section 30-29-747, Idaho  
7 Code, in the right of a foreign corporation.

8 (2) "Shareholder" means a record shareholder, a beneficial share-  
9 holder, and an unrestricted voting trust beneficial owner.

10 SECTION 66. That Section 30-29-741, Idaho Code, be, and the same is  
11 hereby amended to read as follows:

12 30-29-741. STANDING. A shareholder may not commence or maintain a  
13 derivative proceeding unless the shareholder:

14 (1a) Was a shareholder of the corporation at the time of the act or omis-  
15 sion complained of or became a shareholder through transfer by operation of  
16 law from one (1) who was a shareholder at that time; and

17 (2b) Fairly and adequately represents the interests of the corporation  
18 in enforcing the right of the corporation.

19 SECTION 67. That Section 30-29-742, Idaho Code, be, and the same is  
20 hereby amended to read as follows:

21 30-29-742. DEMAND. No shareholder may commence a derivative proceed-  
22 ing until:

23 (1a) A written demand has been made upon the corporation to take suit-  
24 able action; and

25 (2b) Ninety (90) days have expired from the date delivery of the demand  
26 was made unless the shareholder has earlier been notified that the demand has  
27 been rejected by the corporation or unless irreparable injury to the corpo-  
28 ration would result by waiting for the expiration of the ninety (90) day pe-  
29 riod.

30 SECTION 68. That Section 30-29-744, Idaho Code, be, and the same is  
31 hereby amended to read as follows:

32 30-29-744. DISMISSAL. (1a) A derivative proceeding shall be dismissed  
33 by the court on motion by the corporation if one (1) of the groups specified  
34 in subsection (2b) or (6e) of this section has determined in good faith after  
35 conducting a reasonable inquiry upon which its conclusions are based that  
36 the maintenance of the derivative proceeding is not in the best interests of  
37 the corporation.

38 (2b) Unless a panel is appointed pursuant to subsection (6e) of this  
39 section, the determination in subsection (1a) of this section shall be made  
40 by:

41 (a1) A majority vote of independent qualified directors present at a  
42 meeting of the board of directors if the independent qualified direc-  
43 tors constitute a quorum; or

1           ~~(b2)~~ A majority vote of a committee consisting of two (2) or more  
 2 ~~independent~~ qualified directors appointed by majority vote of  
 3 ~~independent~~ qualified directors present at a meeting of the board of  
 4 directors, regardless of whether or not such ~~independent~~ qualified di-  
 5 rectors constituted a quorum.

6           ~~(3) None of the following shall by itself cause a director to be consid-~~  
 7 ~~ered not independent for purposes of this section:~~

8           ~~(a) The nomination or election of the director by persons who are defen-~~  
 9 ~~dants in the derivative proceeding or against whom action is demanded;~~

10           ~~(b) The naming of the director as a defendant in the derivative proceed-~~  
 11 ~~ing or as a person against whom action is demanded; or~~

12           ~~(c) The approval by the director of the act being challenged in the~~  
 13 ~~derivative proceeding or demand if the act resulted in no personal bene-~~  
 14 ~~fit to the director.~~

15           (4c) If a derivative proceeding is commenced after a determination has  
 16 been made rejecting a demand by a shareholder, the complaint shall allege  
 17 with particularity facts establishing either:

18           (a1) That a majority of the board of directors did not consist of inde-  
 19 pendent directors at the time the determination was made; or

20           (b2) That the requirements of subsection (1a) of this section have not  
 21 been met.

22           (5d) If a majority of the board of directors ~~does not consist~~ consisted  
 23 of independent qualified directors at the time the determination ~~is~~ was  
 24 made, the corporation plaintiff shall have the burden of proving that the  
 25 requirements of subsection (1a) of this section have been met; if not, the  
 26 corporation shall have the burden of proving that the requirements of sub-  
 27 section (a) of this section have been met. If a majority of the board of  
 28 directors consists of independent directors at the time the determination is  
 29 made, the plaintiff shall have the burden of proving that the requirements of  
 30 subsection (1) of this section have not been met.

31           (6e) Upon motion by the corporation, tThe court may appoint a panel  
 32 of one (1) or more independent persons upon motion by the corporation  
 33 individuals to make a determination whether the maintenance of the deriva-  
 34 tive proceeding is in the best interests of the corporation. In such case,  
 35 the plaintiff shall have the burden of proving that the requirements of sub-  
 36 section (1a) of this section have not been met.

37           SECTION 69. That Section 30-29-745, Idaho Code, be, and the same is  
 38 hereby amended to read as follows:

39           30-29-745. DISCONTINUANCE OR SETTLEMENT. A derivative proceeding may  
 40 not be discontinued or settled without the court's approval. If the court  
 41 determines that a proposed discontinuance or settlement will substantially  
 42 affect the interests of the corporation's shareholders or a class or series  
 43 of shareholders, the court shall direct that notice be given to the share-  
 44 holders affected.

45           SECTION 70. That Section 30-29-746, Idaho Code, be, and the same is  
 46 hereby amended to read as follows:

1           30-29-746. PAYMENT OF EXPENSES. On termination of the derivative pro-  
2 ceeding the court may:

3           (1a) Order the corporation to pay the plaintiff's ~~reasonable expenses,~~  
4 ~~including counsel fees,~~ incurred in the proceeding if it finds that the pro-  
5 ceeding has resulted in a substantial benefit to the corporation;

6           (2b) Order the plaintiff to pay any defendant's ~~reasonable expenses,~~  
7 ~~including counsel fees,~~ incurred in defending the proceeding if it finds  
8 that the proceeding was commenced or maintained without reasonable cause or  
9 for an improper purpose; or

10          (3c) Order a party to pay an opposing party's ~~reasonable expenses,~~ ~~in-~~  
11 ~~cluding counsel fees,~~ incurred because of the filing of a pleading, motion or  
12 other paper, if it finds that the pleading, motion or other paper was not well  
13 grounded in fact, after reasonable inquiry, or warranted by existing law or a  
14 good faith argument for the extension, modification or reversal of existing  
15 law ~~and or~~ was interposed for an improper purpose, such as to harass or cause  
16 unnecessary delay or needless increase in the cost of litigation.

17          SECTION 71. That Chapter 29, Title 30, Idaho Code, be, and the same is  
18 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
19 ignated as Section 30-29-748, Idaho Code, and to read as follows:

20          30-29-748. SHAREHOLDER ACTION TO APPOINT A CUSTODIAN OR RECEIVER. (a)  
21 The Idaho district court of the county where a corporation's principal of-  
22 fice is located, or, if none in this state, Ada county, may appoint one (1) or  
23 more persons to be custodians, or, if the corporation is insolvent, to be re-  
24 ceivers, of and for a corporation in a proceeding by a shareholder where it is  
25 established that:

26          (1) The directors are deadlocked in the management of the corporate af-  
27 fairs, the shareholders are unable to break the deadlock, and irrepara-  
28 ble injury to the corporation is threatened or being suffered; or

29          (2) The directors or those in control of the corporation are acting  
30 fraudulently and irreparable injury to the corporation is threatened or  
31 being suffered.

32          (b) The court:

33          (1) May issue injunctions, appoint a temporary custodian or temporary  
34 receiver with all the powers and duties the court directs, take other  
35 action to preserve the corporate assets wherever located, and carry on  
36 the business of the corporation until a full hearing is held;

37          (2) Shall hold a full hearing, after notifying all parties to the pro-  
38 ceeding and any interested persons designated by the court, before ap-  
39 pointing a custodian or receiver; and

40          (3) Has jurisdiction over the corporation and all of its property,  
41 wherever located.

42          (c) The court may appoint an individual, or domestic or foreign corpo-  
43 ration registered to do business in this state, as a custodian or receiver  
44 and may require the custodian or receiver to post bond, with or without  
45 sureties, in an amount the court directs.

46          (d) The court shall describe the powers and duties of the custodian or  
47 receiver in its appointing order, which may be amended from time to time.  
48 Among other powers:

1 (1) A custodian may exercise all of the powers of the corporation,  
2 through or in place of its board of directors, to the extent necessary to  
3 manage the business and affairs of the corporation; and

4 (2) A receiver may dispose of all or any part of the assets of the cor-  
5 poration wherever located, at a public or private sale, if authorized by  
6 the court; and may sue and defend in the receiver's own name as receiver  
7 in all courts of this state.

8 (e) The court during a custodianship may redesignate the custodian a  
9 receiver, and during a receivership may redesignate the receiver a custo-  
10 dian, if doing so is in the best interests of the corporation.

11 (f) The court from time to time during the custodianship or receiver-  
12 ship may order compensation paid and expense disbursements or reimburse-  
13 ments made to the custodian or receiver from the assets of the corporation or  
14 proceeds from the sale of its assets.

15 (g) As used in this section, "shareholder" means a record shareholder,  
16 a beneficial shareholder, and an unrestricted voting trust beneficial  
17 owner.

18 SECTION 72. That Chapter 29, Title 30, Idaho Code, be, and the same is  
19 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
20 ignated as Section 30-29-749, Idaho Code, and to read as follows:

21 30-29-749. JUDICIAL DETERMINATION OF CORPORATE OFFICES AND REVIEW OF  
22 ELECTIONS AND SHAREHOLDER VOTES. (a) Upon application of or in a proceeding  
23 commenced by a person specified in subsection (b) of this section, the Idaho  
24 district court of the county where a corporation's principal office is lo-  
25 cated, or, if none in this state, Ada county, may determine:

26 (1) The result or validity of the election, appointment, removal, or  
27 resignation of a director or officer of the corporation;

28 (2) The right of an individual to hold the office of director or officer  
29 of the corporation;

30 (3) The result or validity of any vote by the shareholders of the corpo-  
31 ration;

32 (4) The right of a director to membership on a committee of the board of  
33 directors; and

34 (5) The right of a person to nominate, or an individual to be nominated,  
35 as a candidate for election or appointment as a director of the corpo-  
36 ration and any right under a bylaw adopted pursuant to section 30-29-  
37 206(c), Idaho Code, or any comparable right under any provision of the  
38 articles of incorporation, contract, or applicable law.

39 (b) An application or proceeding pursuant to subsection (a) of this  
40 section may be filed or commenced by any of the following persons:

41 (1) The corporation;

42 (2) Any record shareholder, beneficial shareholder, or unrestricted  
43 voting trust beneficial owner of the corporation;

44 (3) A director of the corporation, an individual claiming the office of  
45 director, or a director whose membership on a committee of the board of  
46 directors is contested, in each case who is seeking a determination of  
47 his or her right to such office or membership;

1 (4) An officer of the corporation or an individual claiming to be an of-  
2 ficer of the corporation, in each case who is seeking a determination of  
3 his or her right to such office; and

4 (5) A person claiming a right covered by subsection (a) (5) of this sec-  
5 tion and who is seeking a determination of such right.

6 (c) In connection with any application or proceeding under subsection  
7 (a) of this section, the following shall be named as defendants, unless such  
8 person made the application or commenced the proceeding:

9 (1) The corporation;

10 (2) Any individual whose right to office or membership on a committee of  
11 the board of directors is contested;

12 (3) Any individual claiming the office or membership at issue; and

13 (4) Any person claiming a right covered by subsection (a) (5) that is at  
14 issue.

15 (d) In connection with any application or proceeding under subsection  
16 (a) of this section, service of process may be made upon each of the persons  
17 specified in subsection (c) of this section either by:

18 (1) Service of process on the corporation addressed to such person in  
19 any manner provided by statute of this state or by rule of the applicable  
20 court for service on the corporation; or

21 (2) Service of process on the person in any manner provided by statute  
22 of this state or by rule of the applicable court.

23 (e) When service of process is made upon a person other than the corpo-  
24 ration by service upon the corporation pursuant to subsection (d) (1) of this  
25 section, the plaintiff and the corporation or its registered agent shall  
26 promptly provide written notice of such service, together with copies of all  
27 process and the application or complaint, to the person at the person's last  
28 known residence or business address, or as permitted by statute of this state  
29 or by rule of the applicable court.

30 (f) In connection with any application or proceeding under subsection  
31 (a) of this section, the court shall dispose of the application or proceeding  
32 on an expedited basis and also may:

33 (1) Order such additional or further notice as the court deems proper  
34 under the circumstances;

35 (2) Order that additional persons be joined as parties to the proceed-  
36 ing if the court determines that such joinder is necessary for a just ad-  
37 judication of matters before the court;

38 (3) Order an election or meeting be held in accordance with the provi-  
39 sions of section 30-29-703(b) or otherwise;

40 (4) Appoint a master to conduct an election or meeting;

41 (5) Enter temporary, preliminary, or permanent injunctive relief;

42 (6) Resolve, solely for the purpose of this proceeding, any legal or  
43 factual issues necessary for the resolution of any of the matters speci-  
44 fied in subsection (a) of this section, including the right and power of  
45 persons claiming to own shares to vote at any meeting of the sharehold-  
46 ers; and

47 (7) Order such other relief as the court determines is equitable, just,  
48 and proper.

49 (g) It is not necessary to make shareholders a party to a proceeding or  
50 application pursuant to this section unless the shareholder is a required

1 defendant under subsection (c) (4) of this section, relief is sought against  
 2 the shareholder individually, or the court orders joinder pursuant to sub-  
 3 section (f) (2) of this section.

4 (h) Nothing in this section limits, restricts, or abolishes the subject  
 5 matter jurisdiction or powers of the court as existed before the enactment of  
 6 this section, and an application or proceeding pursuant to this section is  
 7 not the exclusive remedy or proceeding available with respect to the matters  
 8 specified in subsection (a) of this section.

9 SECTION 73. That Section 30-29-801, Idaho Code, be, and the same is  
 10 hereby amended to read as follows:

11 30-29-801. REQUIREMENT FOR AND DUTIES OF BOARD OF DIRECTORS. (1a) Ex-  
 12 cept as may be provided in an agreement authorized under section 30-29-732,  
 13 Idaho Code, each corporation must shall have a board of directors.

14 (2b) Except as may be provided in an agreement authorized under section  
 15 30-29-732, Idaho Code, and subject to any limitation in the articles of in-  
 16 corporation permitted by section 30-29-202 (b), Idaho Code, aAll corporate  
 17 powers shall be exercised by or under the authority of the board of direc-  
 18 tors, and the business and affairs of the corporation shall be managed by or  
 19 under the direction, and subject to the oversight of, its the board of direc-  
 20 tors, subject to any limitation set forth in the articles of incorporation or  
 21 in an agreement authorized under section 30-29-732, Idaho Code.

22 SECTION 74. That Section 30-29-802, Idaho Code, be, and the same is  
 23 hereby amended to read as follows:

24 30-29-802. QUALIFICATIONS OF DIRECTORS. (a) The articles of incorpo-  
 25 ration or bylaws may prescribe qualifications for directors or for nominees  
 26 for directors. Qualifications must be reasonable as applied to the corpora-  
 27 tion and be lawful.

28 (b) A requirement that is based on a past, prospective, or current ac-  
 29 tion, or expression of opinion, by a nominee or director that could limit the  
 30 ability of a nominee or director to discharge his or her duties as a direc-  
 31 tor is not a permissible qualification under this section. Notwithstanding  
 32 the foregoing, qualifications may include not being or having been subject  
 33 to specified criminal, civil, or regulatory sanctions or not having been re-  
 34 moved as a director by judicial action or for cause.

35 (c) A director need not be a resident of this state or a shareholder of  
 36 the corporation unless the articles of incorporation or bylaws so prescribe.

37 (d) A qualification for nomination for director prescribed before a  
 38 person's nomination shall apply to such person at the time of nomination. A  
 39 qualification for nomination for director prescribed after a person's nomi-  
 40 nation shall not apply to such person with respect to such nomination.

41 (e) A qualification for director prescribed before a director has been  
 42 elected or appointed may apply only at the time an individual becomes a di-  
 43 rector or may apply during a director's term. A qualification prescribed af-  
 44 ter a director has been elected or appointed shall not apply to that director  
 45 before the end of that director's term.

1 SECTION 75. That Section 30-29-803, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-803. NUMBER AND ELECTION OF DIRECTORS. (~~1a~~) A board of directors  
4 ~~must~~ shall consist of one (1) or more individuals, with the number specified  
5 in or fixed in accordance with the articles of incorporation or bylaws.

6 (~~2b~~) The number of directors may be increased or decreased from time to  
7 time by amendment to, or in the manner provided in, the articles of incorpo-  
8 ration or ~~the~~ bylaws.

9 (~~3c~~) Directors are elected at the first annual shareholders' meeting  
10 and at each annual shareholders' meeting thereafter unless elected by writ-  
11 ten consent in lieu of an annual meeting as permitted by section 30-29-704,  
12 Idaho Code, or unless their terms are staggered under section 30-29-806,  
13 Idaho Code.

14 SECTION 76. That Section 30-29-804, Idaho Code, be, and the same is  
15 hereby amended to read as follows:

16 30-29-804. ELECTION OF DIRECTORS BY CERTAIN CLASSES OR SERIES OF  
17 SHAREHOLDERS SHARES. If the articles of incorporation or action by the board  
18 of directors pursuant to section 30-29-602, Idaho Code, authorizes dividing  
19 the shares into classes or series, the articles of incorporation may also au-  
20 thorize the election of all or a specified number of directors by the holders  
21 of one (1) or more authorized classes or series of shares. A class or series,  
22 or multiple classes or series, of shares entitled to elect one (1) or more di-  
23 rectors is a separate voting group for purposes of the election of directors.

24 SECTION 77. That Section 30-29-805, Idaho Code, be, and the same is  
25 hereby amended to read as follows:

26 30-29-805. TERMS OF DIRECTORS GENERALLY. (~~1a~~) The terms of the ini-  
27 tial directors of a corporation expire at the first shareholders' meeting at  
28 which directors are elected.

29 (~~2b~~) The terms of all other directors expire at the next, or if their  
30 terms are staggered in accordance with section 30-29-806, Idaho Code, at  
31 the applicable second or third annual shareholders' meeting following  
32 their election unless their terms are staggered under except to the extent  
33 provided in section 30-29-~~806~~1022, Idaho Code, if a bylaw electing to be  
34 governed by that section is in effect or if a shorter term is specified in  
35 the articles of incorporation in the event of a director nominee failing to  
36 receive a specified vote for election.

37 (~~3c~~) A decrease in the number of directors does not shorten an incumbent  
38 director's term.

39 (~~4d~~) The term of aA director elected to fill a vacancy shall be expires  
40 at the next shareholders' meeting at which directors are elected for the un-  
41 expired term of his predecessor in office.

42 (~~5e~~) Except to the extent otherwise provided in the articles of incor-  
43 poration or under section 30-29-1022, Idaho Code, if a bylaw electing to be  
44 governed by that section is in effect, dDespite the expiration of a direc-  
45 tor's term, he the director continues to serve until his the director's suc-

1 cessor is elected and qualifies or ~~until~~ there is a decrease in the number of  
2 directors.

3 SECTION 78. That Section 30-29-806, Idaho Code, be, and the same is  
4 hereby amended to read as follows:

5 30-29-806. STAGGERED TERMS FOR DIRECTORS. The articles of incorpora-  
6 tion may provide for staggering the terms of directors by dividing the total  
7 number of directors into two (2) or three (3) groups, with each group con-  
8 taining one-half (1/2) or one-third (1/3) of the total, as near as may be  
9 practicable. In that event, the terms of directors in the first group expire  
10 at the first annual shareholders' meeting after their election, the terms  
11 of the second group expire at the second annual shareholders' meeting after  
12 their election, and the terms of the third group, if any, expire at the third  
13 annual shareholders' meeting after their election. At each annual share-  
14 holders' meeting held thereafter, directors shall be ~~chosen~~ elected for a  
15 term of two (2) years or three (3) years, as the case may be, to succeed those  
16 whose terms expire.

17 SECTION 79. That Section 30-29-807, Idaho Code, be, and the same is  
18 hereby amended to read as follows:

19 30-29-807. RESIGNATION OF DIRECTORS. (1a) A director may resign at any  
20 time by delivering a written notice of resignation to the board of directors,  
21 its ~~chairman~~ chair, or the ~~corporation~~ secretary.

22 (2b) A resignation is effective ~~when the notice is delivered as pro-~~  
23 vided in section 30-29-141(i), Idaho Code, unless the notice specifies  
24 resignation provides for a delayed effectiveness, including effectiveness  
25 determined upon a future effective date event or events. A resignation that  
26 is conditioned upon failing to receive a specified vote for election as a  
27 director may provide that it is irrevocable.

28 SECTION 80. That Section 30-29-808, Idaho Code, be, and the same is  
29 hereby amended to read as follows:

30 30-29-808. REMOVAL OF DIRECTORS BY SHAREHOLDERS. (1a) The sharehold-  
31 ers may remove one (1) or more directors with or without cause unless the  
32 articles of incorporation provide that directors may be removed only for  
33 cause.

34 (2b) If a director is elected by a voting group of shareholders, only  
35 the shareholders of that voting group may participate in the vote to remove  
36 him that director.

37 (3c) A director may be removed if the number of votes cast to remove ex-  
38 ceeds the number of votes cast not to remove the director, except to the ex-  
39 tent the articles of incorporation or bylaws require a greater number; pro-  
40 vided that if cumulative voting is authorized, a director may not be removed  
41 if, in the case of a meeting, the number of votes sufficient to elect him the  
42 director under cumulative voting is voted against his removal.—If and, if  
43 action is taken by less than unanimous written consent, voting sharehold-  
44 ers entitled to the number of votes sufficient to elect the director under  
45 cumulative voting is do not authorized, a director may be removed only if the

1 ~~number of votes cast to remove him exceeds the number of votes cast not to re-~~  
 2 ~~move him consent to the removal.~~

3 (4d) A director may be removed by the shareholders only at a meeting  
 4 called for the purpose of removing ~~him~~ the director and the meeting notice  
 5 must state that ~~the purpose, or one (1) of the purposes, of the meeting is re-~~  
 6 ~~moval of the director~~ is a purpose of the meeting.

7 SECTION 81. That Section 30-29-809, Idaho Code, be, and the same is  
 8 hereby amended to read as follows:

9 30-29-809. REMOVAL OF DIRECTORS BY JUDICIAL PROCEEDING. (1a) The  
 10 Idaho district court of the county where a corporation's principal office is  
 11 located, or, if none in this state, Ada county, may remove a director ~~of the~~  
 12 ~~corporation~~ from office or may order other relief, including barring the di-  
 13 rector from reelection for a period prescribed by the court, in a proceeding  
 14 commenced by or in the right of the corporation if the court finds that:

15 (a1) The director engaged in fraudulent conduct with respect to the  
 16 corporation or its shareholders, grossly abused the position of direc-  
 17 tor, or intentionally inflicted harm on the corporation; and

18 (b2) Considering the director's course of conduct and the inadequacy of  
 19 other available remedies, removal, or other such relief would be in the  
 20 best interest of the corporation.

21 (2b) A shareholder proceeding on behalf of the corporation under sub-  
 22 section (1a) of this section shall comply with all of the requirements  
 23 of sections 30-29-741 through 30-29-747, Idaho Code, except section  
 24 30-29-741 (1a), Idaho Code.

25 ~~(3) The court, in addition to removing the director, may bar the direc-~~  
 26 ~~tor from reelection for a period prescribed by the court.~~

27 ~~(4) Nothing in this section limits the equitable powers of the court to~~  
 28 ~~order other relief.~~

29 SECTION 82. That Section 30-29-810, Idaho Code, be, and the same is  
 30 hereby amended to read as follows:

31 30-29-810. VACANCY ON BOARD OF DIRECTORS. (1a) Unless the articles of  
 32 incorporation provide otherwise, if a vacancy occurs on a board of direc-  
 33 tors, including a vacancy resulting from an increase in the number of direc-  
 34 tors:

35 (a1) The shareholders may fill the vacancy;

36 (b2) The board of directors may fill the vacancy; or

37 (c3) If the directors remaining in office ~~constitute~~ are fewer than a  
 38 quorum ~~of the board,~~ they may fill the vacancy by the affirmative vote of  
 39 a majority of all the directors remaining in office.

40 (2b) If the vacant office was held by a director elected by a voting  
 41 group of shareholders, only the holders of shares of that voting group are  
 42 entitled to vote to fill the vacancy if it is filled by the shareholders, and  
 43 only the remaining directors elected by that voting group, even if fewer than  
 44 a quorum, are entitled to fill the vacancy if it is filled by the directors.

45 (3c) A vacancy that will occur at a specific later date, by reason of  
 46 a resignation effective at a later date under section 30-29-807 (2b), Idaho

1 Code, or otherwise, may be filled before the vacancy occurs but the new di-  
2 rector may not take office until the vacancy occurs.

3 SECTION 83. That Section 30-29-820, Idaho Code, be, and the same is  
4 hereby amended to read as follows:

5 30-29-820. MEETINGS. (1a) The board of directors may hold regular or  
6 special meetings in or out of this state.

7 (2b) Unless restricted by the articles of incorporation or bylaws  
8 ~~provide otherwise, any or all directors may participate in a regular or spe-~~  
9 ~~cial any meeting by, or conduct of the meeting~~ board of directors through the  
10 use of, any means of communication by which all directors participating may  
11 simultaneously hear each other during the meeting. A director participating  
12 in a meeting by this means is deemed to be present in person at the meeting.

13 SECTION 84. That Section 30-29-821, Idaho Code, be, and the same is  
14 hereby amended to read as follows:

15 30-29-821. ACTION WITHOUT MEETING. (1a) Except to the extent that  
16 the articles of incorporation or bylaws require that action by the board of  
17 directors be taken at a meeting, action required or permitted by this ~~act~~  
18 chapter to be taken by the board of directors may be taken without a meeting  
19 if each director signs a consent describing the action to be taken and deliv-  
20 ers it to the corporation.

21 (2b) Action taken under this section is the act of the board of direc-  
22 tors when one (1) or more consents signed by all the directors are delivered  
23 to the corporation. The consent may specify a later time as the time at which  
24 the action taken ~~thereunder~~ is to be effective. A director's consent may be  
25 withdrawn by a revocation signed by the director and delivered to the corpo-  
26 ration ~~prior to~~ before delivery to the corporation of unrevoked written con-  
27 sents signed by all the directors.

28 (3c) A consent signed under this section has the effect of action taken  
29 at a meeting of the board of directors and may be described as such in any doc-  
30 ument.

31 SECTION 85. That Section 30-29-822, Idaho Code, be, and the same is  
32 hereby amended to read as follows:

33 30-29-822. NOTICE OF MEETING. (1a) Unless the articles of incorpora-  
34 tion or bylaws provide otherwise, regular meetings of the board of directors  
35 may be held without notice of the date, time, place or purpose of the meeting.

36 (2b) Unless the articles of incorporation or bylaws provide for a  
37 longer or shorter period, special meetings of the board of directors ~~must~~  
38 shall be preceded by at least two (2) days' notice of the date, time, and  
39 place of the meeting. The notice need not describe the purpose of the special  
40 meeting unless required by the articles of incorporation or bylaws.

41 SECTION 86. That Section 30-29-823, Idaho Code, be, and the same is  
42 hereby amended to read as follows:

1 30-29-823. WAIVER OF NOTICE. (~~1a~~) A director may waive any notice re-  
 2 quired by this chapter, the articles of incorporation, or the bylaws before  
 3 or after the date and time stated in the notice. Except as provided by sub-  
 4 section (~~2b~~) of this section, the waiver must be ~~filed~~ in writing, signed by  
 5 the director entitled to the notice, and ~~filed~~ delivered to the corporation  
 6 for filing by the corporation with the minutes or corporate records.

7 (~~2b~~) A director's attendance at or participation in a meeting waives  
 8 any required notice to ~~him~~ the director of the meeting unless the director  
 9 at the beginning of the meeting, or promptly upon ~~his~~ arrival, objects to  
 10 holding the meeting or transacting business at the meeting and does not  
 11 ~~thereafter~~ after objecting vote for or assent to action taken at the meeting.

12 SECTION 87. That Section 30-29-824, Idaho Code, be, and the same is  
 13 hereby amended to read as follows:

14 30-29-824. QUORUM AND VOTING. (~~1a~~) Unless the articles of incorpora-  
 15 tion or bylaws ~~require~~ provide for a greater or fewer number or unless other-  
 16 wise ~~specifically expressly~~ provided in this chapter, a quorum of a board of  
 17 directors consists of:

18 ~~(a) A majority of the fixed number of directors if the corporation has~~  
 19 ~~a specified in or fixed board size; or in accordance with the articles of~~  
 20 ~~incorporation or bylaws~~

21 ~~(b) A majority of the number of directors prescribed, or if no number is~~  
 22 ~~prescribed the number in office immediately before the meeting begins,~~  
 23 ~~if the corporation has a variable-range size board.~~

24 (~~2b~~) The quorum of the board of directors specified in or fixed in ac-  
 25 cordance with the articles of incorporation or bylaws may authorize a quorum  
 26 of a board of directors to not consist of ~~no~~ fewer than one-third (1/3) of the  
 27 specified or fixed or prescribed number of directors ~~determined under sub-~~  
 28 ~~section (1) of this section.~~

29 (~~3c~~) If a quorum is present when a vote is taken, the affirmative vote  
 30 of a majority of directors present is the act of the board of directors unless  
 31 the articles of incorporation or bylaws require the vote of a greater number  
 32 of directors or unless otherwise expressly provided in this chapter.

33 (~~4d~~) A director who is present at a meeting of the board of directors  
 34 or a committee ~~of the board of directors~~ when corporate action is taken is  
 35 deemed to have assented to the action taken unless:

36 (~~a1~~) ~~He~~ The director objects at the beginning of the meeting, or  
 37 promptly upon ~~his~~ arrival, to holding it or transacting business at the  
 38 meeting;

39 (~~b2~~) ~~His~~ The dissent or abstention from the action taken is entered in  
 40 the minutes of the meeting; or

41 (~~e3~~) ~~He~~ The director delivers written notice of ~~his~~ the director's dis-  
 42 sent or abstention to the presiding officer of the meeting before its  
 43 adjournment or to the corporation immediately after adjournment of the  
 44 meeting. The right of dissent or abstention is not available to a direc-  
 45 tor who votes in favor of the action taken.

46 SECTION 88. That Section 30-29-825, Idaho Code, be, and the same is  
 47 hereby amended to read as follows:

1           30-29-825. BOARD COMMITTEES. ~~(1a)~~ Unless this chapter, the articles  
2 of incorporation, or the bylaws provide otherwise, a board of directors may  
3 ~~create~~ establish one (1) or more board committees and appoint composed ex-  
4 clusively of one (1) or more members directors to perform functions of the  
5 board of directors to serve on any such committee.

6           ~~(2b)~~ ~~Unless this chapter otherwise provides,~~ ~~t~~The creation  
7 establishment of a board committee and appointment of members to it ~~must~~  
8 shall be approved by the greater of:

9           ~~(a1)~~ A majority of all the directors in office when the action is taken;  
10 or

11           ~~(b2)~~ The number of directors required by the articles of incorporation  
12 or bylaws to take action under section 30-29-824, Idaho Code, unless,  
13 in either case, this chapter or the articles of incorporation provide  
14 otherwise.

15           ~~(3c)~~ Sections 30-29-820 through 30-29-824, Idaho Code, apply ~~both~~ to  
16 board committees of the board and ~~to~~ their members.

17           ~~(4d)~~ A board committee may exercise the powers of the board of directors  
18 under section 30-29-801, Idaho Code, tTo the extent specified by the board of  
19 directors or in the articles of incorporation or bylaws, ~~each committee may~~  
20 ~~exercise the powers of the board of directors under section 30-29-801, Idaho~~  
21 ~~Code.~~

22           ~~(5)~~ ~~A~~ except that a board committee may not, however:

23           ~~(a1)~~ Authorize or approve distributions, except according to a formula  
24 or method, or within limits, prescribed by the board of directors;

25           ~~(b2)~~ Approve or propose to shareholders action that this chapter re-  
26 quires be approved by shareholders;

27           ~~(e3)~~ Fill vacancies on the board of directors or, subject to subsection  
28 (7e) of this section, on any of its board committees; or

29           ~~(d4)~~ Adopt, amend, or repeal bylaws.

30           ~~(6)~~ ~~The creation of, delegation of authority to, or action by a commit-~~  
31 ~~tee does not alone constitute compliance by a director with the standards of~~  
32 ~~conduct described in section 30-29-830, Idaho Code.~~

33           ~~(7e)~~ The board of directors may appoint one (1) or more directors as al-  
34 ternate members of any board committee to replace any absent or disqualified  
35 member during the member's absence or disqualification. ~~Unless~~ If the arti-  
36 cles of incorporation ~~or,~~ the bylaws, or the resolution creating the board  
37 committee so provide otherwise, in the event of the absence or disqualifi-  
38 cation of a member of a committee, the member or members present at any board  
39 committee meeting and not disqualified from voting, unanimously, may, by  
40 unanimous action, appoint another director to act in place of the an absent  
41 or disqualified member during that member's absence or disqualification.

42           SECTION 89. That Chapter 29, Title 30, Idaho Code, be, and the same is  
43 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
44 ignated as Section 30-29-826, Idaho Code, and to read as follows:

45           30-29-826. SUBMISSION OF MATTERS FOR SHAREHOLDER VOTE. A corporation  
46 may agree to submit a matter to a vote of its shareholders even if, after ap-  
47 proving the matter, the board of directors determines it no longer recom-  
48 mends the matter.

1 SECTION 90. That Section 30-29-830, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-830. STANDARDS OF CONDUCT FOR DIRECTORS. ~~(1a)~~ Each member of the  
4 board of directors, when discharging the duties of a director, shall act:

5 ~~(a1)~~ In good faith; and

6 ~~(b2)~~ In a manner the director reasonably believes to be in the best in-  
7 terests of the corporation.

8 ~~(2b)~~ The members of the board of directors or a board committee ~~of the~~  
9 ~~board~~, when becoming informed in connection with their decision-making  
10 function or devoting attention to their oversight function, shall discharge  
11 their duties with the care that a person in a like position would reasonably  
12 believe appropriate under similar circumstances.

13 ~~(3c)~~ In discharging board or board committee duties, a director, ~~shall~~  
14 disclose, or cause to be disclosed, to the other board or committee members  
15 information not already known by them but known by the director to be mate-  
16 rial to the discharge of their decision-making or oversight functions, ex-  
17 cept that disclosure is not required to the extent that the director reason-  
18 ably believes that doing so would violate a duty imposed under law, a legally  
19 enforceable obligation of confidentiality, or a professional ethics rule.

20 ~~(d)~~ In discharging board or board committee duties, a director who does  
21 not have knowledge that makes reliance unwarranted, is entitled to rely on  
22 the performance by any of the persons specified in subsection (5f) (a1) or  
23 (e3) of this section to whom the board may have delegated, formally or infor-  
24 mally by course of conduct, the authority or duty to perform one (1) or more  
25 of the board's functions that are delegable under applicable law.

26 ~~(4e)~~ In discharging board or board committee duties a director, who  
27 does not have knowledge that makes reliance unwarranted, is entitled to  
28 rely on information, opinions, reports, or statements, including financial  
29 statements and other financial data prepared or presented by any of the per-  
30 sons specified in subsection (5f) of this section.

31 ~~(5f)~~ A director is entitled to rely, in accordance with subsection (3d)  
32 or (4e) of this section, on:

33 ~~(a1)~~ One (1) or more officers or employees of the corporation whom the  
34 director reasonably believes to be reliable and competent in the func-  
35 tions performed or the information, opinions, reports, or statements  
36 provided;

37 ~~(b2)~~ Legal counsel, public accountants, or other persons retained by  
38 the corporation as to matters involving skills or expertise the direc-  
39 tor reasonably believes are matters:

40 (i) Within the particular person's professional or expert compe-  
41 tence; or

42 (ii) As to which the particular person merits confidence; or

43 ~~(e3)~~ A board committee ~~of the board of directors~~ of which the director  
44 is not a member if the director reasonably believes the committee merits  
45 confidence.

46 SECTION 91. That Section 30-29-831, Idaho Code, be, and the same is  
47 hereby amended to read as follows:

1 30-29-831. STANDARDS OF LIABILITY FOR DIRECTORS. (~~1a~~) A director  
 2 shall not be liable to the corporation or its shareholders for any decision  
 3 to take or not to take action, or any failure to take any action, as a direc-  
 4 tor, unless the party asserting liability in a proceeding establishes that:

5 ~~(a1) No defense interposed by the director based on a~~Any provision in  
 6 the articles of incorporation authorized by section 30-29-202 (~~2b~~) (~~d4~~)  
 7 or (6), Idaho Code, ~~or~~; the protection afforded by section 30-29-861,  
 8 Idaho Code, for action taken in compliance with section 30-29-862 or  
 9 30-29-863, Idaho Code, ~~if interposed as a bar to the proceeding by the~~  
 10 ~~director, does not preclude; or the protection afforded by section~~  
 11 ~~30-29-870, Idaho Code, precludes liability; and~~

12 (~~b2~~) The challenged conduct consisted or was the result of:

13 (i) Action not in good faith; or

14 (ii) A decision:

15 (A) That the director did not reasonably believe to be in the  
 16 best interests of the corporation; or

17 (B) As to which the director was not informed to an extent  
 18 the director reasonably believed appropriate in the circum-  
 19 stances; or

20 (iii) A lack of objectivity due to the director's familial, finan-  
 21 cial, or business relationship with, or a lack of independence due  
 22 to the director's domination or control by, another person having  
 23 a material interest in the challenged conduct:

24 (A) Which relationship or which domination or control could  
 25 reasonably be expected to have affected the director's judg-  
 26 ment respecting the challenged conduct in a manner adverse  
 27 to the corporation; and

28 (B) After a reasonable expectation to such effect has been  
 29 established, the director shall not have established that  
 30 the challenged conduct was reasonably believed by the direc-  
 31 tor to be in the best interests of the corporation; or

32 (iv) ~~A sustained failure of the director to be informed about~~  
 33 ~~devote attention to ongoing oversight of the business and affairs~~  
 34 ~~of the corporation, or other material a failure of the to devote~~  
 35 ~~timely attention, by making or causing to be made appropriate~~  
 36 ~~inquiry, when particular facts and circumstances of significant~~  
 37 ~~concern materialize that would alert a reasonably attentive di-~~  
 38 ~~rector to discharge the oversight function need for such inquiry;~~  
 39 or

40 (v) Receipt of a financial benefit to which the director was  
 41 not entitled or any other breach of the director's duties to deal  
 42 fairly with the corporation and its shareholders that is action-  
 43 able under applicable law.

44 (~~2b~~) The party seeking to hold the director liable:

45 (~~a1~~) For money damages, shall also have the burden of establishing  
 46 that:

47 (i) Harm to the corporation or its shareholders has been suf-  
 48 fered; and

49 (ii) The harm suffered was proximately caused by the director's  
 50 challenged conduct; or

1       (~~b~~2) For other money payment under a legal remedy, such as compensation  
2 for the unauthorized use of corporate assets, shall also have whatever  
3 persuasion burden may be called for to establish that the payment sought  
4 is appropriate in the circumstances; or

5       (~~e~~3) For other money payment under an equitable remedy, such as profit  
6 recovery by or disgorgement to the corporation, shall also have what-  
7 ever persuasion burden may be called for to establish that the equitable  
8 remedy sought is appropriate in the circumstances.

9       (~~3~~c) Nothing contained in this section shall:

10      (~~a~~1) In any instance where fairness is at issue, such as consideration  
11 of the fairness of a transaction to the corporation under section 30-29-  
12 861 (~~2~~b) (~~e~~3), Idaho Code, alter the burden of proving the fact or lack of  
13 fairness otherwise applicable;

14      (~~b~~2) Alter the fact or lack of liability of a director under another  
15 section of this chapter, such as the provisions governing the conse-  
16 quences of an unlawful distribution under section 30-29-833~~2~~, Idaho  
17 Code, or a transactional interest under section 30-29-861, Idaho Code;  
18 or

19      (~~e~~3) Affect any rights to which the corporation or a shareholder may be  
20 entitled under another statute of this state or the United States.

21       SECTION 92. That Section 30-29-833, Idaho Code, be, and the same is  
22 hereby amended to read as follows:

23       30-29-833~~2~~. DIRECTORS' LIABILITY FOR UNLAWFUL DISTRIBUTIONS. (~~1~~a) A  
24 director who votes for or assents to a distribution in excess of what may  
25 be authorized and made pursuant to section 30-29-640 (~~1~~a) or 30-29-1409 (~~1~~a),  
26 Idaho Code, is personally liable to the corporation for the amount of the  
27 distribution that exceeds what could have been distributed without violat-  
28 ing section 30-29-640 (~~1~~a) or 30-29-1409 (~~1~~a), Idaho Code, if the party as-  
29serting liability establishes that when taking the action the director did  
30 not comply with section 30-29-830, Idaho Code.

31       (~~2~~b) A director held liable under subsection (~~1~~a) of this section for an  
32 unlawful distribution is entitled to:

33      (~~a~~1) Contribution from every other director who could be held liable  
34 under subsection (~~1~~a) of this section for the unlawful distribution;  
35 and

36      (~~b~~2) Recoupment from each shareholder of the pro rata portion of the  
37 amount of the unlawful distribution the shareholder accepted knowing  
38 the distribution was made in violation of section 30-29-640 (~~1~~a) or  
39 30-29-1409 (~~1~~a), Idaho Code.

40      (~~3~~c) A proceeding to enforce:

41      (~~a~~1) The liability of a director under subsection (~~1~~a) of this section  
42 is barred unless it is commenced within two (2) years after the date:

43          (i) On which the effect of the distribution was measured under  
44 section 30-29-640 (~~5~~e) or (~~7~~g), Idaho Code; or

45          (ii) As of which the violation of section 30-29-640 (~~1~~a), Idaho  
46 Code, occurred as the consequence of disregard of a restriction in  
47 the articles of incorporation; or

48          (iii) On which the distribution of assets to shareholders under  
49 section 30-29-1409 (~~1~~a), Idaho Code, was made; or

1           (~~b~~2) Contribution or recoupment under subsection (~~2~~b) of this section  
 2 is barred unless it is commenced within one (1) year after the liability  
 3 of the claimant has been finally adjudicated under subsection (~~1~~a) of  
 4 this section.

5           SECTION 93. That Section 30-29-840, Idaho Code, be, and the same is  
 6 hereby amended to read as follows:

7           30-29-840. ~~REQUIRED~~ OFFICERS. (~~1~~a) A corporation has the offices de-  
 8 scribed in its bylaws or ~~designated~~ appointed by the board of directors in  
 9 accordance with the bylaws.

10          (~~2~~b) The board of directors may elect individuals to fill one (1) or  
 11 more offices of the corporation. An officer may appoint one (1) or more offi-  
 12 cers if authorized by the bylaws or the board of directors.

13          (~~3~~c) The bylaws or the board of directors shall assign ~~to one (1) of the~~  
 14 an officers responsibility ~~for preparing the minutes of the directors' and~~  
 15 ~~shareholders' meetings and~~ for maintaining and authenticating the records  
 16 of the corporation required to be kept under section 30-29-1601 (~~1~~a) ~~and (2)~~,  
 17 Idaho Code.

18          (~~4~~d) The same individual may simultaneously hold more than one (1) of-  
 19 fice in a corporation.

20          SECTION 94. That Section 30-29-841, Idaho Code, be, and the same is  
 21 hereby amended to read as follows:

22          30-29-841. ~~DUTIES~~ FUNCTIONS OF OFFICERS. Each officer has the author-  
 23 ity and shall perform the ~~duties~~ functions set forth in the bylaws or, to the  
 24 extent consistent with the bylaws, the ~~duties~~ functions prescribed by the  
 25 board of directors or by direction of an officer authorized by the board of  
 26 directors to prescribe the ~~duties~~ functions of other officers.

27          SECTION 95. That Section 30-29-842, Idaho Code, be, and the same is  
 28 hereby amended to read as follows:

29          30-29-842. STANDARDS OF CONDUCT FOR OFFICERS. (~~1~~a) An officer, when  
 30 performing in such capacity, ~~shall~~ has the duty to act:

31          (~~a~~1) In good faith;

32          (~~b~~2) With the care that a person in a like position would reasonably ex-  
 33 ercise under similar circumstances; and

34          (~~e~~3) In a manner the officer reasonably believes to be in the best in-  
 35 terests of the corporation.

36          **(b) The duty of an officer includes the obligation:**

37          **(1) To inform the superior officer to whom, or the board of directors or**  
 38 **the board committee to which, the officer reports of information about**  
 39 **the affairs of the corporation known to the officer, within the scope of**  
 40 **the officer's functions, and known to the officer to be material to such**  
 41 **superior officer, board, or committee; and**

42          **(2) To inform his or her superior officer, or another appropriate per-**  
 43 **son within the corporation, or the board of directors, or a board com-**  
 44 **mittee, of any actual or probable material violation of law involving**  
 45 **the corporation or material breach of duty to the corporation by an of-**

1        ficer, employee, or agent of the corporation that the officer believes  
 2        has occurred or is likely to occur.

3        (2c) In discharging ~~these~~ his or her duties, an officer, who does not  
 4 have knowledge that makes reliance unwarranted, is entitled to rely on:

5        (a1) The performance of properly delegated responsibilities by one (1)  
 6        or more employees of the corporation whom the officer reasonably be-  
 7        lieves to be reliable and competent in performing the responsibilities  
 8        delegated; or

9        (b2) Information, opinions, reports or statements, including finan-  
 10        cial statements and other financial data, prepared or presented by one  
 11        (1) or more employees of the corporation whom the officer reasonably  
 12        believes to be competent in the matters presented or by legal counsel,  
 13        public accountants or other persons retained by the corporation as to  
 14        matters involving skill or expertise the officer reasonably believes  
 15        are matters:

16            (i) Within the particular person's professional or expert compe-  
 17            tence; or

18            (ii) As to which the particular person merits confidence.

19        (3d) An officer shall not be liable to the corporation or its sharehold-  
 20        ers for any decision to take or not to take action or any failure to take any  
 21        action, as an officer, if the duties of the office are performed in compli-  
 22        ance with this section. Whether an officer who does not comply with this sec-  
 23        tion shall have liability will depend in such instance on applicable law, in-  
 24        cluding those principles of section 30-29-831, Idaho Code, that have rele-  
 25        vance.

26        SECTION 96. That Section 30-29-843, Idaho Code, be, and the same is  
 27        hereby amended to read as follows:

28        30-29-843. RESIGNATION AND REMOVAL OF OFFICERS. (1a) An officer may  
 29        resign at any time by delivering written notice to the corporation board of  
 30        directors or its chair, or to the appointing officer or the secretary. A  
 31        resignation is effective when the notice is delivered as provided in sec-  
 32        tion 30-29-141(i), Idaho Code, unless the notice specifies a later effective  
 33        time provides for a delayed effectiveness, including effectiveness deter-  
 34        mined upon a future event or events. If effectiveness of a resignation is  
 35        made effective at a later time stated to be delayed and the board of directors  
 36        or the appointing officer accepts the future effective time delay, the board  
 37        of directors or the appointing officer may fill the pending vacancy before  
 38        the effective time if delayed effectiveness, but the board or the appointing  
 39        new officer provides that the successor does may not take office until the  
 40        effective time vacancy occurs.

41        (2b) An officer may be removed at any time with or without cause by:

42        (a1) The board of directors;

43        (b2) ~~The officer who appointed such~~ appointing officer, unless the by-  
 44        laws or the board of directors provide otherwise; or

45        (e3) Any other officer if authorized by the bylaws or the board of di-  
 46        rectors.

47        (3c) In this section "appointing officer" means the officer, including  
 48        any successor to that officer, who appointed the officer resigning or being  
 49        removed.

1 SECTION 97. That Section 30-29-844, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-844. CONTRACT RIGHTS OF OFFICERS. (1a) The election or appoint-  
4 ment of an officer does not itself create contract rights.

5 (2b) An officer's removal does not affect the officer's contract  
6 rights, if any, with the corporation. An officer's resignation does not  
7 affect the corporation's contract rights, if any, with the officer.

8 SECTION 98. That Section 30-29-850, Idaho Code, be, and the same is  
9 hereby amended to read as follows:

10 30-29-850. DEFINITIONS. For purposes of this section and sections  
11 30-29-851 through 30-29-859, Idaho Code:

12 (1) "Corporation" includes any domestic or foreign predecessor entity  
13 of a corporation in a merger.

14 (2) "Director" or "officer" means an individual who is or was a director  
15 or officer, respectively, of a corporation or who, while a director or offi-  
16 cer of the corporation, is or was serving at the corporation's request as a  
17 director, officer, manager, partner, trustee, employee or agent of another  
18 domestic entity or foreign corporation, partnership, joint venture, trust,  
19 employee benefit plan or other entity. A director or officer is considered  
20 to be serving an employee benefit plan at the corporation's request if his  
21 the individual's duties to the corporation also impose duties on, or other-  
22 wise involve services by, him the individual to the plan or to participants  
23 in or beneficiaries of the plan. "Director" or "officer" includes, unless  
24 the context requires otherwise, the estate or personal representative of a  
25 director or officer.

26 (3) ~~"Disinterested director" means a director who, at the time of a vote~~  
27 ~~referred to in section 30-29-853(3), Idaho Code, or a vote or selection re-~~  
28 ~~ferred to in section 30-29-855(2) or (3), Idaho Code, is not:~~

29 ~~(a) A party to the proceeding; or~~

30 ~~(b) An individual having a familial, financial, professional or em-~~  
31 ~~ployment relationship with the director whose indemnification or ad-~~  
32 ~~vance for expenses is the subject of the decision being made, which re-~~  
33 ~~lationship would, in the circumstances, reasonably be expected to exert~~  
34 ~~an influence on the director's judgment when voting on the decision be-~~  
35 ~~ing made.~~

36 ~~(4) "Expenses" includes counsel fees.~~

37 ~~(5) "Liability" means the obligation to pay a judgment, settlement,~~  
38 ~~penalty, fine, including an excise tax assessed with respect to an employee~~  
39 ~~benefit plan, or reasonable expenses incurred with respect to a proceeding.~~

40 (6) "Official capacity" means:

41 (a) When used with respect to a director, the office of director in a  
42 corporation; and

43 (b) When used with respect to an officer, as contemplated in section  
44 30-29-856, Idaho Code, the office in a corporation held by the officer.

45 "Official capacity" does not include service for any other domestic or for-  
46 eign corporation or any ~~partnership~~, joint venture, trust, employee benefit  
47 plan or other entity.

1 (75) "Party" means an individual who was, is or is threatened to be  
2 made, a defendant or respondent in a proceeding.

3 (86) "Proceeding" means any threatened, pending or completed action,  
4 suit or proceeding, whether civil, criminal, administrative, arbitrative or  
5 investigative and whether formal or informal.

6 SECTION 99. That Section 30-29-851, Idaho Code, be, and the same is  
7 hereby amended to read as follows:

8 30-29-851. PERMISSIBLE INDEMNIFICATION. (~~1~~a) Except as otherwise  
9 provided in this section, a corporation may indemnify an individual who is  
10 a party to a proceeding because ~~he~~ the individual is a director against lia-  
11 bility incurred in the proceeding if:

12 (~~a~~1) (i) ~~He~~ The director conducted himself or herself in good faith;  
13 and

14 (ii) ~~He~~ The director reasonably believed:

15 (A) In the case of conduct in ~~his~~ an official capacity, that  
16 his or her conduct was in the best interests of the corpora-  
17 tion; and

18 (B) In all other cases, that his or her conduct was at least  
19 not opposed to the best interests of the corporation; and

20 (iii) In the case of any criminal proceeding, ~~he~~ the director had  
21 no reasonable cause to believe his or her conduct was unlawful; or

22 (~~b~~2) ~~He~~ The director engaged in conduct for which broader indemnifi-  
23 cation has been made permissible or obligatory under a provision of the  
24 articles of incorporation, as authorized by section 30-29-202 (~~2~~b) (~~e~~5),  
25 Idaho Code.

26 (~~2~~b) A director's conduct with respect to an employee benefit plan for  
27 a purpose ~~he~~ the director reasonably believed to be in the ~~best~~ interests of  
28 the participants in, and the beneficiaries of, the plan is conduct that sat-  
29 isfies the requirement of subsection (~~1~~a) (~~a~~1) (ii) (B) of this section.

30 (~~3~~c) The termination of a proceeding by judgment, order, settlement or  
31 conviction, or upon a plea of nolo contendere or its equivalent, is not, of  
32 itself, determinative that the director did not meet the relevant standard  
33 of conduct described in this section.

34 (~~4~~d) Unless ordered by a court under section 30-29-854 (~~1~~a) (~~e~~3), Idaho  
35 Code, a corporation may not indemnify a director:

36 (~~a~~1) In connection with a proceeding by or in the right of the corpo-  
37 ration, except for ~~reasonable~~ expenses incurred in connection with the  
38 proceeding if it is determined that the director has met the relevant  
39 standard of conduct under subsection (~~1~~a) of this section; or

40 (~~b~~2) In connection with any proceeding with respect to conduct for  
41 which ~~he~~ the director was adjudged liable on the basis ~~that he received~~  
42 of receiving a financial benefit to which he or she was not entitled,  
43 regardless of whether or not involving it involved action in ~~his~~ the  
44 director's official capacity.

45 SECTION 100. That Section 30-29-852, Idaho Code, be, and the same is  
46 hereby amended to read as follows:

1 30-29-852. MANDATORY INDEMNIFICATION. A corporation shall indemnify  
 2 a director who was wholly successful, on the merits or otherwise, in the de-  
 3 fense of any proceeding to which ~~he~~ the director was a party because he or she  
 4 was a director of the corporation against reasonable expenses incurred by  
 5 ~~him~~ the director in connection with the proceeding.

6 SECTION 101. That Section 30-29-853, Idaho Code, be, and the same is  
 7 hereby amended to read as follows:

8 30-29-853. ADVANCE FOR EXPENSES. (~~1a~~) A corporation may, before final  
 9 disposition of a proceeding, advance funds to pay for or reimburse ~~the rea-~~  
 10 ~~sonable~~ expenses incurred in connection with the proceeding by ~~a director~~ an  
 11 individual who is a party to ~~a~~ the proceeding because ~~he~~ that individual is  
 12 a director if ~~he~~ the director delivers to the corporation ~~a signed writ-~~  
 13 ~~ten undertaking of the director to repay any funds advanced if the director~~  
 14 is not entitled to mandatory indemnification under section 30-29-852, Idaho  
 15 Code; and it is ultimately determined under section 30-29-854 or 30-29-855,  
 16 Idaho Code, that the director is not entitled to indemnification

17 ~~(a) A written affirmation of his good faith belief that he has met the~~  
 18 ~~relevant standard of conduct described in section 30-29-851, Idaho~~  
 19 ~~Code, or that the proceeding involves conduct for which liability has~~  
 20 ~~been eliminated under a provision of the articles of incorporation as~~  
 21 ~~authorized by section 30-29-202(2)(d), Idaho Code; and~~

22 ~~(b) His written undertaking to repay any funds advanced if he is not~~  
 23 ~~entitled to mandatory indemnification under section 30-29-852, Idaho~~  
 24 ~~Code, and it is ultimately determined under section 30-29-854 or 30-29-~~  
 25 ~~855, Idaho Code, that he has not met the relevant standard of conduct de-~~  
 26 ~~scribed in section 30-29-851, Idaho Code.~~

27 (~~2b~~) The undertaking required by subsection (~~1a~~) (~~b~~) of this section  
 28 must be an unlimited general obligation of the director but need not be se-  
 29 cured and may be accepted without reference to the financial ability of the  
 30 director to make repayment.

31 (~~3c~~) Authorizations under this section shall be made:

32 (~~a1~~) By the board of directors:

33 (i) If there are two (2) or more disinterested qualified direc-  
 34 tors, by a majority vote of all the disinterested qualified di-  
 35 rectors, a majority of whom shall for such purposes constitute a  
 36 quorum, or by a majority of the members of a committee consisting  
 37 solely of two (2) or more disinterested qualified directors ap-  
 38 pointed by such a vote; or

39 (ii) If there are fewer than two (2) disinterested qualified di-  
 40 rectors, by the vote necessary for action by the board of directors  
 41 in accordance with section 30-29-824(~~3c~~), Idaho Code, in which  
 42 authorization directors who do not qualify as disinterested are  
 43 qualified directors may participate; or

44 (~~b2~~) By the shareholders, but shares owned by or voted under the con-  
 45 trol of a director who at the time ~~does~~ is not qualify as a disinterested  
 46 qualified director may not be voted on the authorization.

47 SECTION 102. That Section 30-29-854, Idaho Code, be, and the same is  
 48 hereby amended to read as follows:

1 30-29-854. COURT-ORDERED INDEMNIFICATION AND ADVANCE FOR EX-  
 2 PENSES. (1a) A director who is a party to a proceeding because he or she is  
 3 a director may apply for indemnification or an advance for expenses to the  
 4 court conducting the proceeding or to another court of competent juris-  
 5 diction. After receipt of an application and after giving any notice it  
 6 considers necessary, the court shall:

7 (a1) Order indemnification if the court determines that the director is  
 8 entitled to mandatory indemnification under section 30-29-852, Idaho  
 9 Code;

10 (b2) Order indemnification or advance for expenses if the court deter-  
 11 mines that the director is entitled to indemnification or advance for  
 12 expenses pursuant to a provision authorized by section 30-29-858 (1a),  
 13 Idaho Code; or

14 (e3) Order indemnification or advance for expenses if the court deter-  
 15 mines, in view of all the relevant circumstances, that it is fair and  
 16 reasonable:

17 (i) To indemnify the director; or

18 (ii) To advance expenses to the director, even if under this para-  
 19 graph he or she has not met the relevant standard of conduct set  
 20 forth in section 30-29-851 (1a), Idaho Code, failed to comply with  
 21 section 30-29-853, Idaho Code, or was adjudged liable in a pro-  
 22 ceeding referred to in section 30-29-851 (4d) (a1) or (b2), Idaho  
 23 Code, but if ~~he~~ the director was adjudged so liable ~~his~~, indemnifi-  
 24 cation shall be limited to reasonable expenses incurred in connec-  
 25 tion with the proceeding.

26 (2b) If the court determines that the director is entitled to indem-  
 27 nification under subsection (1a) (a1) of this section or to indemnification  
 28 or advance for expenses under subsection (1a) (b2) of this section, it  
 29 shall also order the corporation to pay the director's ~~reasonable~~ expenses  
 30 incurred in connection with obtaining court-ordered indemnification or ad-  
 31 vance for expenses. If the court determines that the director is entitled to  
 32 indemnification or advance for expenses under subsection (1a) (e3) of this  
 33 section, it may also order the corporation to pay the director's ~~reasonable~~  
 34 expenses to obtain court-ordered indemnification or advance for expenses.

35 SECTION 103. That Section 30-29-855, Idaho Code, be, and the same is  
 36 hereby amended to read as follows:

37 30-29-855. DETERMINATION AND AUTHORIZATION OF INDEMNIFICATION. (1a)  
 38 A corporation may not indemnify a director under section 30-29-851, Idaho  
 39 Code, unless authorized for a specific proceeding after a determination has  
 40 been made that indemnification ~~of the director~~ is permissible because ~~he~~ the  
 41 director has met the relevant standard of conduct set forth in section 30-29-  
 42 851, Idaho Code.

43 (2b) The determination shall be made:

44 (a1) If there are two (2) or more ~~disinterested~~ qualified directors,  
 45 by the board of directors by a majority vote of all the ~~disinterested~~  
 46 qualified directors, a majority of whom shall for such purpose consti-  
 47 tute a quorum, or by a majority of the members of a committee of two (2)  
 48 or more ~~disinterested~~ qualified directors appointed by such a vote;

49 (b2) By special legal counsel:

1 (i) Selected in the manner prescribed in paragraph (a1) of this  
2 subsection; or

3 (ii) If there are fewer than two (2) ~~disinterested~~ qualified di-  
4 rectors, selected by the board of directors, in which selection  
5 directors who ~~do~~ are not ~~qualify as disinterested~~ qualified direc-  
6 tors may participate; or

7 (e3) By the shareholders, but shares owned by or voted under the con-  
8 trol of a director who at the time ~~does~~ is not ~~qualify as a disinterested~~  
9 qualified director may not be voted on the determination.

10 (3c) Authorization of indemnification shall be made in the same man-  
11 ner as the determination that indemnification is permissible, except that  
12 if there are fewer than two (2) ~~disinterested~~ qualified directors or if the  
13 determination is made by special legal counsel, authorization of indemnifi-  
14 cation shall be made by those entitled to select special legal counsel under  
15 subsection (2b) (~~b2~~) (ii) of this section ~~to select special legal counsel~~.

16 SECTION 104. That Section 30-29-856, Idaho Code, be, and the same is  
17 hereby amended to read as follows:

18 30-29-856. INDEMNIFICATION OF OFFICERS. (~~1a~~) A corporation may indem-  
19 nify and advance expenses under ~~this part sections 30-29-850 through 30-29-~~  
20 ~~859, Idaho Code,~~ to an officer ~~of the corporation~~ who is a party to a proceed-  
21 ing because he or she is an officer ~~of the corporation~~:

22 (a1) To the same extent as a director; and

23 (b2) If he or she is an officer but not a director, to such further ex-  
24 tent as may be provided by the articles of incorporation, or the bylaws,  
25 or by a resolution of adopted or a contract approved by the board of di-  
26 rectors, or contract shareholders except for:

27 (i) Liability in connection with a proceeding by or in the right  
28 of the corporation other than for ~~reasonable~~ expenses incurred in  
29 connection with the proceeding; or

30 (ii) Liability arising out of conduct that constitutes:

31 (A) Receipt by ~~him~~ the officer of a financial benefit to  
32 which he or she is not entitled;

33 (B) An intentional infliction of harm on the corporation or  
34 the shareholders; or

35 (C) An intentional violation of criminal law.

36 (2b) The provisions of subsection (~~1a~~) (~~b2~~) of this section shall apply  
37 to an officer who is also a director if ~~the basis on which~~ he or she is made a  
38 party to the proceeding is based on an act or omission solely as an officer.

39 (3c) An officer ~~of a corporation~~ who is not a director is entitled to  
40 mandatory indemnification under section 30-29-852, Idaho Code, and may ap-  
41 ply to a court under section 30-29-854, Idaho Code, for indemnification or  
42 an advance for expenses, in each case to the same extent to which a direc-  
43 tor may be entitled to indemnification or advance for expenses under those  
44 provisions sections.

45 SECTION 105. That Section 30-29-857, Idaho Code, be, and the same is  
46 hereby amended to read as follows:

1           30-29-857.   INSURANCE. A corporation may purchase and maintain insur-  
 2    ance on behalf of an individual who is a director or officer of the corpora-  
 3    tion, or who, while a director or officer of the corporation, serves at the  
 4    corporation's request as a director, officer, partner, trustee, employee or  
 5    agent of another domestic or foreign corporation, ~~partnership,~~ joint ven-  
 6    ture, trust, employee benefit plan, or other entity, against liability as-  
 7    serted against or incurred by ~~him~~ the individual in that capacity or aris-  
 8    ing from ~~his~~ the individual's status as a director or officer, regardless of  
 9    whether ~~or not~~ the corporation would have power to indemnify or advance ex-  
 10   penses to ~~him~~ the individual against the same liability under ~~this part; pro-~~  
 11   vided that banks, savings and loan associations and credit unions chartered  
 12   under the laws of the state of Idaho may provide indemnification only by in-  
 13   surance sections 30-29-850 through 30-29-859, Idaho Code.

14           SECTION 106. That Section 30-29-858, Idaho Code, be, and the same is  
 15    hereby amended to read as follows:

16           30-29-858.   VARIATION BY CORPORATE ACTION -- APPLICATION OF INDEMNIFI-  
 17    CATION PROVISIONS. (~~1~~a) A corporation may, by a provision in its articles  
 18    of incorporation or bylaws or in a resolution adopted or a contract approved  
 19    by ~~its~~ the board of directors or shareholders, obligate itself in advance  
 20    of the act or omission giving rise to a proceeding to provide indemnifica-  
 21    tion in accordance with section 30-29-851, Idaho Code, or advance funds to  
 22    pay for or reimburse expenses in accordance with section 30-29-853(~~c~~), Idaho  
 23    Code. Any such obligatory provision shall be deemed to satisfy the require-  
 24    ments for authorization referred to in section 30-29-853(~~3~~c), Idaho Code,  
 25    and in section 30-29-855(~~3~~c), Idaho Code. Any such provision that obligates  
 26    the corporation to provide indemnification to the fullest extent permitted  
 27    by law shall be deemed to obligate the corporation to advance funds to pay  
 28    for or reimburse expenses in accordance with section 30-29-853, Idaho Code,  
 29    to the fullest extent permitted by law, unless the provision ~~specifically~~  
 30    expressly provides otherwise.

31           (b) A right of indemnification or to advances for expenses created by  
 32    sections 30-29-850 through 30-29-859, Idaho Code, or under subsection (a) of  
 33    this section and in effect at the time of an act or omission shall not be elim-  
 34    inated or impaired with respect to such act or omission by an amendment of the  
 35    articles of incorporation or bylaws or a resolution of the board of directors  
 36    or shareholders, adopted after the occurrence of such act or omission, un-  
 37    less, in the case of a right created under subsection (a) of this section, the  
 38    provision creating such right and in effect at the time of such act or omis-  
 39    sion explicitly authorizes such elimination or impairment after such act or  
 40    omission has occurred.

41           (~~2~~c) Any provision pursuant to subsection (~~1~~a) of this section shall  
 42    not obligate the corporation to indemnify or advance expenses to a direc-  
 43    tor of a predecessor of the corporation, pertaining to conduct with respect  
 44    to the predecessor, unless otherwise ~~specifically expressly~~ provided. Any  
 45    provision for indemnification or advance for expenses in the articles of in-  
 46    corporation, bylaws, or a resolution of the board of directors or sharehold-  
 47    ers of a predecessor of the corporation in a merger or in a contract to which  
 48    the predecessor is a party, existing at the time the merger takes effect,  
 49    shall be governed by section 30-22-206(a) (4), Idaho Code.

1           (3d) Subject to the provisions of subsection (b) of this section, aA  
 2 corporation may, by a provision in its articles of incorporation, limit any  
 3 of the rights to indemnification or advance for expenses created by or pur-  
 4 suant to this part, other than the rights to mandatory indemnification un-  
 5 der section 30-29-852, Idaho Code, and to court-ordered indemnification and  
 6 advance for expenses under section 30-29-854, Idaho Code sections 30-29-850  
 7 through 30-29-859, Idaho Code.

8           (4e) Sections 30-29-850 through 30-29-859, Idaho Code, do not limit a  
 9 corporation's power to pay or reimburse expenses incurred by a director or an  
 10 officer in connection with his appearance as a witness in a proceeding at a  
 11 time when he is not a party.

12           (5f) Sections 30-29-850 through 30-29-859, Idaho Code, do not limit a  
 13 corporation's power to indemnify, advance expenses to or provide or maintain  
 14 insurance on behalf of an employee or agent.

15           SECTION 107. That Section 30-29-860, Idaho Code, be, and the same is  
 16 hereby repealed.

17           SECTION 108. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 18 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 19 ignated as Section 30-29-860, Idaho Code, and to read as follows:

20           30-29-860. DEFINITIONS. As used in sections 30-29-860 through 30-29-  
 21 863, Idaho Code:

22           (1) "Control" or "controlled by" means having the power, directly or  
 23 indirectly, to elect or remove a majority of the members of the board of di-  
 24 rectors or other governing body of an entity, whether through the ownership  
 25 of voting shares or interests, by contract, or otherwise; or being subject to  
 26 a majority of the risk of loss from the entity's activities or entitled to re-  
 27 ceive a majority of the entity's residual returns.

28           (2) "Director's conflicting interest transaction" means a transac-  
 29 tion effected or proposed to be effected by the corporation, or by an entity  
 30 controlled by the corporation, where at the relevant time the director is a  
 31 party, had knowledge and a material financial interest known to the direc-  
 32 tor, or knew that a related person was a party or had a material financial  
 33 interest.

34           (3) "Fair to the corporation" means, for purposes of section  
 35 30-29-861(b) (3), Idaho Code, that the transaction as a whole was beneficial  
 36 to the corporation, taking into appropriate account whether it was fair in  
 37 terms of the director's dealings with the corporation, and comparable to  
 38 what might have been obtainable in an arm's length transaction, given the  
 39 consideration paid or received by the corporation.

40           (4) "Material financial interest" means a financial interest in a  
 41 transaction that would reasonably be expected to impair the objectivity of  
 42 the director's judgment when participating in action on the authorization of  
 43 the transaction.

44           (5) "Related person" means:

45           (a) The individual's spouse;

46           (b) A child, stepchild, grandchild, parent, stepparent, grandparent,  
 47 sibling, stepsibling, half-sibling, aunt, uncle, niece, or nephew,

1 or spouse of any such person, of the individual or of the individual's  
2 spouse;

3 (c) A natural living person living in the same house as the individual;

4 (d) An entity, other than the corporation or an entity controlled by  
5 the corporation, controlled by the individual or any person specified  
6 in this subsection;

7 (e) A domestic or foreign business or nonprofit corporation, other than  
8 the corporation or an entity controlled by the corporation, of which the  
9 individual is a director; an unincorporated entity of which the indi-  
10 vidual is a general partner or a member of the governing body; or an in-  
11 dividual, trust, or estate for whom, or of which, the individual is a  
12 trustee, guardian, personal representative, or like fiduciary; or

13 (f) A person that is, or an entity that is controlled by, an employer of  
14 the individual.

15 (6) "Relevant time" means the time at which directors' action respect-  
16 ing the transaction is taken in compliance with section 30-29-862, Idaho  
17 Code; or if the transaction is not brought before the board of directors, or  
18 a committee, for action under section 30-29-862, Idaho Code, at the time the  
19 corporation, or an entity controlled by the corporation, becomes legally  
20 obligated to consummate the transaction.

21 (7) "Required disclosure" means disclosure of the existence and nature  
22 of the director's conflicting interest and all facts known to the director  
23 respecting the subject matter of the transaction that a director free of such  
24 conflicting interest would reasonably believe to be material in deciding  
25 whether to proceed with the transaction.

26 SECTION 109. That Section 30-29-861, Idaho Code, be, and the same is  
27 hereby amended to read as follows:

28 30-29-861. JUDICIAL ACTION. (~~1a~~) A transaction effected or proposed  
29 to be effected by a the corporation or by a subsidiary of an entity controlled  
30 by the corporation may not be the subject of equitable relief, or any give  
31 rise to an award of damages or other entity in which sanctions against a di-  
32 rector of the corporation, in a proceeding by a shareholder or by or in the  
33 right of the corporation, on the grounds that the director has a controlling  
34 an interest, that respecting the transaction if it is not a director's con-  
35 flicting interest transaction may not be enjoined, set aside, or give rise to  
36 an award of damages or other sanctions, in a proceeding by a shareholder or by  
37 or in the right of the corporation, because a director of the corporation, or  
38 any person with whom or which he has a personal, economic, or other associa-  
39 tion, has an interest in the transaction.

40 (~~2b~~) A director's conflicting interest transaction may not be  
41 enjoined, set aside, the subject of equitable relief or give rise to an award  
42 of damages or other sanctions against a director of the corporation, in a  
43 proceeding by a shareholder or by or in the right of the corporation, because  
44 on the grounds that the director, or any person with whom or which he has a  
45 personal, economic, or other association, has an interest in respecting the  
46 transaction, if:

47 (~~a1~~) Directors' action respecting the transaction was at any time taken  
48 in compliance with section 30-29-862, Idaho Code, at any time;

1           ~~(b2)~~ Shareholders' action respecting the transaction was ~~at any time~~  
 2 taken in compliance with section 30-29-863, Idaho Code, at any time; or  
 3           ~~(e3)~~ The transaction, judged according to the circumstances at the  
 4 relevant time of commitment, is established to have been fair to the  
 5 corporation.

6           SECTION 110. That Section 30-29-862, Idaho Code, be, and the same is  
 7 hereby amended to read as follows:

8           30-29-862. DIRECTORS' ACTION. ~~(1a)~~ Directors' action respecting a  
 9 director's conflicting interest transaction is effective for purposes of  
 10 section 30-29-861(2b) ~~(a1)~~, Idaho Code, if the transaction ~~received has~~  
 11 been authorized by the affirmative vote of a majority, but no fewer than two  
 12 (2), ~~of those the~~ qualified directors ~~on the board of directors or on a duly~~  
 13 ~~empowered committee of the board~~ who voted on the transaction after either  
 14 required disclosure ~~to them, to the extent by~~ the conflicted director of  
 15 information ~~was not already known by them, or by such qualified directors,~~  
 16 or after modified disclosure in compliance with subsection (2b) of this sec-  
 17 tion; provided that ~~action by a committee is so effective only if:~~

18           ~~(a1) All of its members are~~ The qualified directors have deliberated  
 19 and voted outside the presence of and without the participation by any  
 20 other director; and

21           ~~(b2) Its~~ Where the action has been taken by a board committee, all mem-  
 22 bers are of the committee were qualified directors, and either the com-  
 23 mittee was composed of all the qualified directors on the board or are of  
 24 directors, or the members of the committee were appointed by the affir-  
 25 mative vote of a majority of the qualified directors on the board of di-  
 26 rectors.

27           ~~(2) If a director has a conflicting interest respecting a transaction,~~  
 28 ~~but neither he nor a related person of the director specified in section~~  
 29 ~~30-29-860(3) (a), Idaho Code, is a party to the transaction, and if the direc-~~  
 30 ~~tor has a duty under law or professional canon, or a duty of confidentiality~~  
 31 ~~to another person, respecting information relating to the transaction~~  
 32 ~~such that the director may not make the disclosure described in section~~  
 33 ~~30-29-860(4) (b), Idaho Code, then disclosure is sufficient for purposes of~~  
 34 ~~subsection (1) of this section if the director~~

35           (b) Notwithstanding the provisions of subsection (a) of this section,  
 36 when a transaction is a director's conflicting interest transaction, only  
 37 because a related person described in section 30-29-860(3) (e) or (f), Idaho  
 38 Code, is a party to or has a material financial interest in the transaction,  
 39 the conflicted director is not obligated to make required disclosure to the  
 40 extent that the director reasonably believes that doing so would violate a  
 41 duty imposed under law, a legally enforceable obligation of confidential-  
 42 ity, or a professional ethics rule, provided that the conflicted director  
 43 discloses to the qualified directors voting on the transaction:

44           ~~(a1) Discloses to the directors voting on the transaction the existence~~  
 45 ~~and nature of his conflicting interest and informs them of the character~~  
 46 ~~and limitations imposed by that duty before their vote on the transac-~~  
 47 ~~tion~~ All information required to be disclosed that is not so violative;  
 48 and

1           ~~(b2) Plays no part, directly or indirectly, in their deliberations or~~  
 2 ~~vote~~ The existence and nature of the director's conflicting interest;  
 3 and

4           (3) The nature of the conflicted director's duty not to disclose the  
 5 confidential information.

6           ~~(3c) A majority, but no fewer than two (2), of all the qualified direc-~~  
 7 ~~tors on the board of directors, or on the board committee, constitutes a quo-~~  
 8 ~~rum for purposes of action that complies with this section. Directors' ac-~~  
 9 ~~tion that otherwise complies with this section is not affected by the pres-~~  
 10 ~~ence or vote of a director who is not a qualified director.~~

11           ~~(4) For purposes of this section, "qualified director" means, with~~  
 12 ~~respect to a director's conflicting interest transaction, any director who~~  
 13 ~~does not have either:~~

14           ~~(a) A conflicting interest respecting the transaction; or~~

15           ~~(b) A familial, financial, professional or employment relationship~~  
 16 ~~with a second director who does have a conflicting interest respect-~~  
 17 ~~ing the transaction, which relationship would, in the circumstances,~~  
 18 ~~reasonably be expected to exert an influence on the first director's~~  
 19 ~~judgment when voting on the transaction.~~

20           ~~(d) Where directors' action under this section does not satisfy a quo-~~  
 21 ~~rum or voting requirement applicable to the authorization of the transac-~~  
 22 ~~tion by reason of the articles of incorporation or bylaws or a provision of~~  
 23 ~~law, independent action to satisfy those authorization requirements shall~~  
 24 ~~be taken by the board of directors or a board committee, in which action di-~~  
 25 ~~rectors who are not qualified directors may participate.~~

26           SECTION 111. That Section 30-29-863, Idaho Code, be, and the same is  
 27 hereby amended to read as follows:

28           30-29-863. SHAREHOLDERS' ACTION. ~~(4a)~~ Shareholders' action respect-  
 29 ing a director's conflicting interest transaction is effective for purposes  
 30 of section 30-29-861 ~~(2b)~~ (b2), Idaho Code, if a majority of the votes  
 31 ~~entitled to be cast by the holders of all qualified shares were cast~~ are in  
 32 favor of the transaction after:

33           ~~(a1) Notice to shareholders describing the director's conflicting in-~~  
 34 ~~terest action to be taken respecting the transaction;~~

35           ~~(b2) Provision to the corporation of the information referred to in~~  
 36 ~~subsection (4b) of this section; and~~

37           ~~(e3) Required disclosure~~ Communication to the shareholders ~~who voted~~  
 38 ~~entitled to vote on the transaction of the information that is the sub-~~  
 39 ~~ject of required disclosure, to the extent the information was is not~~  
 40 ~~known by them. In the case of shareholders' action at a meeting, the~~  
 41 ~~shareholders entitled to vote shall be determined as of the record date~~  
 42 ~~for notice of the meeting.~~

43           ~~(2) For purposes of this section, "qualified shares" means any shares~~  
 44 ~~entitled to vote with respect to the director's conflicting interest trans-~~  
 45 ~~action except shares that, to the knowledge, before the vote, of the sec-~~  
 46 ~~retary, or other officer or agent of the corporation authorized to tabulate~~  
 47 ~~votes, are beneficially owned, or the voting of which is controlled, by a di-~~  
 48 ~~rector who has a conflicting interest respecting the transaction or by a re-~~  
 49 ~~lated person of the director, or both.~~

1       ~~(3) A majority of the votes entitled to be cast by the holders of all~~  
 2 ~~qualified shares constitutes a quorum for purposes of action that complies~~  
 3 ~~with this section. Subject to the provisions of subsections (4) and (5) of~~  
 4 ~~this section, shareholders' action that otherwise complies with this sec-~~  
 5 ~~tion is not affected by the presence of holders, or the voting of shares that~~  
 6 ~~are not qualified shares.~~

7       ~~(4b) For purposes of compliance with subsection (1) of this section, a~~  
 8 ~~A director who has a conflicting interest respecting the transaction shall,~~  
 9 ~~before the shareholders' vote, inform the secretary, or other officer or~~  
 10 ~~agent of the corporation authorized to tabulate votes, in writing, of the~~  
 11 ~~number of shares that the director knows are not qualified shares under~~  
 12 ~~subsection (c) of this section, and the identity of persons holding or con-~~  
 13 ~~trolling the vote, of all holders of those shares that the director knows are~~  
 14 ~~beneficially owned, or the voting of which is controlled, by the director or~~  
 15 ~~by a related person of the director, or both.~~

16       ~~(c) As used in this section:~~

17       ~~(1) "Holder" means and "held by" refers to shares held by a record~~  
 18 ~~shareholder, a beneficial shareholder, and an unrestricted voting~~  
 19 ~~trust beneficial owner; and~~

20       ~~(2) "Qualified shares" means all shares entitled to be voted with re-~~  
 21 ~~spect to the transaction except for shares that the secretary or other~~  
 22 ~~officer or agent of the corporation authorized to tabulate votes either~~  
 23 ~~knows, or under subsection (b) of this section is notified, are held by~~  
 24 ~~either a director who has a conflicting interest respecting the trans-~~  
 25 ~~action or a related person of the director, not including a person de-~~  
 26 ~~scribed in section 30-29-860(4) (f), Idaho Code.~~

27       ~~(d) A majority of the votes entitled to be cast by the holders of all~~  
 28 ~~qualified shares constitutes a quorum for purposes of compliance with this~~  
 29 ~~section. Subject to the provisions of subsection (e) of this section, share-~~  
 30 ~~holders' action that otherwise complies with this section is not affected~~  
 31 ~~by the presence of holders or by the voting of shares that are not qualified~~  
 32 ~~shares.~~

33       ~~(5e) If a shareholders' vote does not comply with subsection (4a) of~~  
 34 ~~this section solely because of a director's failure of a director to comply~~  
 35 ~~with subsection (4b) of this section, and if the director establishes that~~  
 36 ~~his the failure did not determine and was not intended by him to influence,~~  
 37 ~~and did not in fact determine, the outcome of the vote, the court may, with~~  
 38 ~~or without further proceedings respecting section 30-29-861(2) (c), Idaho~~  
 39 ~~Code, take such action respecting the transaction and the director, and may~~  
 40 ~~give such effect, if any, to the shareholders' vote, as it the court consid-~~  
 41 ~~ers appropriate in the circumstances.~~

42       ~~(f) Where shareholders' action under this section does not satisfy a~~  
 43 ~~quorum or voting requirement applicable to the authorization of the trans-~~  
 44 ~~action by reason of the articles of incorporation or the bylaws or a provi-~~  
 45 ~~sion of law, independent action to satisfy those authorization requirements~~  
 46 ~~shall be taken by the shareholders, in which action shares that are not qual-~~  
 47 ~~ified shares may participate.~~

48       SECTION 112. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 49 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 50 ignated as Section 30-29-870, Idaho Code, and to read as follows:

1 30-29-870. BUSINESS OPPORTUNITIES. (a) If a director or officer pur-  
 2 sues or takes advantage of a business opportunity directly, or indirectly  
 3 through or on behalf of another person, that action may not be the subject  
 4 of equitable relief, or give rise to an award of damages or other sanctions  
 5 against the director, officer, or other person, in a proceeding by or in the  
 6 right of the corporation on the ground that the opportunity should have first  
 7 been offered to the corporation, if:

8 (1) Before the director, officer, or other person becomes legally obli-  
 9 gated respecting the opportunity, the director or officer brings it to  
 10 the attention of the corporation and either:

11 (i) Action by qualified directors disclaiming the corporation's  
 12 interest in the opportunity is taken in compliance with the same  
 13 procedures as are set forth in the provisions of section 30-29-  
 14 862, Idaho Code; or

15 (ii) Shareholders' action disclaiming the corporation's inter-  
 16 est in the opportunity is taken in compliance with the procedures  
 17 set forth in the provisions of section 30-29-863, Idaho Code, in  
 18 either case as if the decision being made concerned a director's  
 19 conflicting interest transaction, except that, rather than mak-  
 20 ing the required disclosure as defined in section 30-29-860, Idaho  
 21 Code, the director or officer shall have made prior disclosure to  
 22 those acting on behalf of the corporation of all material facts  
 23 concerning the business opportunity known to the director or offi-  
 24 cer; or

25 (2) The duty to offer the corporation the business opportunity has been  
 26 limited or eliminated pursuant to a provision of the articles of incor-  
 27 poration adopted, and where required, made effective by action of qual-  
 28 ified directors, in accordance with the provisions of section 30-29-  
 29 202(b)(6), Idaho Code.

30 (b) In any proceeding seeking equitable relief or other remedies based  
 31 upon an alleged improper pursuit or taking advantage of a business oppor-  
 32 tunity by a director or officer, directly, or indirectly through or on be-  
 33 half of another person, the fact that the director or officer did not em-  
 34 ploy the procedure described in paragraph (i) or (ii) of subsection (a) (1)  
 35 of this section before pursuing or taking advantage of the opportunity shall  
 36 not create an implication that the opportunity should have been first pre-  
 37 sented to the corporation or alter the burden of proof otherwise applica-  
 38 ble to establish that the director or officer breached a duty to the corporation  
 39 in the circumstances.

40 SECTION 113. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 41 hereby amended by the addition thereto of a NEW PART, to be known and desig-  
 42 nated as Part 9, Chapter 29, Title 30, Idaho Code, and to read as follows:

43 PART 9

44 DOMESTICATION AND CONVERSION

45 30-29-901. DEFINITIONS. (a) As used in this part:

46 (1) "Domesticated corporation" means a domesticated entity that is a  
 47 corporation.

1 (2) "Domesticating corporation" means a domesticating entity that is a  
2 corporation.

3 (b) The following definitions in chapter 22, title 30, Idaho Code,  
4 shall apply to this part:

5 (1) "Conversion" is as defined in section 30-22-102(a)(4), Idaho Code.

6 (2) "Converted entity" is as defined in section 30-22-102(a)(5), Idaho  
7 Code.

8 (3) "Converting entity" is as defined in section 30-22-102(a)(6),  
9 Idaho Code.

10 (4) "Domesticated entity" is as defined in section 30-22-102(a)(7),  
11 Idaho Code.

12 (5) "Domesticating entity" is as defined in section 30-22-102(a)(8),  
13 Idaho Code.

14 (6) "Domestication" is as defined in section 30-22-102(a)(9), Idaho  
15 Code.

16 (7) "Protected agreement" is as defined in section 30-22-102(a)(19),  
17 Idaho Code.

18 30-29-921. ACTION ON A PLAN OF DOMESTICATION. In the case of a domes-  
19 tication of a domestic corporation into a foreign jurisdiction, the plan of  
20 domestication shall be adopted in the following manner, notwithstanding the  
21 provisions of section 30-22-503(a), Idaho Code:

22 (a) The plan of domestication shall first be adopted by the board of di-  
23 rectors.

24 (b) The plan of domestication shall then be approved by the sharehold-  
25 ers. In submitting the plan of domestication to the shareholders for ap-  
26 proval, the board of directors shall recommend that the shareholders approve  
27 the plan, unless either the board of directors makes a determination that be-  
28 cause of conflicts of interest or other special circumstances it should not  
29 make such a recommendation; or section 30-29-826, Idaho Code, applies. In  
30 either case, the board shall inform the shareholders of the basis for its so  
31 proceeding.

32 (c) The board of directors may set conditions for approval of the plan  
33 of domestication by the shareholders or the effectiveness of the plan of do-  
34 mestication.

35 (d) If the approval of the shareholders is to be given at a meeting, the  
36 corporation shall notify each shareholder, regardless of whether entitled  
37 to vote, of the meeting of shareholders at which the plan of domestication  
38 is to be submitted for approval. The notice must state that the purpose, or  
39 one (1) of the purposes, of the meeting is to consider the plan of domestica-  
40 tion and must contain or be accompanied by a copy or summary of the plan. The  
41 notice must include or be accompanied by a copy of the articles of incorpora-  
42 tion and the bylaws as they will be in effect immediately after the domesti-  
43 cation.

44 (e) Unless the articles of incorporation, or the board of directors  
45 acting pursuant to subsection (c) of this section, require a greater vote  
46 or a greater quorum, approval of the plan of domestication requires the ap-  
47 proval of the shareholders at a meeting at which a quorum exists consisting  
48 of a majority of the votes entitled to be cast on the plan, and, except as pro-  
49 vided in subsection (f) of this section, the approval of each class or series

1 of shares voting as a separate voting group at a meeting at which a quorum of  
2 the voting group exists consisting of a majority of the votes entitled to be  
3 cast on the plan by that voting group.

4 (f) The articles of incorporation may expressly limit or eliminate the  
5 separate voting rights provided in subsection (e) of this section as to any  
6 class or series of shares, except when the articles of incorporation of the  
7 foreign corporation resulting from the domestication include what would be  
8 in effect an amendment that would entitle the class or series to vote as a  
9 separate group under section 30-29-1004, Idaho Code, if it were a proposed  
10 amendment of the articles of incorporation of the domestic domesticating  
11 corporation.

12 (g) If as a result of a domestication one (1) or more shareholders of  
13 a domestic corporation would become subject to interest holder liability,  
14 approval of the plan of domestication shall require the signing in connec-  
15 tion with the domestication, by each such shareholder, of a separate writ-  
16 ten consent to become subject to such interest holder liability, unless in  
17 the case of a shareholder that already has interest holder liability with  
18 respect to the domesticating corporation, the terms and conditions of the  
19 interest holder liability with respect to the domesticated corporation are  
20 substantially identical to those of the existing interest holder liability  
21 other than for changes that eliminate or reduce such interest holder liabil-  
22 ity.

23 30-29-922. ARTICLES OF DOMESTICATION -- EFFECTIVENESS. Notwithstand-  
24 ing the provisions of section 30-22-505(b) (4), Idaho Code, a statement of  
25 domestication of a domesticating corporation shall include a statement that  
26 the plan of domestication was approved in accordance with this section.

27 30-29-924. EFFECT OF DOMESTICATION. (a) When a domestication becomes  
28 effective, the domesticated corporation is deemed to have been incorporated  
29 on the date the domesticating corporation was originally incorporated.

30 (b) When a domestication of a domestic corporation into a foreign ju-  
31 risdiction becomes effective, the domesticated corporation is deemed to  
32 agree that it will promptly pay the amount, if any, to which shareholders who  
33 exercise appraisal rights in connection with the domestication are entitled  
34 under part 13 of this chapter.

35 (c) Notwithstanding the provisions of section 30-22-506(c) and (d),  
36 Idaho Code, except as otherwise provided in the organic law or organic rules  
37 of a domesticating foreign corporation, the interest holder liability of a  
38 shareholder in a foreign corporation that is domesticated into this state  
39 who had interest holder liability in respect of such domesticating corpora-  
40 tion before the domestication becomes effective shall be as follows:

41 (1) The domestication does not discharge that prior interest holder li-  
42 ability with respect to any interest holder liabilities that arose be-  
43 fore the domestication becomes effective.

44 (2) The provisions of the organic law of the domesticating corporation  
45 shall continue to apply to the collection or discharge of any interest  
46 holder liabilities preserved by paragraph (1) of this subsection, as if  
47 the domestication had not occurred.

1 (3) The shareholder shall have such rights of contribution from other  
2 persons as are provided by the organic law of the domesticating corpora-  
3 tion with respect to any interest holder liabilities preserved by para-  
4 graph (1) of this subsection, as if the domestication had not occurred.

5 (4) The shareholder shall not, by reason of such prior interest holder  
6 liability, have interest holder liability with respect to any interest  
7 holder liabilities that are incurred after the domestication becomes  
8 effective.

9 (d) Notwithstanding the provisions of section 30-22-506(c) and (d),  
10 Idaho Code, a shareholder who becomes subject to interest holder liability  
11 in respect of the domesticated corporation as a result of the domestication  
12 shall have such interest holder liability only in respect of interest holder  
13 liabilities that arise after the domestication becomes effective.

14 30-29-932. ACTION ON A PLAN OF CONVERSION. In the case of a conversion  
15 of a domestic corporation to a domestic or foreign eligible entity, the plan  
16 of conversion shall be adopted in the following manner, notwithstanding the  
17 provisions of section 30-22-403(a), Idaho Code:

18 (a) The plan of conversion shall first be adopted by the board of direc-  
19 tors.

20 (b) The plan of conversion shall then be approved by the shareholders.  
21 In submitting the plan of conversion to the shareholders for their approval,  
22 the board of directors must recommend that the shareholders approve the  
23 plan, unless either the board of directors makes a determination that be-  
24 cause of conflicts of interest or other special circumstances it should not  
25 make such a recommendation; or section 30-29-826, Idaho Code, applies. In  
26 either case, the board of directors shall inform the shareholders of the  
27 basis for its so proceeding.

28 (c) The board of directors may set conditions for approval of the plan  
29 of conversion by the shareholders or the effectiveness of the plan of conver-  
30 sion.

31 (d) If the approval of the shareholders is to be given at a meeting, the  
32 corporation shall notify each shareholder, regardless of whether entitled  
33 to vote, of the meeting of shareholders at which the plan of conversion is  
34 to be submitted for approval. The notice must state that the purpose, or one  
35 (1) of the purposes, of the meeting is to consider the plan of conversion and  
36 must contain or be accompanied by a copy or summary of the plan. The notice  
37 must include or be accompanied by a copy of the organic rules of the converted  
38 entity which are to be in writing as they will be in effect immediately after  
39 the conversion.

40 (e) Unless the articles of incorporation, or the board of directors  
41 acting pursuant to subsection (c) of this section, require a greater vote or  
42 a greater quorum, approval of the plan of conversion requires the approval  
43 of the shareholders at a meeting at which a quorum exists consisting of a  
44 majority of the votes entitled to be cast on the plan, and the approval of  
45 each class or series of shares voting as a separate voting group at a meeting  
46 at which a quorum of the voting group exists consisting of a majority of the  
47 votes entitled to be cast on the plan by that voting group.

48 (f) If as a result of the conversion one (1) or more shareholders of the  
49 converting domestic corporation would become subject to interest holder li-

1 ability, approval of the plan of conversion shall require the signing in con-  
2 nection with the transaction, by each such shareholder, of a separate writ-  
3 ten consent to become subject to such interest holder liability.

4 30-29-933. ARTICLES OF CONVERSION -- EFFECTIVENESS. Notwithstanding  
5 the provisions of section 30-22-405(b) (4), Idaho Code, a statement of con-  
6 version of a domestic converting corporation shall include a statement that  
7 the plan of conversion was approved in accordance with this section.

8 30-29-935. EFFECT OF CONVERSION. (a) When a conversion becomes effec-  
9 tive, the converted entity is deemed to have been incorporated or otherwise  
10 organized on the date that the converting entity was originally incorporated  
11 or organized.

12 (b) When a conversion of a domestic corporation to a foreign eligible  
13 entity becomes effective, the converted entity is deemed to agree that it  
14 will promptly pay the amount, if any, to which shareholders who exercise ap-  
15 praisal rights in connection with the conversion are entitled under part 13  
16 of this chapter.

17 (c) Notwithstanding the provisions of section 30-22-406(c) and (d),  
18 Idaho Code, and except as otherwise provided in the articles of incorpora-  
19 tion of a domestic corporation or the organic law or organic rules of a for-  
20 eign corporation or a domestic or foreign eligible entity, a shareholder or  
21 eligible interest holder who becomes subject to interest holder liability in  
22 respect of a domestic corporation or eligible entity as a result of the con-  
23 version shall have such interest holder liability only in respect of inter-  
24 est holder liabilities that arise after the conversion becomes effective.

25 (d) Except as otherwise provided in the organic law or the organic rules  
26 of the eligible entity, the interest holder liability of an interest holder  
27 in a converting eligible entity that converts to a domestic corporation who  
28 had interest holder liability in respect of such converting eligible entity  
29 before the conversion becomes effective shall be as follows:

30 (1) The conversion does not discharge that prior interest holder lia-  
31 bility with respect to any interest holder liabilities that arose be-  
32 fore the conversion became effective.

33 (2) The provisions of the organic law of the eligible entity shall con-  
34 tinue to apply to the collection or discharge of any interest holder li-  
35 abilities preserved by paragraph (1) of this subsection, as if the con-  
36 version had not occurred.

37 (3) The eligible interest holder shall have such rights of contribution  
38 from other persons as are provided by the organic law of the eligible en-  
39 tity with respect to any interest holder liabilities preserved by para-  
40 graph (1) of this subsection, as if the conversion had not occurred.

41 (4) The eligible interest holder shall not, by reason of such prior in-  
42 terest holder liability, have interest holder liability with respect to  
43 any interest holder liabilities that arise after the conversion becomes  
44 effective.

45 SECTION 114. That Section 30-29-1001, Idaho Code, be, and the same is  
46 hereby amended to read as follows:

1           30-29-1001. ~~AUTHORITY TO AMEND ARTICLES OF INCORPORATION.~~ (1a) A cor-  
 2 poration may amend its articles of incorporation at any time to add or change  
 3 a provision that is required or permitted in the articles of incorporation as  
 4 of the effective date of the amendment or to delete a provision that is not  
 5 required to be contained in the articles of incorporation.

6           (2b) A shareholder of the corporation does not have a vested property  
 7 right resulting from any provision in the articles of incorporation, includ-  
 8 ing provisions relating to management, control, capital structure, divi-  
 9 dend, entitlement, or purpose or duration of the corporation.

10           SECTION 115. That Section 30-29-1003, Idaho Code, be, and the same is  
 11 hereby amended to read as follows:

12           30-29-1003. AMENDMENT BY BOARD OF DIRECTORS AND SHAREHOLDERS. If a  
 13 corporation has issued shares, an amendment to the articles of incorporation  
 14 shall be adopted in the following manner:

15           (1a) The proposed amendment ~~must~~ shall first be adopted by the board of  
 16 directors.

17           (2b) Except as provided in sections 30-29-1005, 30-29-1007 and  
 18 30-29-1008, Idaho Code, ~~after adopting the amendment shall then be approved~~  
 19 by the shareholders. In submitting the proposed amendment, ~~the board of~~  
 20 ~~directors must submit the amendment~~ to the shareholders for their approval.  
 21 ~~The board of directors must also transmit to the shareholders a recommenda-~~  
 22 ~~tion shall recommend~~ that the shareholders approve the amendment, unless the  
 23 board of directors makes a determination that because of conflicts of inter-  
 24 est or other special circumstances it should not make such a recommendation,  
 25 ~~in which case the board of directors must transmit to the shareholders the~~  
 26 ~~basis for that determination~~ or unless section 30-29-826, Idaho Code, ap-  
 27 plies. In either case, the board must inform the shareholders of the basis  
 28 for its so proceeding.

29           (3c) The board of directors may set conditions ~~its submission for the~~  
 30 approval of the amendment ~~to~~ by the shareholders on any basis or the effec-  
 31 tiveness of the amendment.

32           (4d) If the amendment is required to be approved by the shareholders,  
 33 and the approval is to be given at a meeting, the corporation ~~must~~ shall no-  
 34 tify each shareholder, regardless of whether or not entitled to vote, of the  
 35 meeting of shareholders at which the amendment is to be submitted for ap-  
 36 proval. The notice must state that the purpose, or one (1) of the purposes,  
 37 of the meeting is to consider the amendment ~~and~~. The notice must contain or  
 38 be accompanied by a copy of the amendment.

39           (5e) Unless the articles of incorporation, or the board of directors  
 40 acting pursuant to subsection (3c) of this section, require a greater vote  
 41 or a greater ~~number of shares to be present~~ quorum, approval of the amend-  
 42 ment requires the approval of the shareholders at a meeting at which a quo-  
 43 rum consisting of ~~at least~~ a majority of the votes entitled to be cast on the  
 44 amendment exists, and, if any class or series of shares is entitled to vote  
 45 as a separate group on the amendment, except as provided in section 30-29-  
 46 1004(3c), Idaho Code, the approval of each such separate voting group at a  
 47 meeting at which a quorum of the voting group exists consisting of ~~at least~~  
 48 a majority of the votes entitled to be cast on the amendment by that voting  
 49 group ~~exists~~.

1        (f) If as a result of an amendment of the articles of incorporation one  
 2 (1) or more shareholders of a domestic corporation would become subject to  
 3 new interest holder liability, approval of the amendment requires the sign-  
 4 ing in connection with the amendment, by each such shareholder, of a separate  
 5 written consent to become subject to such new interest holder liability, un-  
 6 less in the case of a shareholder that already has interest holder liability  
 7 the terms and conditions of the new interest holder liability are substan-  
 8 tially identical to those of the existing interest holder liability; or are  
 9 substantially identical to those of the existing interest holder liability,  
 10 other than changes that eliminate or reduce such interest holder liability.

11        (g) For purposes of subsection (f) of this section and section  
 12 30-29-1009, Idaho Code, "new interest holder liability" means interest  
 13 holder liability of a person resulting from an amendment of the articles of  
 14 incorporation if the person did not have interest holder liability before  
 15 the amendment becomes effective; or the person had interest holder liability  
 16 before the amendment becomes effective, the terms and conditions of which  
 17 are changed when the amendment becomes effective.

18        SECTION 116. That Section 30-29-1004, Idaho Code, be, and the same is  
 19 hereby amended to read as follows:

20        30-29-1004. VOTING ON AMENDMENTS BY VOTING GROUPS. ~~Except as other-~~  
 21 ~~wise provided in the articles of incorporation:~~

22        ~~(1a) If a corporation has more than one (1) class of shares outstanding,~~  
 23 ~~the holders of the outstanding shares of a class, whether voting or nonvot-~~  
 24 ~~ing in whole or in part, are entitled to vote as a separate voting group,~~  
 25 ~~if shareholder voting is otherwise required by this chapter, on a proposed~~  
 26 ~~amendment to the articles of incorporation if the amendment would:~~

27        ~~(a) Increase or decrease the aggregate number of authorized shares of~~  
 28 ~~the class;~~

29        ~~(b1) Effect an exchange or reclassification of all or part of the shares~~  
 30 ~~of the class into shares of another class;~~

31        ~~(e2) Effect an exchange or reclassification, or create the right of ex-~~  
 32 ~~change, of all or part of the shares of another class into shares of the~~  
 33 ~~class;~~

34        ~~(d3) Change the rights, preferences or limitations of all or part of the~~  
 35 ~~shares of the class;~~

36        ~~(e4) Change the shares of all or part of the class into a different num-~~  
 37 ~~ber of shares of the same class;~~

38        ~~(f5) Create a new class of shares having rights or preferences with re-~~  
 39 ~~spect to distributions or to dissolution that are prior, or superior or~~  
 40 ~~substantially equal to the shares of the class;~~

41        ~~(g6) Increase the rights, preferences or number of authorized shares~~  
 42 ~~of any class that, after giving effect to the amendment, have rights or~~  
 43 ~~preferences with respect to distributions or to dissolution that are~~  
 44 ~~prior, or superior or substantially equal to the shares of the class;~~

45        ~~(h7) Limit or deny an existing preemptive right of all or part of the~~  
 46 ~~shares of the class; or~~

47        ~~(i8) Cancel or otherwise affect rights to distributions that have accu-~~  
 48 ~~mulated but not yet been authorized on all or part of the shares of the~~  
 49 ~~class.~~

1           (2b) If a proposed amendment would affect a series of a class of shares  
2 in one (1) or more of the ways described in subsection (1a) of this section,  
3 the holders of shares of that series are entitled to vote as a separate voting  
4 group on the proposed amendment.

5           (3c) If a proposed amendment that entitles the holders of two (2) or  
6 more classes or series of shares to vote as separate voting groups under this  
7 section would affect those two (2) or more classes or series in the same or  
8 a substantially similar way, the holders of shares of all the classes or se-  
9 ries so affected ~~must~~ shall vote together as a single voting group on the pro-  
10 posed amendment, unless otherwise provided in the articles of incorporation  
11 or ~~required~~ added as a condition by the board of directors pursuant to sec-  
12 tion 30-29-1003(c), Idaho Code.

13           (d) A class or series of shares is entitled to the voting rights granted  
14 by this section even if the articles of incorporation provide that the shares  
15 are nonvoting shares.

16           SECTION 117. That Section 30-29-1005, Idaho Code, be, and the same is  
17 hereby amended to read as follows:

18           30-29-1005. AMENDMENT BY BOARD OF DIRECTORS. Unless the articles of  
19 incorporation provide otherwise, a corporation's board of directors may  
20 adopt amendments to the corporation's articles of incorporation without  
21 shareholder approval:

22           (1a) To extend the duration of the corporation if it was incorporated at  
23 a time when limited duration was required by law;

24           (2b) To delete the names and addresses of the initial directors;

25           (3c) ~~To change delete the information required by section 30-405, Idaho~~  
26 ~~Code, on its name and address of the initial registered agent or registered~~  
27 ~~office, if a statement of change is on file with the secretary of state;~~

28           (4d) If the corporation has only one (1) class of shares outstanding:

29           (a1) To change each issued and unissued authorized share of the class  
30 into a greater number of whole shares of that class; or

31           (b2) To increase the number of authorized shares of the class to the ex-  
32 tent necessary to permit the issuance of shares as a share dividend;

33           (5e) To change the corporate name by substituting the word "corpora-  
34 tion," "incorporated," "company," "limited," or the abbreviation "corp.,"  
35 "inc.," "co.," or "ltd.," for a similar word or abbreviation in the name, or  
36 by adding, deleting or changing a geographical attribution for the name;

37           (6f) To reflect a reduction in authorized shares, as a result of the op-  
38 eration of section 30-29-631(2b), Idaho Code, when the corporation has ac-  
39 quired its own shares and the articles of incorporation prohibit the reissue  
40 of the acquired shares;

41           (7g) To delete a class of shares from the articles of incorporation, as  
42 a result of the operation of section 30-29-631(2b), Idaho Code, when there  
43 are no remaining shares of the class because the corporation has acquired all  
44 shares of the class and the articles of incorporation prohibit the reissue of  
45 the acquired shares; or

46           (8h) To make any change expressly permitted by section 30-29-602(1a) or  
47 (2b), Idaho Code, to be made without shareholder approval.

1 SECTION 118. That Section 30-29-1006, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-1006. ARTICLES OF AMENDMENT. (a) After an amendment to the arti-  
4 cles of incorporation has been adopted and approved in the manner required by  
5 this chapter and by the articles of incorporation, the corporation shall de-  
6 liver to the secretary of state for filing articles of amendment, which ~~shall~~  
7 must set forth:

- 8 (1) The name of the corporation;  
9 (2) The text of each amendment adopted or the information required by  
10 section 30-29-120 (d) (5), Idaho Code;  
11 (3) If an amendment provides for an exchange, reclassification, or can-  
12 cellation of issued shares, provisions for implementing the amendment  
13 if not contained in the amendment itself that may be made dependent upon  
14 facts objectively ascertainable outside the articles of amendment in  
15 accordance with section 30-29-120 (d) (5), Idaho Code;  
16 (4) The date of each amendment's adoption; and  
17 (5) If an amendment:  
18 (a) Was adopted by the incorporators or board of directors with-  
19 out shareholder approval, a statement that the amendment was duly  
20 ~~approved~~ adopted by the incorporators or by the board of direc-  
21 tors, as the case may be, and that shareholder approval was not re-  
22 quired;  
23 (b) Required approval by the shareholders, a statement that the  
24 amendment was duly approved by the shareholders in the manner re-  
25 quired by this chapter and by the articles of incorporation; or  
26 (c) Is being filed pursuant to section 30-29-120 (~~2d~~) (e5),  
27 Idaho Code, a statement to that effect.

28 (b) Articles of amendment shall take effect at the effective date de-  
29 termined in accordance with section 30-29-123, Idaho Code.

30 SECTION 119. That Section 30-29-1007, Idaho Code, be, and the same is  
31 hereby amended to read as follows:

32 30-29-1007. RESTATED ARTICLES OF INCORPORATION. (1a) A corporation's  
33 board of directors may restate its articles of incorporation at any time,  
34 ~~with or~~ without shareholder approval, to consolidate all amendments into a  
35 single document.

36 (2b) If the restated articles include one (1) or more new amendments  
37 that require shareholder approval, the amendments ~~must~~ shall be adopted and  
38 approved as provided in section 30-29-1003, Idaho Code.

39 (3c) A corporation that restates its articles of incorporation shall  
40 deliver to the secretary of state for filing articles of restatement setting  
41 forth the name of the corporation and, the text of the restated articles of  
42 incorporation ~~together with a certificate that states~~, a statement that the  
43 restated articles consolidate all amendments into a single document, and, if  
44 a new amendment is included in the restated articles, ~~which also includes~~ the  
45 statements required under section 30-29-1006, Idaho Code, with respect to  
46 the new amendment.

1 (4d) Duly adopted restated articles of incorporation supersede the  
 2 original articles of incorporation and all amendments ~~thereto~~ to the arti-  
 3 cles of incorporation.

4 (5e) The secretary of state may certify restated articles of incorpora-  
 5 tion, as the articles of incorporation currently in effect, without includ-  
 6 ing the ~~certificate information~~ statements required by subsection (3c) of  
 7 this section.

8 SECTION 120. That Section 30-29-1008, Idaho Code, be, and the same is  
 9 hereby amended to read as follows:

10 30-29-1008. AMENDMENT PURSUANT TO REORGANIZATION. (~~1a~~) A corpora-  
 11 tion's articles of incorporation may be amended without action by the board  
 12 of directors or shareholders to carry out a plan of reorganization ordered  
 13 or decreed by a court of competent jurisdiction under the authority of a law  
 14 of the United States.

15 (2b) The individual or individuals designated by the court shall de-  
 16 liver to the secretary of state for filing articles of amendment setting  
 17 forth:

18 (a1) The name of the corporation;

19 (b2) The text of each amendment approved by the court;

20 (c3) The date of the court's order or decree approving the articles of  
 21 amendment;

22 (d4) The title of the reorganization proceeding in which the order or  
 23 decree was entered; and

24 (e5) A statement that the court had jurisdiction of the proceeding un-  
 25 der federal statute.

26 (3c) This section does not apply after entry of a final decree in the  
 27 reorganization proceeding even though the court retains jurisdiction of the  
 28 proceeding for limited purposes unrelated to consummation of the reorgani-  
 29 zation plan.

30 SECTION 121. That Section 30-29-1009, Idaho Code, be, and the same is  
 31 hereby amended to read as follows:

32 30-29-1009. EFFECT OF AMENDMENT. (a) An amendment to the articles of  
 33 incorporation does not affect a cause of action existing against or in favor  
 34 of the corporation, a proceeding to which the corporation is a party, or the  
 35 existing rights of persons other than the shareholders ~~of the corporation.~~  
 36 An amendment changing a corporation's name does not ~~abate~~ affect a proceed-  
 37 ing brought by or against the corporation in its former name.

38 (b) A shareholder who becomes subject to new interest holder liability  
 39 in respect of the corporation as a result of an amendment to the articles of  
 40 incorporation shall have that new interest holder liability only in respect  
 41 of interest holder liabilities that arise after the amendment becomes effec-  
 42 tive.

43 (c) Except as otherwise provided in the articles of incorporation of  
 44 the corporation, the interest holder liability of a shareholder who had in-  
 45 terest holder liability in respect of the corporation before the amendment  
 46 becomes effective and has new interest holder liability after the amendment  
 47 becomes effective shall be as follows:

1 (1) The amendment does not discharge that prior interest holder liability  
 2 with respect to any interest holder liabilities that arose before  
 3 the amendment becomes effective.

4 (2) The provisions of the articles of incorporation of the corporation  
 5 relating to interest holder liability as in effect immediately prior to  
 6 the amendment shall continue to apply to the collection or discharge of  
 7 any interest holder liabilities preserved by paragraph (1) of this sub-  
 8 section, as if the amendment had not occurred.

9 (3) The shareholder shall have such rights of contribution from other  
 10 persons as are provided by the articles of incorporation relating to in-  
 11 terest holder liability as in effect immediately prior to the amendment  
 12 with respect to any interest holder liabilities preserved by paragraph  
 13 (1) of this subsection, as if the amendment had not occurred.

14 (4) The shareholder shall not, by reason of such prior interest holder  
 15 liability, have interest holder liability with respect to any interest  
 16 holder liabilities that arise after the amendment becomes effective.

17 SECTION 122. That Section 30-29-1020, Idaho Code, be, and the same is  
 18 hereby amended to read as follows:

19 30-29-1020. ~~AMENDMENT BY BOARD OF DIRECTORS OR SHAREHOLDERS AUTHORITY~~  
 20 ~~TO AMEND.~~ (1a) A corporation's shareholders may amend or repeal the corpora-  
 21 tion's bylaws.

22 (2b) A corporation's board of directors may amend or repeal the corpo-  
 23 ration's bylaws unless:

24 (a1) The articles of incorporation ~~or~~, section 30-29-1021, Idaho Code,  
 25 or, if applicable, section 30-29-1022, Idaho Code, reserve that power  
 26 exclusively to the shareholders in whole or ~~in~~ part; or

27 (b2) Except as provided in section 30-29-206(d), Idaho Code, ~~t~~he  
 28 shareholders in amending, repealing, or adopting a bylaw expressly  
 29 provide that the board of directors may not amend, repeal, or ~~reinst~~ate  
 30 adopt that bylaw.

31 (c) A shareholder of the corporation does not have a vested property  
 32 right resulting from any provision in the bylaws.

33 SECTION 123. That Section 30-29-1021, Idaho Code, be, and the same is  
 34 hereby amended to read as follows:

35 30-29-1021. ~~BYLAW INCREASING QUORUM OR VOTING REQUIREMENT FOR DI-~~  
 36 ~~RECTORS.~~ (1a) A bylaw that increases a quorum or voting requirement for the  
 37 board of directors may be amended or repealed:

38 (a1) If originally adopted by the shareholders, only by the sharehold-  
 39 ers unless the bylaws otherwise provides; or

40 (b2) If adopted by the board of directors, either by the shareholders or  
 41 by the board of directors.

42 (2b) A bylaw adopted or amended by the shareholders that increases a  
 43 quorum or voting requirement for the board of directors may provide that it  
 44 can be amended or repealed only by a specified vote of either the sharehold-  
 45 ers or the board of directors.

46 (3c) Action by the board of directors under subsection (1a) of this sec-  
 47 tion to amend or repeal a bylaw that changes ~~the~~ a quorum or voting require-

1 ment for the board of directors ~~must~~ shall meet the same quorum requirement  
2 and be adopted by the same vote required to take action under the quorum and  
3 voting requirement then in effect or proposed to be adopted, whichever is  
4 greater.

5 SECTION 124. That Chapter 29, Title 30, Idaho Code, be, and the same is  
6 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
7 ignated as Section 30-29-1022, Idaho Code, and to read as follows:

8 30-29-1022. BYLAW PROVISIONS RELATING TO THE ELECTION OF DIREC-  
9 TORS. (a) Unless the articles of incorporation specifically prohibit the  
10 adoption of a bylaw pursuant to this section, alter the vote specified in  
11 section 30-29-728(a), Idaho Code, or provide for cumulative voting, a corpo-  
12 ration may elect in its bylaws to be governed in the election of directors as  
13 follows:

14 (1) Each vote entitled to be cast may be voted for or against up to  
15 that number of candidates that is equal to the number of directors to be  
16 elected, or a shareholder may indicate an abstention, but without cumu-  
17 lating the votes;

18 (2) To be elected, a nominee shall have received a plurality of the  
19 votes cast by holders of shares entitled to vote in the election at a  
20 meeting at which a quorum is present, provided that a nominee who is  
21 elected but receives more votes against than for election shall serve  
22 as a director for a term that shall terminate on the date that is the  
23 earlier of:

24 (i) Ninety (90) days from the date on which the voting results are  
25 determined pursuant to part 7 of this chapter; or

26 (ii) The date on which an individual is selected by the board of  
27 directors to fill the office held by such director, which selec-  
28 tion shall be deemed to constitute the filling of a vacancy by the  
29 board to which section 30-29-810, Idaho Code, applies. Subject to  
30 paragraph (3) of this subsection, a nominee who is elected but re-  
31 ceives more votes against than for election shall not serve as a  
32 director beyond the ninety (90) day period referenced above; and

33 (3) The board of directors may select any qualified individual to fill  
34 the office held by a director who received more votes against than for  
35 election.

36 (b) Subsection (a) of this section does not apply to an election of di-  
37 rectors by a voting group if at the expiration of the time fixed under a pro-  
38 vision requiring advance notification of director candidates or absent such  
39 a provision, at a time fixed by the board of directors which is not more than  
40 fourteen (14) days before notice is given of the meeting at which the elec-  
41 tion is to occur, there are more candidates for election by the voting group  
42 than the number of directors to be elected, one (1) or more of whom are prop-  
43 erly proposed by shareholders. An individual shall not be considered a can-  
44 didate for purposes of this subsection if the board of directors determines  
45 before the notice of meeting is given that such individual's candidacy does  
46 not create a bona fide election contest.

47 (c) A bylaw electing to be governed by this section may be repealed:

48 (1) If originally adopted by the shareholders, only by the sharehold-  
49 ers, unless the bylaw otherwise provides; or

1 (2) If adopted by the board of directors, or the shareholders.

2 SECTION 125. That the Heading for Part 11, Chapter 29, Title 30, Idaho  
3 Code, be, and the same is hereby amended to read as follows:

4 PART 11  
5 MERGERS AND SHARE EXCHANGES

6 SECTION 126. That Chapter 29, Title 30, Idaho Code, be, and the same is  
7 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
8 ignated as Section 30-29-1101, Idaho Code, and to read as follows:

9 30-29-1101. DEFINITIONS. As used in this part:

10 (a) "New interest holder liability" means interest holder liability of  
11 a person, resulting from a merger or share exchange, that is:

12 (1) In respect of an entity that is different from the entity in which  
13 the person held shares or eligible interests immediately before the  
14 merger or share exchange became effective; or

15 (2) In respect of the same entity as the one in which the person held  
16 shares or eligible interests immediately before the merger or share ex-  
17 change became effective if:

18 (i) The person did not have interest holder liability immediately  
19 before the merger or share exchange became effective; or

20 (ii) The person had interest holder liability immediately before  
21 the merger or share exchange became effective, the terms and con-  
22 ditions of which were changed when the merger or share exchange be-  
23 came effective.

24 (b) "Party to a merger" means any domestic or foreign corporation or el-  
25 ible entity that will merge under a plan of merger but does not include a  
26 survivor created by the merger.

27 (c) "Survivor" in a merger means the domestic or foreign corporation or  
28 eligible entity into which one (1) or more other corporations or eligible en-  
29 tities are merged.

30 (d) The following definitions outside this chapter shall apply to this  
31 part:

32 (1) "Acquired entity" is as defined in section 30-22-102 (a) (1), Idaho  
33 Code.

34 (2) "Acquiring entity" is as defined in section 30-22-102 (a) (2), Idaho  
35 Code.

36 SECTION 127. That Section 30-29-1104, Idaho Code, be, and the same is  
37 hereby amended to read as follows:

38 30-29-1104. ACTION ON A PLAN OF MERGER OR SHARE EXCHANGE. In the case  
39 of a domestic corporation that is a party to a merger or the acquired entity  
40 in a share exchange, the plan of merger or share exchange shall be adopted  
41 in the following manner notwithstanding the provisions of sections 30-22-  
42 203 (a) and 30-22-303 (a), Idaho Code:

43 (1a) The plan of merger or share exchange ~~must~~ shall first be adopted by  
44 the board of directors.

1           (2b) Except as provided in subsections (7h), (j), and (l) of this  
 2 section and in section 30-29-1105, Idaho Code, ~~after adopting the plan of~~  
 3 ~~merger or share exchange the board of directors must submit~~ shall then be  
 4 approved by the shareholders. In submitting the plan of merger or share  
 5 exchange to the shareholders for their approval, ~~The board of directors~~  
 6 ~~must also transmit to the shareholders a recommendation shall recommend that~~  
 7 the shareholders approve the plan or, in the case of an offer referred to in  
 8 subsection (j) (2) of this section, that the shareholders tender their shares  
 9 to the offeror in response to the offer, unless either the board of directors  
 10 makes a determination that because of conflicts of interest or other special  
 11 circumstances it should not make such a recommendation, in which case or sec-  
 12 tion 30-29-826, Idaho Code, applies. In either case, the board of directors  
 13 ~~must transmit to shall inform the shareholders of the basis for that determi-~~  
 14 ~~nation its so proceeding.~~

15           (3c) The board of directors may set conditions its submission for the  
 16 approval of the plan of merger or share exchange to by the shareholders on any  
 17 ~~basis or the effectiveness of the plan of merger or share exchange.~~

18           (4d) If the plan of merger or share exchange is required to be approved  
 19 by the shareholders, and if the approval is to be given at a meeting, the cor-  
 20 poration ~~must shall~~ notify each shareholder, regardless of whether or not  
 21 entitled to vote, of the meeting of shareholders at which the plan is to be  
 22 submitted for approval. The notice must state that the purpose, or one (1)  
 23 of the purposes, of the meeting is to consider the plan and must contain or  
 24 be accompanied by a copy or summary of the plan. If the corporation is to be  
 25 merged into an existing foreign or domestic corporation or eligible entity,  
 26 the notice shall must also include or be accompanied by a copy or summary of  
 27 the articles of incorporation or organizational documents and bylaws of the  
 28 organic rules of that corporation or eligible entity. If the corporation is  
 29 to be merged into with a domestic or foreign corporation or eligible entity  
 30 ~~that and a new domestic or foreign corporation or eligible entity is to be~~  
 31 created pursuant to the merger, the notice shall must include or be accom-  
 32 panied by a copy or a summary of the articles of incorporation and bylaws or  
 33 organizational documents the organic rules of the new corporation or eligi-  
 34 ble entity.

35           (5e) Unless the articles of incorporation, or the board of directors  
 36 acting pursuant to subsection (3c) of this section, requires a greater vote  
 37 or a greater ~~number of votes to be present~~ quorum, approval of the plan of  
 38 merger or share exchange requires the approval of the shareholders at a meet-  
 39 ing at which a quorum exists consisting of at least a majority of the votes  
 40 entitled to be cast on the plan exists, and, if any class or series of shares  
 41 is entitled to vote as a separate group on the plan of merger or share ex-  
 42 change, the approval of each such separate voting group is present at a meet-  
 43 ing at which a quorum of the voting group consisting of at least a majority of  
 44 the votes entitled to be cast on the merger or share exchange by that voting  
 45 group is present.

46           (6f) Subject to subsection (g) of this section, sSeparate voting by  
 47 voting groups is required:

48           (a1) On a plan of merger, by each class or series of shares that:

49           (i) Are to be converted under the plan of merger into shares,  
 50           other securities, eligible interests, obligations, rights to ac-

quire shares, other securities or eligible interests, cash, other property, or any combination of the foregoing; or

(ii) ~~Would be~~ Are entitled to vote as a separate group on a provision in the plan that, ~~if contained in~~ constitutes a proposed amendment to the articles of incorporation, ~~would require of a surviving corporation that requires~~ action by separate voting groups under section 30-29-1004, Idaho Code;

(~~b~~2) On a plan of share exchange by each class or series of shares included in the exchange, with each class or series constituting a separate voting group; and

(~~e~~3) On a plan of merger or share exchange, if the voting group is entitled under the articles of incorporation to vote as a voting group to approve a plan of merger or share exchange, respectively.

(g) The articles of incorporation may expressly limit or eliminate the separate voting rights provided in paragraph (i) of subsection (f) (1) and subsection (f) (2) of this section as to any class or series of shares, except when the plan of merger or share exchange includes what is or would be in effect an amendment subject to paragraph (i) of subsection (f) (1) of this section and paragraph (ii) of subsection (f) (1) of this section will not effect a substantive business combination.

(~~7~~h) Unless the articles of incorporation otherwise provide, approval by the corporation's shareholders of a plan of merger ~~or share exchange~~ is not required if:

(~~a~~1) The corporation will survive the merger ~~or is the acquiring corporation in a share exchange~~;

(~~b~~2) Except for amendments permitted by section 30-29-1005, Idaho Code, its articles of incorporation will not be changed;

(~~e~~3) Each shareholder of the corporation whose shares were outstanding immediately before the effective date of the merger or share exchange will hold the same number of shares, with identical preferences, rights and limitations, and relative rights, immediately after the effective date of ~~change the merger~~; and

(~~d~~4) The issuance in the merger ~~or share exchange~~ of shares or other securities convertible into or rights exercisable for shares does not require a vote under section 30-29-621 (~~6~~f), Idaho Code.

(~~8~~i) If as a result of a merger or share exchange one (1) or more shareholders of a domestic corporation would become subject to ~~owner~~ new interest holder liability for the debts, obligations or liabilities of any other person or entity, approval of the plan of merger or share exchange ~~shall requires the signing in connection with the execution transaction~~, by each such shareholder, of a separate written consent to become subject to such ~~owner~~ new interest holder liability unless in the case of a shareholder that already has interest holder liability with respect to such domestic corporation, the new interest holder liability is with respect to a domestic or foreign corporation, which may be a different or the same domestic corporation in which the person is a shareholder; and the terms and conditions of the new interest holder liability are substantially identical to those of the existing interest holder liability other than for changes that eliminate or reduce such interest holder liability.

1       (j) Unless the articles of incorporation otherwise provide, approval  
2 by the shareholders of a plan of merger or share exchange is not required if:

3       (1) The plan of merger or share exchange expressly permits or requires  
4 the merger or share exchange to be effected under this subsection and  
5 provides that, if the merger or share exchange is to be effected under  
6 this subsection, the merger or share exchange will be effected as soon  
7 as practicable following the satisfaction of the requirement set forth  
8 in paragraph (6) of this subsection;

9       (2) Another party to the merger, the acquiring entity in the share ex-  
10 change, or a parent of another party to the merger or the acquiring en-  
11 tity in the share exchange, makes an offer to purchase, on the terms pro-  
12 vided in the plan of merger or share exchange, any and all of the out-  
13 standing shares of the corporation that, absent this subsection, would  
14 be entitled to vote on the plan of merger or share exchange, except that  
15 the offer may exclude shares of the corporation that are owned at the  
16 commencement of the offer by the corporation, the offeror, or any parent  
17 of the offeror, or by any wholly owned subsidiary of any of the forego-  
18 ing;

19       (3) The offer discloses that the plan of merger or share exchange pro-  
20 vides that the merger or share exchange will be effected as soon as  
21 practicable following the satisfaction of the requirement set forth in  
22 paragraph (6) of this subsection and that the shares of the corporation  
23 that are not tendered in response to the offer will be treated as set  
24 forth in paragraph (8) of this subsection;

25       (4) The offer remains open for at least ten (10) days;

26       (5) The offeror purchases all shares properly tendered in response to  
27 the offer and not properly withdrawn;

28       (6) The shares listed below are collectively entitled to cast at least  
29 the minimum number of votes on the merger or share exchange that, ab-  
30 sent this subsection, would be required by this chapter and by the arti-  
31 cles of incorporation for the approval of the merger or share exchange  
32 by the shareholders and by any other voting group entitled to vote on  
33 the merger or share exchange at a meeting at which all shares entitled to  
34 vote on the approval were present and voted:

35           (i) Shares purchased by the offeror in accordance with the offer;

36           (ii) Shares otherwise owned by the offeror or by any parent of the  
37 offeror or any wholly owned subsidiary of any of the foregoing; and

38           (iii) Shares subject to an agreement that they are to be trans-  
39 ferred, contributed or delivered to the offeror, any parent of the  
40 offeror, or any wholly owned subsidiary of any of the foregoing in  
41 exchange for shares or eligible interests in such offeror, parent  
42 or subsidiary;

43       (7) The offeror or a wholly owned subsidiary of the offeror merges with  
44 or into, or effects a share exchange in which it acquires shares of, the  
45 corporation; and

46       (8) Each outstanding share of each class or series of shares of the cor-  
47 poration that the offeror is offering to purchase in accordance with the  
48 offer, and that is not purchased in accordance with the offer, is to be  
49 converted in the merger into, or into the right to receive, or is to be  
50 exchanged in the share exchange for, or for the right to receive, the

1 same amount and kind of securities, eligible interests, obligations,  
 2 rights, cash, or other property to be paid or exchanged in accordance  
 3 with the offer for each share of that class or series of shares that is  
 4 tendered in response to the offer, except that shares of the corpora-  
 5 tion that are owned by the corporation or that are described in para-  
 6 graph (6) (ii) or (iii) of this subsection need not be converted into or  
 7 exchanged for the consideration described in this paragraph.

8 (k) As used in subsection (j) of this section:

9 (1) "Offer" means the offer referred to in subsection (j) (2) of this  
 10 section;

11 (2) "Offeror" means the person making the offer;

12 (3) "Parent" of an entity means a person that owns, directly or indi-  
 13 rectly, through one (1) or more wholly owned subsidiaries, all of the  
 14 outstanding shares of or eligible interests in that entity;

15 (4) Shares tendered in response to the offer shall be deemed to have  
 16 been "purchased" in accordance with the offer at the earliest time as  
 17 of which the offeror has irrevocably accepted those shares for pay-  
 18 ment; and either in the case of shares represented by certificates, the  
 19 offeror, or the offeror's designated depository or other agent, has  
 20 physically received the certificates representing those shares or in  
 21 the case of shares without certificates, those shares have been trans-  
 22 ferred into the account of the offeror or its designated depository or  
 23 other agent, or an agent's message relating to those shares has been  
 24 received by the offeror or its designated depository or other agent; and

25 (5) "Wholly owned subsidiary" of a person means an entity of or in which  
 26 that person owns, directly or indirectly, through one (1) or more wholly  
 27 owned subsidiaries, all of the outstanding shares or eligible inter-  
 28 ests.

29 (1) Unless the articles of incorporation otherwise provide:

30 (1) Approval of a plan of share exchange by the shareholders of a domes-  
 31 tic corporation is not required if the corporation is the acquiring en-  
 32 tity in the share exchange; and

33 (2) Shares not to be exchanged under the plan of share exchange are not  
 34 entitled to vote on the plan.

35 SECTION 128. That Section 30-29-1105, Idaho Code, be, and the same is  
 36 hereby amended to read as follows:

37 30-29-1105. MERGER BETWEEN PARENT AND SUBSIDIARY OR BETWEEN SUB-  
 38 SIDIARIES. (1a) A domestic or foreign parent corporation entity that owns  
 39 shares of a domestic or foreign corporation that carry at least ninety per-  
 40 cent (90%) of the voting power of each class and series of the outstanding  
 41 shares of the subsidiary that have has voting power may merge the subsidiary  
 42 into itself or into another such subsidiary, if it is a domestic or foreign  
 43 corporation or eligible entity, or into another domestic or foreign corpo-  
 44 ration or eligible entity in which the parent entity owns at least ninety  
 45 percent (90%) of the voting power of each class and series of the outstanding  
 46 shares or eligible interests which have voting power, or merge itself, if  
 47 it is a domestic or foreign corporation or eligible entity, into such sub-  
 48 subsidiary, in either case without the approval of the board of directors or  
 49 shareholders of the subsidiary unless the articles of incorporation of any

~~of the corporations otherwise provide, and unless, in the case of a foreign subsidiary, approval by the subsidiary's board of directors or shareholders is required by the laws under which the subsidiary is organized or organic rules of the parent entity or the articles of incorporation of the subsidiary corporation otherwise provide. Section 30-29-1104(k), Idaho Code, applies to a merger under this section. The articles of merger relating to a merger under this section do not need to be signed by the subsidiary.~~

~~(2b) If under subsection (1) of this section approval of a merger by the subsidiary's shareholders is not required, the A parent corporation entity shall, within ten (10) days after the effective date of the a merger approved under subsection (a) of this section, notify each of the subsidiary's shareholders that the merger has become effective.~~

~~(3c) Except as provided in subsections (1a) and (2b) of this section, a merger between a parent entity and a domestic subsidiary corporation shall be governed by the provisions of this part applicable to mergers generally.~~

SECTION 129. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 30-29-1107, Idaho Code, and to read as follows:

30-29-1107. EFFECT OF MERGER OR SHARE EXCHANGE. (a) Notwithstanding the provisions of sections 30-22-206(c) and (d) and 30-22-306(c) and (d), Idaho Code, and except as otherwise provided in the articles of incorporation of a domestic corporation or the organic law governing or organic rules of a foreign corporation or a domestic or foreign eligible entity, the effect of a merger or share exchange on interest holder liability is as follows:

(1) A person who becomes subject to new interest holder liability in respect of an entity as a result of a merger or share exchange shall have that new interest holder liability only in respect of interest holder liabilities that arise after the merger or share exchange becomes effective.

(2) If a person had interest holder liability with respect to a party to the merger or the acquired entity before the merger or share exchange becomes effective with respect to shares or eligible interests of such party or acquired entity that were exchanged in the merger or share exchange; were canceled in the merger; or the terms and conditions of which relating to interest holder liability were amended pursuant to the merger:

(i) The merger or share exchange does not discharge that prior interest holder liability with respect to any interest holder liabilities that arose before the merger or share exchange becomes effective.

(ii) The provisions of the organic law governing any entity for which the person had that prior interest holder liability shall continue to apply to the collection or discharge of any interest holder liabilities preserved by subparagraph (i) of this paragraph, as if the merger or share exchange had not occurred.

(iii) The person shall have such rights of contribution from other persons as are provided by the organic law governing the entity for which the person had that prior interest holder liability with respect to any interest holder liabilities preserved by subpara-

1 graph (i) of this paragraph, as if the merger or share exchange had  
2 not occurred.

3 (iv) The person shall not, by reason of such prior interest holder  
4 liability, have interest holder liability with respect to any in-  
5 terest holder liabilities that arise after the merger or share ex-  
6 change becomes effective.

7 (3) If a person has interest holder liability both before and after a  
8 merger becomes effective with unchanged terms and conditions with re-  
9 spect to the entity that is the survivor by reason of owning the same  
10 shares or eligible interests before and after the merger becomes effec-  
11 tive, the merger has no effect on such interest holder liability.

12 (4) A share exchange has no effect on interest holder liability related  
13 to shares or eligible interests of the acquired entity that were not ex-  
14 changed in the share exchange.

15 (b) Upon a merger becoming effective, a foreign corporation, or a for-  
16 eign eligible entity, that is the survivor of the merger is deemed to agree  
17 that it will promptly pay the amount, if any, to which shareholders of each  
18 domestic corporation that is a party to the merger who exercise appraisal  
19 rights are entitled under part 13 of this chapter.

20 SECTION 130. That Section 30-29-1201, Idaho Code, be, and the same is  
21 hereby amended to read as follows:

22 30-29-1201. DISPOSITION OF ASSETS NOT REQUIRING SHAREHOLDER AP-  
23 PROVAL. No approval of the shareholders of a corporation is required, unless  
24 the articles of incorporation otherwise provide:

25 (1a) To sell, lease, exchange, or otherwise dispose of any or all of the  
26 corporation's assets in the usual and regular course of business;

27 (2b) To mortgage, pledge, dedicate to the repayment of indebtedness,  
28 whether with or without recourse, or otherwise encumber any or all of the  
29 corporation's assets, regardless of whether or not in the usual and regular  
30 course of business; or

31 (3c) To transfer any or all of the corporation's assets to one (1) or  
32 more domestic or foreign corporations or eligible other entities all of the  
33 shares or interests of which are owned by the corporation; or

34 (4d) To distribute assets pro rata to the holders of one (1) or more  
35 classes or series of the corporation's shares.

36 SECTION 131. That Section 30-29-1202, Idaho Code, be, and the same is  
37 hereby amended to read as follows:

38 30-29-1202. SHAREHOLDER APPROVAL OF CERTAIN DISPOSITIONS. (1a) A  
39 sale, lease, exchange or other disposition of assets, other than a disposi-  
40 tion described in section 30-29-1201, Idaho Code, requires approval of the  
41 corporation's shareholders if the disposition would leave the corporation  
42 without a significant continuing business activity. If a corporation will  
43 conclusively be deemed to have retained a significant continuing business  
44 activity if it retains a business activity that represented, for the corpo-  
45 ration and its subsidiaries on a consolidated basis, at least twenty-five  
46 percent (25%) of total assets at the end of the most recently completed  
47 fiscal year, and either twenty-five percent (25%) of either income from

1 continuing operations before taxes or twenty-five percent (25%) of revenues  
 2 from continuing operations for that the most recently completed fiscal year,  
 3 in each case of the corporation and its subsidiaries on a consolidated basis,  
 4 the corporation will conclusively be deemed to have retained a significant  
 5 continuing business activity.

6 (2b) A disposition that requires To obtain the approval of the share-  
 7 holders under subsection (1a) of this section shall be initiated by a reso-  
 8 lution by, the board of directors shall first adopt a resolution authoriz-  
 9 ing the disposition. After adoption of such a resolution, the board of di-  
 10 rectors The disposition shall submit the proposed then be approved by the  
 11 shareholders. In submitting the disposition to the shareholders for their  
 12 approval, tThe board of directors shall also transmit to the shareholders a  
 13 recommendation recommend that the shareholders approve the proposed dispo-  
 14 sition, unless either the board of directors makes a determination that be-  
 15 cause of conflicts of interest or other special circumstances it should not  
 16 make such a recommendation, in which case the board of directors; or section  
 17 30-29-826, Idaho Code, applies. In either case, the board shall transmit to  
 18 inform the shareholders of the basis for that determination its so proceed-  
 19 ing.

20 (3c) The board of directors may set conditions its submission for the  
 21 approval by the shareholders of a disposition to the shareholders under sub-  
 22 section (1) of this section on any basis or the effectiveness of the disposi-  
 23 tion.

24 (4d) If a disposition is required to be approved by the shareholders  
 25 under subsection (1a) of this section, and if the approval is to be given  
 26 at a meeting, the corporation shall notify each shareholder, regardless of  
 27 whether or not entitled to vote, of the meeting of shareholders at which the  
 28 disposition is to be submitted for approval. The notice shall must state  
 29 that the purpose, or one (1) of the purposes, of the meeting is to consider  
 30 the disposition and shall must contain a description of the disposition, in-  
 31 cluding the terms and conditions thereof of the disposition and the consid-  
 32 eration to be received by the corporation.

33 (5e) Unless the articles of incorporation or the board of directors,  
 34 acting pursuant to subsection (3c) of this section, require a greater vote or  
 35 a greater number of votes to be present quorum, the approval of a disposition  
 36 by the shareholders shall require the approval of the shareholders at a meet-  
 37 ing at which a quorum exists consisting of at least a majority of the votes  
 38 entitled to be cast on the disposition exists.

39 (6f) After a disposition has been approved by the shareholders under  
 40 subsection (2) of this section part, and at any time before the disposition  
 41 has been consummated, it may be abandoned by the corporation without action  
 42 by the shareholders, subject to any contractual rights of other parties to  
 43 the disposition.

44 (7g) A disposition of assets in the course of dissolution under part 14  
 45 of this chapter is not governed by this section.

46 (8h) The assets of a direct or indirect consolidated subsidiary shall  
 47 be deemed to be the assets of the parent corporation for the purposes of this  
 48 section.

49 SECTION 132. That Section 30-29-1301, Idaho Code, be, and the same is  
 50 hereby amended to read as follows:

1 30-29-1301. DEFINITIONS. In this part:

2 (1) "Affiliate" means a person that directly or indirectly through one  
3 (1) or more intermediaries controls, is controlled by, or is under common  
4 control with another person or is a senior executive ~~thereof~~ of such person.  
5 For purposes of section 30-29-1302 ~~(2b)~~ (d4), Idaho Code, a person is deemed  
6 to be an affiliate of its senior executives.

7 (2) "~~Beneficial shareholder owner~~" means a person who ~~is the benefi-~~  
8 ~~cial owner of shares held in a voting trust or by a nominee on the beneficial~~  
9 ~~owner's behalf, directly or indirectly, through any contract, arrangement,~~  
10 ~~or understanding, other than a revocable proxy, has or shares the power to~~  
11 ~~vote, or to direct the voting of, shares; except that a member of a national~~  
12 ~~securities exchange is not deemed to be a beneficial owner of securities held~~  
13 ~~directly or indirectly by it on behalf of another person if the member is pre-~~  
14 ~~cluded by the rules of the exchange from voting without instruction on con-~~  
15 ~~tested matters or matters that may affect substantially the rights or priv-~~  
16 ~~ileges of the holders of the securities to be voted. When two (2) or more~~  
17 ~~persons agree to act together for the purpose of voting their shares of the~~  
18 ~~corporation, each member of the group formed thereby is deemed to have ac-~~  
19 ~~quired beneficial ownership, as of the date of the agreement, of all shares~~  
20 ~~having voting power of the corporation beneficially owned by any member of~~  
21 ~~the group.~~

22 (3) "Corporation" means the domestic corporation that is the issuer  
23 of the shares held by a shareholder demanding appraisal and, for matters  
24 covered in sections 30-29-1322 through 30-29-1331, Idaho Code, includes the  
25 surviving entity in survivor of a merger.

26 (4) "Excluded shares" means shares acquired pursuant to an offer for  
27 all shares having voting power if the offer was made within one (1) year be-  
28 fore the corporate action for consideration of the same kind and of a value  
29 equal to or less than that paid in connection with the corporate action.

30 (5) "Fair value" means the value of the corporation's shares deter-  
31 mined:

32 (a) Immediately before the effectuation effectiveness of the corporate  
33 action to which the shareholder objects;

34 (b) Using customary and current valuation concepts and techniques gen-  
35 erally employed for similar businesses in the context of the transac-  
36 tion requiring appraisal; and

37 (c) Without discounting for lack of marketability or minority status  
38 except, if appropriate, for amendments to the articles of incorporation  
39 pursuant to section 30-29-1302 ~~(4a)~~ (e5), Idaho Code.

40 (56) "Interest" means interest from the effective date of the corporate  
41 action becomes effective until the date of payment, at the rate of interest  
42 on judgments in this state on the effective date of the corporate action.

43 (7) "Interested person" means a person, or an affiliate of a person, who  
44 at any time during the one (1) year period immediately preceding approval by  
45 the board of directors of the corporate action:

46 (a) Was the beneficial owner of twenty percent (20%) or more of the vot-  
47 ing power of the corporation, other than as owner of excluded shares;

48 (b) Had the power, contractually or otherwise, other than as owner of  
49 excluded shares, to cause the appointment or election of twenty-five

1 percent (25%) or more of the directors to the board of directors of the  
 2 corporation; or

3 (c) Was a senior executive or director of the corporation or a senior  
 4 executive of any affiliate of the corporation, and that senior execu-  
 5 tive or director will receive, as a result of the corporate action, a fi-  
 6 nancial benefit not generally available to other shareholders as such,  
 7 other than:

8 (i) Employment, consulting, retirement, or similar benefits es-  
 9 tablished separately and not as part of or in contemplation of the  
 10 corporate action;

11 (ii) Employment, consulting, retirement, or similar benefits es-  
 12 tablished in contemplation of, or as part of, the corporate action  
 13 that are not more favorable than those existing before the corpo-  
 14 rate action or, if more favorable, that have been approved on be-  
 15 half of the corporation in the same manner as is provided in sec-  
 16 tion 30-29-862, Idaho Code; or

17 (iii) In the case of a director of the corporation who will, in the  
 18 corporate action, become a director or governor of the acquiror or  
 19 any of its affiliates, rights and benefits as a director or gover-  
 20 nor that are provided on the same basis as those afforded by the ac-  
 21 quiror generally to other directors or governors of such entity or  
 22 such affiliate.

23 (8) "Interested transaction" means a corporate action described in  
 24 section 30-29-1302(a), Idaho Code, other than a merger pursuant to section  
 25 30-29-1105, Idaho Code, involving an interested person in which any of the  
 26 shares or assets of the corporation are being acquired or converted.

27 (69) "Preferred shares" means a class or series of shares whose holders  
 28 have preference over any other class or series of shares with respect to dis-  
 29 tributions.

30 ~~(7) "Record shareholder" means the person in whose name shares are reg-~~  
 31 ~~istered in the records of the corporation or the beneficial owner of shares~~  
 32 ~~to the extent of the rights granted by a nominee certificate on file with the~~  
 33 ~~corporation.~~

34 (810) "Senior executive" means the chief executive officer, chief oper-  
 35 ating officer, chief financial officer, and anyone any individual in charge  
 36 of a principal business unit or function.

37 (911) "Shareholder" means ~~both~~ a record shareholder ~~and~~, a beneficial  
 38 shareholder, and a voting trust beneficial owner.

39 SECTION 133. That Section 30-29-1302, Idaho Code, be, and the same is  
 40 hereby amended to read as follows:

41 30-29-1302. RIGHT TO APPRAISAL. (1a) A shareholder is entitled to ap-  
 42 praisal rights, and to obtain payment of the fair value of that shareholder's  
 43 shares in the event of any of the following corporate actions:

44 (a1) Consummation of a merger to which the corporation is a party:

45 (i) If shareholder approval is required for the merger by sec-  
 46 tion 30-29-1104, Idaho Code, ~~and~~ or would be required but for  
 47 the ~~shareholder is entitled to vote on the merger~~ provisions of  
 48 section 30-29-1104(j), Idaho Code, except that appraisal rights  
 49 shall not be available to any shareholder of the corporation with

1           respect to shares of any class or series that remain outstanding  
2           after consummation of the merger; or

3           (ii) If the corporation is a subsidiary and the merger is governed  
4           by section 30-29-1105, Idaho Code;

5       ~~(b2)~~ Consummation of a share exchange to which the corporation is a  
6       party as the corporation whose shares of which will be acquired, ~~if the~~  
7       ~~shareholder is entitled to vote on the exchange,~~ except that appraisal  
8       rights shall not be available to any shareholder of the corporation with  
9       respect to any class or series of shares of the corporation that is not  
10      ~~exchanged~~ acquired in the share exchange;

11      ~~(e3)~~ Consummation of a disposition of assets pursuant to section 30-29-  
12      1202, Idaho Code, if the shareholder is entitled to vote on the disposi-  
13      ~~tion, except that appraisal rights shall not be available to any share-~~  
14      ~~holder of the corporation with respect to shares of any class or series~~  
15      ~~if:~~

16           (i) Under the terms of the corporate action approved by the share-  
17           holders, there is to be distributed to shareholders in cash the  
18           corporation's net assets, in excess of a reasonable amount re-  
19           served to meet claims of the type described in sections 30-29-1406  
20           and 30-29-1407, Idaho Code, within one (1) year after the share-  
21           holders' approval of the action and in accordance with their  
22           respective interests determined at the time of distribution; and

23           (ii) The disposition of assets is not an interested transaction;

24      ~~(d4)~~ An amendment of the articles of incorporation with respect to a  
25      class or series of shares that reduces the number of shares of a class or  
26      series owned by the shareholder to a fraction of a share if the corpora-  
27      tion has the obligation or right to repurchase the fractional share so  
28      created; ~~or~~

29      ~~(e5)~~ Any other ~~amendment to the articles of incorporation,~~ merger,  
30      share exchange ~~or,~~ disposition of assets, or amendment to the articles  
31      of incorporation, in each case to the extent provided by the articles of  
32      incorporation, bylaws or a resolution of the board of directors;

33      (6) Consummation of a domestication pursuant to part 9 of this chapter  
34      if the shareholder does not receive shares in the foreign corpora-  
35      tion resulting from the domestication that have terms as favorable to  
36      the shareholder in all material respects, and represent at least the  
37      same percentage interest of the total voting rights of the outstanding  
38      shares of the foreign corporation, as the shares held by the shareholder  
39      before the domestication;

40      (7) Consummation of a conversion of the corporation to a nonprofit cor-  
41      poration pursuant to chapter 22, title 30, Idaho Code; or

42      (8) Consummation of a conversion of the corporation to an unincorpo-  
43      rated entity pursuant to chapter 22, title 30, Idaho Code.

44      ~~(2b)~~ Notwithstanding subsection ~~(1a)~~ of this section, the availability  
45      of appraisal rights under subsection ~~(1)(a), (b),~~ ~~(e1)~~ and ~~(d2)~~ of this sec-  
46      tion shall be limited in accordance with the following provisions:

47           ~~(a1)~~ Appraisal rights shall not be available for the holders of shares  
48           of any class or series of shares that are:

49           ~~(i) Listed on the New York stock exchange or the American stock~~  
50           ~~exchange or designated as a national market system security on an~~

1 ~~interdealer quotation system by the national association of secu-~~  
 2 ~~rities dealers, inc. A covered security under section 18(b) (1) (A)~~  
 3 ~~or (B) of the securities act of 1933; or~~

4 ~~(ii) Not so listed or designated, but~~ Traded in an organized mar-  
 5 ket and have at least two thousand (2,000) shareholders and the  
 6 outstanding shares of such class or series have a market value of  
 7 at least twenty million dollars (\$20,000,000), exclusive of the  
 8 value of such shares held by its the corporation's subsidiaries,  
 9 senior executives, and directors and by any beneficial share-  
 10 holders and any voting trust beneficial owner owning more than ten  
 11 percent (10%) of such shares; or

12 (iii) Issued by an open end management investment company regis-  
 13 tered with the securities and exchange commission under the in-  
 14 vestment company act of 1940 and which may be redeemed at the op-  
 15 tion of the holder at net asset value.

16 (b2) The applicability of paragraph (a1) of this subsection shall be  
 17 determined as of:

18 (i) The record date fixed to determine the shareholders entitled  
 19 to receive notice of, and vote at, the meeting of shareholders to  
 20 act upon the corporate action requiring appraisal rights or, in  
 21 the case of an offer made pursuant to section 30-29-1104(j), Idaho  
 22 Code, the date of such offer; or

23 ~~(ii) The day before the effective date of such corporate action~~  
 24 ~~±If there is no meeting of shareholders and no offer made pursuant~~  
 25 ~~to section 30-29-1104(j), Idaho Code, the day before the consumma-~~  
 26 ~~tion of the corporate action or effective date of the amendment of~~  
 27 ~~the articles of incorporation, as applicable.~~

28 (e3) Paragraph (a1) of this subsection shall not be applicable and ap-  
 29 praisal rights shall be available pursuant to subsection (1a) of this  
 30 section for the holders of any class or series of shares:

31 (i) ~~Who~~ Who are required by the terms of the corporate action requir-  
 32 ing appraisal rights to accept for such shares anything other than  
 33 cash or shares of any class or any series of shares of any corpora-  
 34 tion, or any other proprietary interest of any other entity, that  
 35 satisfies the standards set forth in paragraph (a1) of this sub-  
 36 section at the time the corporate action becomes effective; or

37 (ii) In the case of the consummation of a disposition of assets  
 38 pursuant to section 30-29-1202, Idaho Code, unless the cash,  
 39 shares, or proprietary interests received in the disposition are,  
 40 under the terms of the corporate action approved by the share-  
 41 holders, to be distributed to the shareholders, as part of a  
 42 distribution to shareholders of the net assets of the corporation  
 43 in excess of a reasonable amount to meet claims of the type de-  
 44 scribed in sections 30-29-1406 and 30-29-1407, Idaho Code, within  
 45 one (1) year after the shareholders' approval of the action, and in  
 46 accordance with their respective interests determined at the time  
 47 of the distribution.

48 (d4) Paragraph (a1) of this subsection shall not be applicable and ap-  
 49 praisal rights shall be available pursuant to subsection (1a) of this

1 section for the holders of any class or series of shares where: the cor-  
 2 porate action is an interested transaction.

3 ~~(i) Any of the shares or assets of the corporation are being ac-~~  
 4 ~~quired or converted, whether by merger, share exchange or other-~~  
 5 ~~wise, pursuant to the corporate action by a person, or by an affil-~~  
 6 ~~iate of a person, who:~~

7 ~~(A) Is, or at any time in the one (1) year period immediately~~  
 8 ~~preceding approval by the board of directors of the corpo-~~  
 9 ~~rate action requiring appraisal rights was, the beneficial~~  
 10 ~~owner of twenty percent (20%) or more of the voting power of~~  
 11 ~~the corporation, excluding any shares acquired pursuant to~~  
 12 ~~an offer for all shares having voting power if such offer was~~  
 13 ~~made within one (1) year prior to the corporate action re-~~  
 14 ~~quiring appraisal rights for consideration of the same kind~~  
 15 ~~and of a value equal to or less than that paid in connection~~  
 16 ~~with the corporate action; or~~

17 ~~(B) Directly or indirectly has, or at any time in the one (1)~~  
 18 ~~year period immediately preceding approval by the board of~~  
 19 ~~directors of the corporation of the corporate action requir-~~  
 20 ~~ing appraisal rights had, the power, contractually or oth-~~  
 21 ~~erwise, to cause the appointment or election of twenty-five~~  
 22 ~~percent (25%) or more of the directors to the board of direc-~~  
 23 ~~tors of the corporation; or~~

24 ~~(ii) Any of the shares or assets of the corporation are being ac-~~  
 25 ~~quired or converted, whether by merger, share exchange or other-~~  
 26 ~~wise, pursuant to such corporate action by a person, or by an af-~~  
 27 ~~iliate of a person, who is, or at any time in the one (1) year pe-~~  
 28 ~~riod immediately preceding approval by the board of directors of~~  
 29 ~~the corporate action requiring appraisal rights was, a senior ex-~~  
 30 ~~ecutive or director of the corporation or a senior executive of any~~  
 31 ~~affiliate thereof, and that senior executive or director will re-~~  
 32 ~~ceive, as a result of the corporate action, a financial benefit not~~  
 33 ~~generally available to other shareholders as such, other than:~~

34 ~~(A) Employment, consulting, retirement or similar benefits~~  
 35 ~~established separately and not as part of or in contempla-~~  
 36 ~~tion of the corporate action; or~~

37 ~~(B) Employment, consulting, retirement or similar benefits~~  
 38 ~~established in contemplation of, or as part of, the corpo-~~  
 39 ~~rate action that are not more favorable than those existing~~  
 40 ~~before the corporate action or, if more favorable, that have~~  
 41 ~~been approved on behalf of the corporation in the same manner~~  
 42 ~~as is provided in section 30-29-862, Idaho Code; or~~

43 ~~(C) In the case of a director of the corporation who will,~~  
 44 ~~in the corporate action, become a director of the acquiring~~  
 45 ~~entity in the corporate action or one (1) of its affiliates,~~  
 46 ~~rights and benefits as a director that are provided on the~~  
 47 ~~same basis as those afforded by the acquiring entity gener-~~  
 48 ~~ally to other directors of such entity or such affiliate.~~

49 ~~(e) For the purposes of paragraph (d) of this subsection only, the~~  
 50 ~~term "beneficial owner" means any person who, directly or indirectly,~~

1 through any contract, arrangement, or understanding, other than a revo-  
 2 cable proxy, has or shares the power to vote, or to direct the voting of,  
 3 shares, provided that a member of a national securities exchange shall  
 4 not be deemed to be a beneficial owner of securities held directly or  
 5 indirectly by it on behalf of another person solely because such member  
 6 is the record holder of such securities if the member is precluded by  
 7 the rules of such exchange from voting without instruction on contested  
 8 matters or matters that may affect substantially the rights or privi-  
 9 leges of the holders of the securities to be voted. When two (2) or more  
 10 persons agree to act together for the purpose of voting their shares of  
 11 the corporation, each member of the group formed thereby shall be deemed  
 12 to have acquired beneficial ownership, as of the date of such agreement,  
 13 of all voting shares of the corporation beneficially owned by any member  
 14 of the group.

15 (3c) Notwithstanding any other provision of this section, the articles  
 16 of incorporation as originally filed or any amendment thereto to the arti-  
 17 cles of incorporation may limit or eliminate appraisal rights for any class  
 18 or series of preferred shares, but except that no such limitation or elimi-  
 19 nation shall be effective if the class or series does not have the right to  
 20 vote separately as a voting group, alone or as part of a group, on the action  
 21 or if the action is a conversion under chapter 22, title 30, Idaho Code, or a  
 22 merger having a similar effect as a conversion in which the converted entity  
 23 is an eligible entity; and any such limitation or elimination contained in  
 24 an amendment to the articles of incorporation that limits or eliminates ap-  
 25 praisal rights for any of such shares that are outstanding immediately prior  
 26 to before the effective date of such amendment or that the corporation is  
 27 or may be required to issue or sell thereafter pursuant to any conversion,  
 28 exchange or other right existing immediately before the effective date of  
 29 such amendment shall not apply to any corporate action that becomes effec-  
 30 tive within one (1) year of that after the effective date of such amendment if  
 31 such action would otherwise afford appraisal rights.

32 (4) A shareholder entitled to appraisal rights under this part may not  
 33 challenge a completed corporate action for which appraisal rights are avail-  
 34 able unless such corporate action:

35 (a) Was not effectuated in accordance with the applicable provisions of  
 36 part 10, 11 or 12 of this chapter or the corporation's articles of incor-  
 37 poration, bylaws or board of directors' resolution authorizing the cor-  
 38 porate action; or

39 (b) Was procured as a result of fraud or material misrepresentation.

40 SECTION 134. That Section 30-29-1303, Idaho Code, be, and the same is  
 41 hereby amended to read as follows:

42 30-29-1303. ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL OWNERS  
 43 SHAREHOLDERS. (1a) A record shareholder may assert appraisal rights as to  
 44 fewer than all the shares registered in the record shareholder's name but  
 45 owned by a beneficial shareholder or a voting trust beneficial owner only if  
 46 the record shareholder objects with respect to all shares of the a class or  
 47 series owned by the beneficial shareholder or the voting trust beneficial  
 48 owner and notifies the corporation in writing of the name and address of each  
 49 beneficial shareholder or voting trust beneficial owner on whose behalf

1 appraisal rights are being asserted. The rights of a record shareholder  
 2 who asserts appraisal rights for only part of the shares held of record in  
 3 the record shareholder's name under this subsection shall be determined  
 4 as if the shares as to which the record shareholder objects and the record  
 5 shareholder's other shares were registered in the names of different record  
 6 shareholders.

7 (2b) A beneficial shareholder and a voting trust beneficial owner may  
 8 assert appraisal rights as to shares of any class or series held on behalf of  
 9 the shareholder only if such shareholder:

10 (a1) Submits to the corporation the record shareholder's written con-  
 11 sent to the assertion of such rights no later than the date referred to  
 12 in section 30-29-1322 (2b) (b2) (ii), Idaho Code; and

13 (b2) Does so with respect to all shares of the class or series that are  
 14 beneficially owned by the beneficial shareholder or the voting trust  
 15 beneficial owner.

16 SECTION 135. That Section 30-29-1320, Idaho Code, be, and the same is  
 17 hereby amended to read as follows:

18 30-29-1320. NOTICE OF APPRAISAL RIGHTS. ~~(1a) If proposed~~ Where any  
 19 corporate action described specified in section 30-29-1302 ~~(1a)~~, Idaho  
 20 Code, is to be submitted to a vote at a shareholders' meeting, the meet-  
 21 ing notice, or where no approval of such action is required pursuant to  
 22 section 30-29-1104(j), Idaho Code, the offer made pursuant to section  
 23 30-29-1104(j), Idaho Code, must state that the corporation has concluded  
 24 that shareholders appraisal rights are, are not, or may be entitled to assert  
 25 appraisal rights available under this part. If the corporation concludes  
 26 that appraisal rights are or may be available, a copy of this part must accom-  
 27 pany the meeting notice or offer sent to those record shareholders entitled  
 28 to exercise appraisal rights.

29 (2b) In a merger pursuant to section 30-29-1105, Idaho Code, the par-  
 30 ent corporation must entity shall notify in writing all record shareholders  
 31 of the subsidiary who are entitled to assert appraisal rights that the corpo-  
 32 rate action became effective. Such notice ~~must~~ shall be sent within ten (10)  
 33 days after the corporate action became effective and include the materials  
 34 described in section 30-29-1322, Idaho Code.

35 (c) Where any corporate action specified in section 30-29-1302(a),  
 36 Idaho Code, is to be approved by written consent of the shareholders pursuant  
 37 to section 30-29-704, Idaho Code:

38 (1) Written notice that appraisal rights are, are not, or may be avail-  
 39 able shall be sent to each record shareholder from whom a consent is so-  
 40 licitated at the time consent of such shareholder is first solicited and,  
 41 if the corporation has concluded that appraisal rights are or may be  
 42 available, the notice must be accompanied by a copy of this chapter; and

43 (2) Written notice that appraisal rights are, are not, or may be avail-  
 44 able must be delivered together with the notice to nonconsenting and  
 45 nonvoting shareholders required by section 30-29-704(e) and (f), Idaho  
 46 Code, may include the materials described in section 30-29-1322, Idaho  
 47 Code, and, if the corporation has concluded that appraisal rights are or  
 48 may be available, must be accompanied by a copy of this chapter.

1        (d) Where corporate action described in section 30-29-1302(a), Idaho  
 2 Code, is proposed, or a merger pursuant to section 30-29-1105, Idaho Code, is  
 3 effected, the notice referred to in subsection (a) or (c) of this section, if  
 4 the corporation concludes that appraisal rights are or may be available, and  
 5 in subsection (b) of this section must be accompanied by:

6        (1) Financial statements of the corporation that issued the shares that  
 7 may be subject to appraisal, consisting of a balance sheet as of the end  
 8 of a fiscal year ending not more than sixteen (16) months before the date  
 9 of the notice, an income statement for that year, and a cash flow state-  
 10 ment for that year; provided that, if such financial statements are not  
 11 reasonably available, the corporation shall provide reasonably equiva-  
 12 lent financial information; and

13        (2) The latest interim financial statements of such corporation, if  
 14 any.

15        (e) The right to receive the information described in subsection (d) of  
 16 this section may be waived in writing by a shareholder before or after the  
 17 corporate action.

18        SECTION 136. That Section 30-29-1321, Idaho Code, be, and the same is  
 19 hereby amended to read as follows:

20        30-29-1321. NOTICE OF INTENT TO DEMAND PAYMENT -- CONSEQUENCES OF VOT-  
 21 ING OR CONSENTING. (1a) If ~~proposed~~ a corporate action ~~requiring appraisal~~  
 22 rights ~~under~~ specified in section 30-29-1302(a), Idaho Code, is submitted  
 23 to a vote at a shareholders' meeting, a shareholder who wishes to assert ap-  
 24 praisal rights with respect to any class or series of shares:

25        (a1) ~~Must~~ Shall deliver to the corporation, before the vote is taken,  
 26 written notice of the shareholder's intent to demand payment if the pro-  
 27 posed action is effectuated; and

28        (b2) ~~Must~~ Shall not vote, or cause or permit to be voted, any shares of  
 29 such class or series in favor of the proposed action.

30        (b) If a corporate action specified in section 30-29-1302(a), Idaho  
 31 Code, is to be approved by written consent, a shareholder who wishes to as-  
 32 sert appraisal rights with respect to any class or series of shares shall not  
 33 sign a consent in favor of the proposed action with respect to that class or  
 34 series of shares.

35        (c) If a corporate action specified in section 30-29-1302(a),  
 36 Idaho Code, does not require shareholder approval pursuant to section  
 37 30-29-1104(j), Idaho Code, a shareholder who wishes to assert appraisal  
 38 rights with respect to any class or series of shares shall deliver to the  
 39 corporation before the shares are purchased pursuant to the offer written  
 40 notice of the shareholder's intent to demand payment if the proposed action  
 41 is effected; and shall not tender, or cause or permit to be tendered, any  
 42 shares of such class or series in response to such offer.

43        (2d) A shareholder who ~~does not~~ fails to satisfy the requirements of  
 44 subsection (1a), (b), or (c) of this section is not entitled to payment under  
 45 this part.

46        SECTION 137. That Section 30-29-1322, Idaho Code, be, and the same is  
 47 hereby amended to read as follows:

1 30-29-1322. APPRAISAL NOTICE AND FORM. (1a) If ~~proposed~~ a corporate  
 2 action requiring appraisal rights under section 30-29-1302(a), Idaho Code,  
 3 becomes effective, the corporation ~~must~~ shall deliver a written appraisal  
 4 notice and form required by subsection ~~(2b)(a)~~ of this section to all share-  
 5 holders who ~~satisfied~~ satisfy the requirements of section 30-29-1321(a),  
 6 (b), or (c), Idaho Code. In the case of a merger under section 30-29-1105,  
 7 Idaho Code, the parent ~~must~~ shall deliver ~~a written~~ an appraisal notice  
 8 and form to all record shareholders who may be entitled to assert appraisal  
 9 rights.

10 (2b) The appraisal notice ~~must~~ shall be ~~sent~~ delivered no earlier than  
 11 the date the corporate action specified in section 30-29-1302(a), Idaho  
 12 Code, became effective, and no later than ten (10) days after such date and  
 13 must:

14 (a1) Supply a form that:

15 (i) Specifies the first date of the first any announcement to  
 16 shareholders made before the date the corporate action became ef-  
 17 fective of the principal terms of the proposed corporate action  
 18 and requires the shareholder asserting appraisal rights to cer-  
 19 tify;

20 (ii) If such announcement was made, requires the shareholder as-  
 21 serting appraisal rights to certify whether or not beneficial  
 22 ownership of those shares for which appraisal rights are asserted  
 23 was acquired before that date; and

24 (iii) ~~That the shareholder did not vote for the transaction~~  
 25 Requires the shareholder asserting appraisal rights to certify  
 26 that such shareholder did not vote for or consent to the trans-  
 27 action as to the class or series of shares for which appraisal is  
 28 sought;

29 (b2) State:

30 (i) Where the form ~~must~~ shall be sent and where certificates for  
 31 certificated shares must be deposited and the date by which those  
 32 certificates ~~must~~ shall be deposited, which date may not be ear-  
 33 lier than the date ~~for receiving the~~ by which the corporation must  
 34 receive the required form under subsection (2) (b) (ii) of this sec-  
 35 tion subparagraph (ii) of this paragraph;

36 (ii) A date by which the corporation ~~must~~ shall receive the form,  
 37 which date may not be fewer than forty (40) days nor more than sixty  
 38 (60) days after the date the appraisal notice ~~and form~~ in subsec-  
 39 tion ~~(1a)~~ of this section ~~are~~ is sent, and state that the share-  
 40 holder shall have waived the right to demand appraisal with re-  
 41 spect to the shares unless the form is received by the corporation  
 42 by such specified date;

43 (iii) The corporation's estimate of the fair value of the shares;

44 (iv) That, if requested in writing, the corporation will provide,  
 45 to the shareholders so requesting, within ten (10) days after the  
 46 date specified in subparagraph (ii) of this paragraph the number  
 47 of shareholders who return the forms by the specified date and the  
 48 total number of shares owned by them; and

49 (v) The date by which the notice to withdraw under section 30-29-  
 50 1323, Idaho Code, ~~must~~ shall be received, which date ~~must~~ shall be

1           within twenty (20) days after the date specified in subparagraph  
 2           (ii) of this paragraph; and  
 3       (e~~3~~) Be accompanied by a copy of this part.

4           SECTION 138. That Section 30-29-1323, Idaho Code, be, and the same is  
 5 hereby amended to read as follows:

6           30-29-1323. PERFECTION OF RIGHTS -- RIGHT TO WITHDRAW. (~~1~~a) A share-  
 7 holder who receives notice pursuant to section 30-29-1322, Idaho Code, and  
 8 who wishes to exercise appraisal rights ~~must certify on~~ shall sign and return  
 9 the form sent by the corporation ~~whether the beneficial owner of such shares~~  
 10 ~~acquired beneficial ownership of the shares before the date required to be~~  
 11 ~~set forth in the notice pursuant to section 30-29-1322(2) (a), Idaho Code. If~~  
 12 ~~a shareholder fails to make this certification, the corporation may elect~~  
 13 ~~to treat the shareholder's shares as after-acquired shares under section~~  
 14 ~~30-29-1325, Idaho Code. In addition, a shareholder who wishes to exercise~~  
 15 ~~appraisal rights must execute and return the form and, in the case of cer-~~  
 16 ~~tificated shares, deposit the shareholder's certificates in accordance with~~  
 17 ~~the terms of the notice by the date referred to in the notice pursuant to sec-~~  
 18 ~~tion 30-29-1322(~~2~~b) (~~2~~b) (ii), Idaho Code. In addition, if applicable, the~~  
 19 ~~shareholder shall certify on the form whether the beneficial owner of such~~  
 20 ~~shares acquired beneficial ownership of the shares before the date required~~  
 21 ~~to be set forth in the notice pursuant to section 30-29-1322(b) (2) (ii),~~  
 22 ~~Idaho Code. If a shareholder fails to make this certification, the cor-~~  
 23 ~~poration may elect to treat the shareholder's shares as after-acquired~~  
 24 ~~shares under section 30-29-1325, Idaho Code. Once a shareholder deposits~~  
 25 ~~that shareholder's certificates or, in the case of uncertificated shares,~~  
 26 ~~returns the ~~executed~~ signed forms, that shareholder loses all rights as a~~  
 27 ~~shareholder, unless the shareholder withdraws pursuant to subsection (~~2~~b)~~  
 28 ~~of this section.~~

29       (~~2~~b) A shareholder who has complied with subsection (~~1~~a) of this  
 30 section may nevertheless decline to exercise appraisal rights and with-  
 31 draw from the appraisal process by so notifying the corporation in writ-  
 32 ing by the date set forth in the appraisal notice pursuant to section  
 33 30-29-1322(~~2~~b) (~~2~~b) (v), Idaho Code. A shareholder who fails to so withdraw  
 34 from the appraisal process may not thereafter withdraw without the corpora-  
 35 tion's written consent.

36       (~~3~~c) A shareholder who does not ~~execute~~ sign and return the form and, in  
 37 the case of certificated shares, deposit that shareholder's share certifi-  
 38 cates where required, each by the date set forth in the notice described in  
 39 section 30-29-1322(~~2~~b), Idaho Code, shall not be entitled to payment under  
 40 this part.

41       SECTION 139. That Section 30-29-1324, Idaho Code, be, and the same is  
 42 hereby amended to read as follows:

43       30-29-1324. PAYMENT. (~~1~~a) Except as provided in section 30-29-1325,  
 44 Idaho Code, within thirty (30) days after the form required by section  
 45 30-29-1322(~~2~~b) (~~2~~b) (ii), Idaho Code, is due, the corporation shall pay in  
 46 cash to those shareholders who complied with section 30-29-1323(~~1~~a), Idaho

1 Code, the amount the corporation estimates to be the fair value of their  
2 shares, plus interest.

3 (~~2~~b) The payment to each shareholder pursuant to subsection (~~1~~a) of  
4 this section must be accompanied by:

5 (~~a~~1) Financial statements of the corporation that issued the shares  
6 to be appraised, consisting of a balance sheet as of the end of a fis-  
7 cal year ending not more than sixteen (16) months before the date of  
8 payment, an income statement for that year, a cash flow statement of  
9 changes in shareholders' equity for that year, and the latest available  
10 interim financial statements of such corporation, if any; provided  
11 however, that if such annual financial statements are not reasonably  
12 available, the corporation shall provide reasonably equivalent finan-  
13 cial information;

14 (~~b~~2) A statement of the corporation's estimate of the fair value of the  
15 shares, which estimate ~~must~~ shall equal or exceed the corporation's es-  
16 timate given pursuant to section 30-29-1322 (~~2~~b) (~~b~~2) (iii), Idaho Code;  
17 and

18 (~~e~~3) A statement that shareholders described in subsection (~~1~~a) of  
19 this section have the right to demand further payment under section  
20 30-29-1326, Idaho Code, and that if any such shareholder does not do  
21 so within the time period specified ~~therein~~ in section 30-29-1326(b),  
22 Idaho Code, such shareholder shall be deemed to have accepted ~~such~~ the  
23 payment under subsection (a) of this section in full satisfaction of the  
24 corporation's obligations under this part.

25 SECTION 140. That Section 30-29-1325, Idaho Code, be, and the same is  
26 hereby amended to read as follows:

27 30-29-1325. AFTER ACQUIRED SHARES. (~~1~~a) A corporation may elect to  
28 withhold payment required by section 30-29-1324, Idaho Code, from any share-  
29 holder who was required to but did not certify that beneficial ownership of  
30 all of the shareholder's shares for which appraisal rights are asserted was  
31 acquired before the date set forth in the appraisal notice sent pursuant to  
32 section 30-29-1322 (~~2~~b) (~~a~~1), Idaho Code.

33 (~~2~~b) If the corporation elected to withhold payment under subsection  
34 (~~1~~a) of this section, it ~~must~~ shall, within thirty (30) days after the form  
35 required by section 30-29-1322 (~~2~~b) (~~b~~2) (ii), Idaho Code, is due, notify all  
36 shareholders who are described in subsection (~~1~~a) of this section:

37 (~~a~~1) Of the information required by section 30-29-1324 (~~2~~b) (~~a~~1), Idaho  
38 Code;

39 (~~b~~2) Of the corporation's estimate of fair value pursuant to section  
40 30-29-1324 (~~2~~b) (~~b~~2), Idaho Code;

41 (~~e~~3) That they may accept the corporation's estimate of fair value,  
42 plus interest, in full satisfaction of their demands or demand ap-  
43 praisal under section 30-29-1326, Idaho Code;

44 (~~d~~4) That those shareholders who wish to accept such offer ~~must~~ shall so  
45 notify the corporation of their acceptance of the corporation's offer  
46 within thirty (30) days after receiving the offer; and

47 (~~e~~5) That those shareholders who do not satisfy the requirements for  
48 demanding appraisal under section 30-29-1326, Idaho Code, shall be  
49 deemed to have accepted the corporation's offer.

1           (3c) Within ten (10) days after receiving the shareholder's acceptance  
 2 pursuant to subsection (2b) (4) of this section, the corporation ~~must~~ shall  
 3 pay in cash the amount it offered under subsection (2b) (~~b2~~) of this section  
 4 plus interest to each shareholder who agreed to accept the corporation's of-  
 5 fer in full satisfaction of the shareholder's demand.

6           (4d) Within forty (40) days after ~~sending~~ delivering the notice de-  
 7 scribed in subsection (2b) of this section, the corporation ~~must~~ shall pay in  
 8 cash the amount it offered to pay under subsection (2b) (~~b2~~) of this section  
 9 plus interest to each shareholder described in subsection (2b) (e5) of this  
 10 section.

11           SECTION 141. That Section 30-29-1326, Idaho Code, be, and the same is  
 12 hereby amended to read as follows:

13           30-29-1326. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OF-  
 14 FER. (~~1a~~) A shareholder paid pursuant to section 30-29-1324, Idaho Code, who  
 15 is dissatisfied with the amount of the payment ~~must~~ shall notify the corpo-  
 16 ration in writing of that shareholder's estimate of the fair value of the  
 17 shares and demand payment of that estimate ~~plus interest~~, less any payment  
 18 under section 30-29-1324, Idaho Code, plus interest. A shareholder offered  
 19 payment under section 30-29-1325, Idaho Code, who is dissatisfied with that  
 20 offer ~~must~~ shall reject the offer and demand payment of the shareholder's  
 21 stated estimate of the fair value of the shares plus interest.

22           (2b) A shareholder who fails to notify the corporation in writing of  
 23 that shareholder's demand to be paid the shareholder's stated estimate of  
 24 the fair value plus interest under subsection (~~1a~~) of this section within  
 25 thirty (30) days after receiving the corporation's payment or offer of  
 26 payment under section 30-29-1324 or 30-29-1325, Idaho Code, respectively,  
 27 waives the right to demand payment under this section and shall be entitled  
 28 only to the payment made or offered pursuant to those respective sections.

29           SECTION 142. That Section 30-29-1330, Idaho Code, be, and the same is  
 30 hereby amended to read as follows:

31           30-29-1330. COURT ACTION. (~~1a~~) If a shareholder makes demand for pay-  
 32 ment under section 30-29-1326, Idaho Code, that remains unsettled, the cor-  
 33 poration shall commence a proceeding within sixty (60) days after receiving  
 34 the payment demand and petition the court to determine the fair value of the  
 35 shares and accrued interest. If the corporation does not commence the pro-  
 36 ceeding within the sixty (60) day period, it shall pay in cash to each share-  
 37 holder the amount the shareholder demanded pursuant to section 30-29-1326,  
 38 Idaho Code, plus interest.

39           (2b) The corporation shall commence the proceeding in the appropriate  
 40 court of the county where the corporation's principal office is located, or,  
 41 if none in this state, Ada county. If the corporation is a foreign corpora-  
 42 tion, it shall commence the proceeding in the county in this state where the  
 43 principal office of the domestic corporation merged with the foreign corpo-  
 44 ration was located or, if the domestic corporation did not have its principal  
 45 office in this state at the time of the transaction, in Ada county.

46           (3c) The corporation shall make all shareholders, regardless of  
 47 whether ~~or not~~ they are residents of this state, whose demands remain unset-

1 tled parties to the proceeding, as in an action against their shares, and all  
 2 parties ~~must~~ shall be served with a copy of the petition. Nonresidents may be  
 3 served by registered or certified mail or by publication as provided by law.

4 (4d) The jurisdiction of the court in which the proceeding is commenced  
 5 under subsection (2b) of this section is plenary and exclusive. The court  
 6 may appoint one (1) or more persons as appraisers to receive evidence and  
 7 recommend a decision on the question of fair value. The appraisers shall  
 8 have the powers described in the order appointing them or in any amendment  
 9 to it. The shareholders demanding appraisal rights are entitled to the same  
 10 discovery rights as parties in other civil proceedings. There shall be no  
 11 right to a jury trial.

12 (5e) Each shareholder made a party to the proceeding is entitled to  
 13 judgment:

14 (a1) For the amount, if any, by which the court finds the fair value of  
 15 the shareholder's shares, ~~plus interest~~, exceeds the amount paid by the  
 16 corporation to the shareholder for such shares, plus interest; or

17 (b2) For the fair value, plus interest, of the shareholder's shares for  
 18 which the corporation elected to withhold payment under section 30-29-  
 19 1325, Idaho Code.

20 SECTION 143. That Section 30-29-1331, Idaho Code, be, and the same is  
 21 hereby amended to read as follows:

22 30-29-1331. COURT COSTS AND ~~COUNSEL FEES~~ EXPENSES. (1a) The court in  
 23 an appraisal proceeding commenced under section 30-29-1330, Idaho Code,  
 24 shall determine all court costs of the proceeding, including the reasonable  
 25 compensation and expenses of appraisers appointed by the court. The court  
 26 shall assess the court costs against the corporation, except that the court  
 27 may assess court costs against all or some of the shareholders demanding  
 28 appraisal, in amounts that the court finds equitable, to the extent the court  
 29 finds such shareholders acted arbitrarily, vexatiously, or not in good faith  
 30 with respect to the rights provided by this part.

31 (2b) The court in an appraisal proceeding may also assess the ~~fees and~~  
 32 expenses of ~~counsel and experts~~ for the respective parties, in amounts the  
 33 court finds equitable:

34 (a1) Against the corporation and in favor of any or all shareholders de-  
 35 manding appraisal if the court finds the corporation did not substan-  
 36 tially comply with the requirements of section 30-29-1320, 30-29-1322,  
 37 30-29-1324 or 30-29-1325, Idaho Code; or

38 (b2) Against either the corporation or a shareholder demanding ap-  
 39 praisal, in favor of any other party, if the court finds that the party  
 40 against whom ~~the fees and~~ expenses are assessed acted arbitrarily, vex-  
 41 atiously, or not in good faith with respect to the rights provided by  
 42 this part.

43 (3c) If the court in an appraisal proceeding finds that the ~~services of~~  
 44 counsel for expenses incurred by any shareholder were of substantial ben-  
 45 efit to other shareholders similarly situated, and that ~~the fees for those~~  
 46 services such expenses should not be assessed against the corporation, the  
 47 court may award to direct that such ~~counsel reasonable fees to expenses~~ be  
 48 paid out of the amounts awarded ~~to~~ the shareholders who were benefited.

1 (4d) To the extent the corporation fails to make a required payment  
 2 pursuant to section 30-29-1324, 30-29-1325 or 30-29-1326, Idaho Code, the  
 3 shareholder may sue directly for the amount owed and, to the extent success-  
 4 ful, shall be entitled to recover from the corporation all ~~costs and expenses~~  
 5 of the suit, ~~including counsel fees.~~

6 SECTION 144. That Chapter 29, Title 30, Idaho Code, be, and the same is  
 7 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
 8 ignated as Section 30-29-1340, Idaho Code, and to read as follows:

9 30-29-1340. OTHER REMEDIES LIMITED. (a) The legality of a proposed or  
 10 completed corporate action described in section 30-29-1302(a), Idaho Code,  
 11 may not be contested, nor may the corporate action be enjoined, set aside,  
 12 or rescinded, in a legal or equitable proceeding by a shareholder after the  
 13 shareholders have approved the corporate action.

14 (b) Subsection (a) of this section does not apply to a corporate action  
 15 that:

16 (1) Was not authorized and approved in accordance with the applicable  
 17 provisions of:

18 (i) Part 9, 10, 11, or 12 of this chapter;

19 (ii) The articles of incorporation or bylaws; or

20 (iii) The resolution of the board of directors authorizing the  
 21 corporate action;

22 (2) Was procured as a result of fraud, a material misrepresentation,  
 23 or an omission of a material fact necessary to make statements made, in  
 24 light of the circumstances in which they were made, not misleading;

25 (3) Is an interested transaction, unless it has been recommended by the  
 26 board of directors in the same manner as is provided in section 30-29-  
 27 862, Idaho Code, and has been approved by the shareholders in the same  
 28 manner as is provided in section 30-29-863, Idaho Code, as if the inter-  
 29 ested transaction were a director's conflicting interest transaction;  
 30 or

31 (4) Is approved by less than unanimous consent of the voting sharehold-  
 32 ers pursuant to section 30-29-704, Idaho Code, if:

33 (i) The challenge to the corporate action is brought by a share-  
 34 holder who did not consent and as to whom notice of the approval of  
 35 the corporate action was not effective at least ten (10) days be-  
 36 fore the corporate action was effected; and

37 (ii) The proceeding challenging the corporate action is commenced  
 38 within ten (10) days after notice of the approval of the corporate  
 39 action is effective as to the shareholder bringing the proceeding.

40 SECTION 145. That Section 30-29-1401, Idaho Code, be, and the same is  
 41 hereby amended to read as follows:

42 30-29-1401. DISSOLUTION BY INCORPORATORS OR INITIAL DIRECTORS. A ma-  
 43 jority of the incorporators or initial directors of a corporation that has  
 44 not issued shares or has not commenced business may dissolve the corporation  
 45 by delivering to the secretary of state for filing articles of dissolution  
 46 that set forth:

47 (1a) The name of the corporation;

- 1           (2b) The date of its incorporation;  
 2           (3c) Either:  
 3           (a1) That none of the corporation's shares has been issued; or  
 4           (b2) That the corporation has not commenced business;  
 5           (4d) That no debt of the corporation remains unpaid;  
 6           (5e) That the net assets of the corporation remaining after winding up  
 7 have been distributed to the shareholders, if shares were issued; and  
 8           (6f) That a majority of the incorporators or initial directors autho-  
 9 rized the dissolution.

10           SECTION 146. That Section 30-29-1402, Idaho Code, be, and the same is  
 11 hereby amended to read as follows:

12           30-29-1402. DISSOLUTION BY BOARD OF DIRECTORS AND SHAREHOLDERS. (1a)  
 13 ~~A corporation's~~ The board of directors may propose dissolution for submis-  
 14 sion to the shareholders by first adopting a resolution authorizing the dis-  
 15 solution.

16           (2b) For a proposal to dissolve to be adopted, the proposal to dis-  
 17 solve shall then be approved by the shareholders. In submitting the pro-  
 18 posal to dissolve to the shareholders for approval, the board of directors  
 19 shall recommend that the shareholders approve the dissolution, unless ei-  
 20 ther the board of directors determines that because of conflicts of interest  
 21 or other special circumstances it should make no recommendation or section  
 22 30-29-826, Idaho Code, applies. In either case, the board shall inform the  
 23 shareholders of the basis for its so proceeding.

24           ~~(a) The board of directors must recommend dissolution to the sharehold-~~  
 25 ~~ers unless the board of directors determines that because of conflicts~~  
 26 ~~of interest or other special circumstances it should make no recommen-~~  
 27 ~~dation and communicates the basis for its determination to the share-~~  
 28 ~~holders; and~~

29           ~~(b) The shareholders entitled to vote must approve the proposal to dis-~~  
 30 ~~solve as provided in subsection (5) of this section.~~

31           (3c) The board of directors may set conditions its submission for the  
 32 approval of the proposal for dissolution on any basis by shareholders or the  
 33 effectiveness of the dissolution.

34           (4d) If the approval of the shareholders is to be given at a meeting,  
 35 the corporation shall notify each shareholder, regardless of whether or not  
 36 entitled to vote, of the proposed shareholders' meeting of shareholders at  
 37 which the dissolution is to be submitted for approval. The notice must also  
 38 state that the purpose, or one (1) of the purposes, of the meeting is to con-  
 39 sider dissolving the corporation.

40           (5e) Unless the articles of incorporation or the board of directors,  
 41 acting pursuant to subsection (3c) of this section, require a greater vote,  
 42 a greater number of shares to be present quorum, or a vote by voting groups,  
 43 adoption of the proposal to dissolve shall require the approval of the share-  
 44 holders at a meeting at which a quorum exists consisting of at least a major-  
 45 ity of the votes entitled to be cast exists on the proposal to dissolve.

46           SECTION 147. That Section 30-29-1403, Idaho Code, be, and the same is  
 47 hereby amended to read as follows:

1 30-29-1403. ARTICLES OF DISSOLUTION. (~~1~~a) At any time after dissolu-  
 2 tion is authorized, the corporation may dissolve by delivering to the secre-  
 3 tary of state for filing articles of dissolution setting forth:

4 (~~a~~1) The name of the corporation;

5 (~~b~~2) The date that dissolution was authorized; and

6 (~~e~~3) If dissolution was approved by the shareholders, a statement that  
 7 the proposal to dissolve was duly approved by the shareholders in the  
 8 manner required by this chapter and by the articles of incorporation.

9 (~~2~~b) The articles of dissolution shall take effect at the effective  
 10 date determined in accordance with section 30-29-123, Idaho Code. A corpo-  
 11 ration is dissolved upon the effective date of its articles of dissolution.

12 (~~3~~c) For purposes of ~~this part~~ sections 30-29-1401 through 30-29-1409,  
 13 Idaho Code, "dissolved corporation" means a corporation whose articles of  
 14 dissolution have become effective and includes a successor entity to which  
 15 the remaining assets of the corporation are transferred subject to its lia-  
 16 ilities for purposes of liquidation.

17 SECTION 148. That Section 30-29-1404, Idaho Code, be, and the same is  
 18 hereby amended to read as follows:

19 30-29-1404. REVOCATION OF DISSOLUTION. (~~1~~a) A corporation may revoke  
 20 its dissolution within one hundred twenty (120) days ~~of~~ after its effective  
 21 date.

22 (~~2~~b) Revocation of dissolution ~~must~~ shall be authorized in the same  
 23 manner as the dissolution was authorized unless that authorization permit-  
 24 ted revocation by action of the board of directors alone, in which event the  
 25 board of directors may revoke the dissolution without shareholder action.

26 (~~3~~c) After the revocation of dissolution is authorized, the corpora-  
 27 tion may revoke the dissolution by delivering to the secretary of state for  
 28 filing articles of revocation of dissolution, together with a copy of its ar-  
 29 ticles of dissolution, that set forth:

30 (~~a~~1) The name of the corporation;

31 (~~b~~2) The effective date of the dissolution that was revoked;

32 (~~e~~3) The date that the revocation of dissolution was authorized;

33 (~~d~~4) If the corporation's board of directors or incorporators revoked  
 34 the dissolution, a statement to that effect;

35 (~~e~~5) If the corporation's board of directors revoked a dissolution as  
 36 authorized by the shareholders, a statement that revocation was permit-  
 37 ted by action by the board of directors alone pursuant to that autho-  
 38 rization; and

39 (~~f~~6) If shareholder action was required to revoke the dissolution, ~~the~~  
 40 ~~information~~ a statement that the revocation was duly approved by the  
 41 shareholders in the manner required by section 30-29-1403(1)(c), Idaho  
 42 Code this chapter and by the articles of incorporation.

43 (~~d~~) The articles of revocation of dissolution shall take effect at the  
 44 effective date determined in accordance with section 30-29-123, Idaho Code.

45 (~~4~~e) Revocation of dissolution is effective upon the effective date of  
 46 the articles of revocation of dissolution.

47 (~~5~~f) When the revocation of dissolution is effective, it relates back  
 48 to and takes effect as of the effective date of the dissolution and the cor-

1 poration resumes carrying on its business as if dissolution had never oc-  
2 curred.

3 SECTION 149. That Section 30-29-1405, Idaho Code, be, and the same is  
4 hereby amended to read as follows:

5 30-29-1405. EFFECT OF DISSOLUTION. (~~1~~a) A dissolved corporation that  
6 has dissolved continues its corporate existence, but the dissolved corpora-  
7 tion may not carry on any business except that appropriate to wind up and liq-  
8 uidate its business and affairs, including:

- 9 (a~~1~~) Collecting its assets;  
10 (b~~2~~) Disposing of its properties that will not be distributed in kind to  
11 its shareholders;  
12 (c~~3~~) Discharging or making provision for discharging its liabilities;  
13 (d~~4~~) ~~Distributing~~ Making distributions of its remaining property  
14 assets among its shareholders according to their interests; and  
15 (e~~5~~) Doing every other act necessary to wind up and liquidate its busi-  
16 ness and affairs.  
17 (2b) Dissolution of a corporation does not:  
18 (a~~1~~) Transfer title to the corporation's property;  
19 (b~~2~~) Prevent transfer of its shares or securities, ~~although the autho-~~  
20 ~~rization to dissolve may provide for closing the corporation's share~~  
21 ~~transfer records;~~  
22 (c~~3~~) Subject its directors or officers to standards of conduct differ-  
23 ent from those prescribed in part 8 of this chapter;  
24 (d~~4~~) Change quorum or voting requirements for its board of directors or  
25 shareholders; change provisions for selection, resignation, or removal  
26 of its directors or officers or both; or change provisions for amending  
27 its bylaws;  
28 (e~~5~~) Prevent commencement of a proceeding by or against the corporation  
29 in its corporate name;  
30 (f~~6~~) Abate or suspend a proceeding pending by or against the corpora-  
31 tion on the effective date of dissolution; or  
32 (g~~7~~) Terminate the authority of the registered agent of the corpora-  
33 tion.

34 (c) A distribution in liquidation under this section may only be made by  
35 a dissolved corporation. For purposes of determining the shareholders en-  
36 titled to receive a distribution in liquidation, the board of directors may  
37 fix a record date for determining shareholders entitled to a distribution in  
38 liquidation, which date may not be retroactive. If the board of directors  
39 does not fix a record date for determining shareholders entitled to a distri-  
40 bution in liquidation, the record date is the date the board of directors au-  
41 thorizes the distribution in liquidation.

42 SECTION 150. That Section 30-29-1406, Idaho Code, be, and the same is  
43 hereby amended to read as follows:

44 30-29-1406. KNOWN CLAIMS AGAINST DISSOLVED CORPORATION. (~~1~~a) A dis-  
45 solved corporation may dispose of the known claims against it by notifying  
46 its known claimants in writing of the dissolution at any time after its ef-  
47 fective date.

- 1           (2b) The written notice must:
- 2           (a1) Describe information that must be included in a claim;
- 3           (b2) Provide a mailing address where a claim may be sent;
- 4           (e3) State the deadline, which may not be fewer than one hundred twenty
- 5           (120) days ~~from the effective date of~~ after the written notice is effec-
- 6           tive, by which the dissolved corporation ~~must~~ shall receive the claim;
- 7           and
- 8           (d4) State that the claim will be barred if not received by the dead-
- 9           line.
- 10          (3c) A claim against the dissolved corporation is barred:
- 11          (a1) If a claimant who was given written notice under subsection (2b) of
- 12          this section does not deliver the claim to the dissolved corporation by
- 13          the deadline; or
- 14          (b2) If a claimant whose claim was rejected by the dissolved corpora-
- 15          tion does not commence a proceeding to enforce the claim within ninety
- 16          (90) days ~~from the effective date of~~ after the rejection notice is ef-
- 17          fective.
- 18          (4d) For purposes of this section, "claim" does not include a contin-
- 19          gent liability or a claim based on an event occurring after the effective
- 20          date of dissolution.

21           SECTION 151. That Section 30-29-1407, Idaho Code, be, and the same is

22           hereby amended to read as follows:

- 23           30-29-1407. OTHER CLAIMS AGAINST DISSOLVED CORPORATION. (1a) A dis-
- 24           solved corporation may ~~also~~ publish notice of its dissolution and request
- 25           that persons with claims against the dissolved corporation present them in
- 26           accordance with the notice.
- 27           (2b) The notice must:
- 28           (a1) Be published one (1) time in a newspaper of general circulation in
- 29           the county where the dissolved corporation's principal office is or was
- 30           located or, if none in this state, in Ada county, or be posted conspicu-
- 31           ously for at least thirty (30) days on the dissolved corporation's web-
- 32           site;
- 33           (b2) Describe the information that must be included in a claim and pro-
- 34           vide a mailing address where the claim may be sent; and
- 35           (e3) State that a claim against the dissolved corporation will be
- 36           barred unless a proceeding to enforce the claim is commenced within two
- 37           (2) years after the publication of the notice.
- 38           (3c) If the dissolved corporation publishes a ~~newspaper~~ notice in
- 39           accordance with subsection (2b) of this section, the claim of each of the
- 40           following claimants is barred unless the claimant commences a proceeding to
- 41           enforce the claim against the dissolved corporation within ~~two~~ three (3)
- 42           years after the publication date of the ~~newspaper~~ notice:
- 43           (a1) A claimant who was not given written notice under section 30-29-
- 44           1406, Idaho Code;
- 45           (b2) A claimant whose claim was timely sent to the dissolved corpora-
- 46           tion but not acted on by the corporation; and
- 47           (e3) A claimant whose claim is contingent or based on an event occurring
- 48           after the effective date of dissolution.

1 (4d) A claim that is not barred by section 30-29-1406(3c), Idaho Code,  
2 or subsection (3c) of this section may be enforced:

3 (a1) Against the dissolved corporation, to the extent of its undis-  
4 tributed assets; or

5 (b2) Except as provided in section 30-29-1408(4d), Idaho Code, if the  
6 assets have been distributed in liquidation, against a shareholder of  
7 the dissolved corporation to the extent of the shareholder's pro rata  
8 share of the claim or the corporate assets distributed to the share-  
9 holder in liquidation, whichever is less, but a shareholder's total  
10 liability for all claims under this section may not exceed the total  
11 amount of assets distributed to the shareholder.

12 SECTION 152. That Section 30-29-1408, Idaho Code, be, and the same is  
13 hereby amended to read as follows:

14 30-29-1408. COURT PROCEEDINGS. (1a) A dissolved corporation that has  
15 published a notice under section 30-29-1407, Idaho Code, may file an appli-  
16 cation with the district court of the county where the dissolved corpora-  
17 tion's principal office is located, or, if none in this state, Ada county,  
18 for a determination of the amount and form of security to be provided for pay-  
19 ment of claims that are contingent or have not been made known to the dis-  
20 solved corporation or that are based on an event occurring after the effec-  
21 tive date of dissolution but that, based on the facts known to the dissolved  
22 corporation, are reasonably estimated to arise after the effective date of  
23 dissolution. Provision need not be made for any claim that is or is reason-  
24 ably anticipated to be barred under section 30-29-1407(3c), Idaho Code.

25 (2b) Within ten (10) days after the filing of the application, notice of  
26 the proceeding shall be given by the dissolved corporation to each claimant  
27 holding a contingent claim whose contingent claim is shown on the records of  
28 the dissolved corporation.

29 (3c) The court may appoint a guardian ad litem to represent all  
30 claimants whose identities are unknown in any proceeding brought under this  
31 section. The reasonable fees and expenses of such guardian, including all  
32 reasonable expert witness fees, shall be paid by the dissolved corporation.

33 (4d) Provision by the dissolved corporation for security in the amount  
34 and the form ordered by the court under subsection (1a) of this section shall  
35 satisfy the dissolved corporation's obligations with respect to claims that  
36 are contingent, have not been made known to the dissolved corporation or are  
37 based on an event occurring after the effective date of dissolution, and such  
38 claims may not be enforced against a shareholder who received assets in liq-  
39 uidation.

40 SECTION 153. That Section 30-29-1409, Idaho Code, be, and the same is  
41 hereby amended to read as follows:

42 30-29-1409. DIRECTOR DUTIES. (1a) Directors shall cause the dissolved  
43 corporation to discharge or make reasonable provision for the payment of  
44 claims and make distributions in liquidation of assets to shareholders after  
45 payment or provision for claims.

46 (2b) Directors of a dissolved corporation that has ~~been~~ disposed of  
47 claims under section 30-29-1406, 30-29-1407, or 30-29-1408, Idaho Code,

1 shall not be liable for breach of subsection (~~1a~~) of this section, with  
 2 respect to claims against the dissolved corporation that are barred or sat-  
 3 isfied under section 30-29-1406, 30-29-1407, or 30-29-1408, Idaho Code.

4 SECTION 154. That Section 30-29-1430, Idaho Code, be, and the same is  
 5 hereby amended to read as follows:

6 30-29-1430. GROUNDS FOR JUDICIAL DISSOLUTION. (a) The Idaho district  
 7 court designated in section 30-29-1431(~~1a~~), Idaho Code, may dissolve a cor-  
 8 poration:

9 (1) In a proceeding by the attorney general if it is established that:

10 (~~a~~i) The corporation obtained its articles of incorporation  
 11 through fraud; or

12 (~~b~~ii) The corporation has continued to exceed or abuse the author-  
 13 ity conferred upon it by law;

14 (2) In a proceeding by a shareholder if it is established that:

15 (~~a~~i) The directors are deadlocked in the management of the cor-  
 16 porate affairs, the shareholders are unable to break the deadlock,  
 17 and irreparable injury to the corporation is threatened or being  
 18 suffered, or the business and affairs of the corporation can no  
 19 longer be conducted to the advantage of the shareholders gener-  
 20 ally, because of the deadlock;

21 (~~b~~ii) The directors or those in control of the corporation have  
 22 acted ~~or~~, are acting, or will act in a manner that is illegal, op-  
 23 pressive, or fraudulent, ~~and irreparable injury to the corpora-~~  
 24 ~~tion is threatened or being suffered by reason thereof; or~~

25 (~~e~~iii) The shareholders are deadlocked in voting power and have  
 26 failed, for a period that includes at least two (2) consecutive  
 27 annual meeting dates to elect successors to directors whose terms  
 28 have expired; or

29 (iv) The corporate assets are being misapplied or wasted;

30 (3) In a proceeding by a creditor if it is established that:

31 (~~a~~i) The creditor's claim has been reduced to judgment, the exe-  
 32 cution on the judgment returned unsatisfied, and the corporation  
 33 is insolvent; or

34 (~~b~~ii) The corporation has admitted in writing that the creditor's  
 35 claim is due and owing and the corporation is insolvent; ~~or~~

36 (4) In a proceeding by the corporation to have its voluntary dissolu-  
 37 tion continued under court supervision; or

38 (5) In a proceeding by a shareholder if the corporation has abandoned  
 39 its business and has failed within a reasonable time to liquidate and  
 40 distribute its assets and dissolve.

41 (b) The provisions of subsection (a) (2) of this section shall not apply  
 42 in the case of a corporation that, on the date of the filing of the proceed-  
 43 ing, has a class or series of shares that is:

44 (1) A covered security under section 18(b) (1) (A) or (B) of the securi-  
 45 ties act of 1933; or

46 (2) Not a covered security, but is held by at least three hundred (300)  
 47 shareholders and the shares outstanding have a market value of at least  
 48 twenty million dollars (\$20,000,000), exclusive of the value of such  
 49 shares held by the corporation's subsidiaries, senior executives, di-

1 rectors, and beneficial shareholders and voting trust beneficial own-  
 2 ers owning more than ten percent (10%) of such shares.

3 (c) As used in subsection (a) of this section, "shareholder" means a  
 4 record shareholder, a beneficial shareholder, and an unrestricted voting  
 5 trust beneficial owner; and in subsection (b) of this section, "shareholder"  
 6 means a record shareholder, a beneficial shareholder, and a voting trust  
 7 beneficial owner.

8 SECTION 155. That Section 30-29-1431, Idaho Code, be, and the same is  
 9 hereby amended to read as follows:

10 30-29-1431. PROCEDURE FOR JUDICIAL DISSOLUTION. (1a) Venue for a pro-  
 11 ceeding by the attorney general to dissolve a corporation lies in Ada county.  
 12 Venue for a proceeding brought by any other party named in section 30-29-  
 13 1430(a), Idaho Code, lies in the county where a corporation's principal of-  
 14 fice is or was located or, if none in this state, in Ada county.

15 (2b) It is not necessary to make shareholders parties to ~~the a~~ proceed-  
 16 ing to dissolve a corporation unless relief is sought against them individu-  
 17 ally.

18 (3c) A court in a proceeding brought to dissolve a corporation may issue  
 19 injunctions, appoint a receiver or custodian ~~pendente lite~~ during the pro-  
 20 ceeding with all powers and duties the court directs, take other action re-  
 21 quired to preserve the corporate assets wherever located, and carry on the  
 22 business of the corporation until a full hearing can be held.

23 (4d) Within ten (10) days of the commencement of a proceeding to dis-  
 24 solve a corporation under section 30-29-1430(a) (2), Idaho Code, to dissolve  
 25 a corporation that has no shares listed on a national securities exchange  
 26 or regularly traded in a market maintained by one (1) or more members of a  
 27 national or affiliated securities association, the corporation must send  
 28 shall deliver to all shareholders, other than the petitioner, a notice stat-  
 29 ing that the shareholders ~~may be~~ are entitled to avoid the dissolution of the  
 30 corporation by electing to purchase the petitioner's shares under section  
 31 30-29-1434, Idaho Code, and accompanied by a copy of section 30-29-1434,  
 32 Idaho Code.

33 SECTION 156. That Section 30-29-1432, Idaho Code, be, and the same is  
 34 hereby amended to read as follows:

35 30-29-1432. RECEIVERSHIP OR CUSTODIANSHIP. (1a) Unless an election to  
 36 purchase has been filed under section 30-29-1434, Idaho Code, a court in  
 37 a judicial proceeding brought to dissolve a corporation may appoint one (1)  
 38 or more receivers to wind up and liquidate, or one (1) or more custodians to  
 39 manage, the business and affairs of the corporation. The court shall hold  
 40 a hearing, after notifying all parties to the proceeding and any interested  
 41 persons designated by the court, before appointing a receiver or custodian.  
 42 The court appointing a receiver or custodian has ~~exclusive~~ jurisdiction over  
 43 the corporation and all of its property, wherever located.

44 (2b) The court may appoint an individual or a domestic or foreign corpo-  
 45 ration, ~~authorized to transact business in this state, or eligible entity~~ as  
 46 a receiver or custodian, which, if a foreign corporation or foreign eligible  
 47 entity, must be registered to do business in this state. The court may re-

1 quire the receiver or custodian to post bond, with or without sureties, in an  
2 amount the court directs.

3 (3c) The court shall describe the powers and duties of the receiver or  
4 custodian in its appointing order, which may be amended from time to time.  
5 Among other powers:

6 (a1) The receiver:

7 (i) May dispose of all or any part of the assets of the corpora-  
8 tion, wherever located, at a public or private sale, ~~if authorized~~  
9 ~~by the court;~~ and

10 (ii) May sue and defend in ~~his~~ the receiver's own name as receiver  
11 of the corporation in all courts of this state;

12 (b2) The custodian may exercise all of the powers of the corporation,  
13 through or in place of its board of directors, to the extent necessary  
14 to manage the affairs of the corporation in the best interests of its  
15 shareholders and creditors;

16 The receiver or custodian shall have such other powers and duties as the  
17 court may provide in the appointing order, which may be amended from  
18 time to time.

19 (4d) The court during a receivership, may redesignate the receiver a  
20 custodian, and during a custodianship may redesignate the custodian a re-  
21 ceiver, ~~if doing so is in the best interests of the corporation, its share-~~  
22 ~~holders, and creditors.~~

23 (5e) The court from time to time during the receivership or custodian-  
24 ship may order compensation paid and expenses disbursements or reimburse-  
25 ments made paid or reimbursed to the receiver or custodian and his counsel  
26 from the assets of the corporation or proceeds from the sale of the assets.

27 SECTION 157. That Section 30-29-1433, Idaho Code, be, and the same is  
28 hereby amended to read as follows:

29 30-29-1433. DECREE OF DISSOLUTION. (1a) If after a hearing the court  
30 determines that one (1) or more grounds for judicial dissolution described  
31 in section 30-29-1430, Idaho Code, exist, it may enter a decree dissolving  
32 the corporation and specifying the effective date of the dissolution, and  
33 the clerk of the court shall deliver a certified copy of the decree to the  
34 secretary of state, ~~who shall file it for filing.~~

35 (2b) After entering the decree of dissolution, the court shall direct  
36 the winding up and liquidation of the corporation's business and affairs  
37 in accordance with section 30-29-1405, Idaho Code, and the notification  
38 of claimants in accordance with sections 30-29-1406 and 30-29-1407, Idaho  
39 Code.

40 SECTION 158. That Section 30-29-1434, Idaho Code, be, and the same is  
41 hereby amended to read as follows:

42 30-29-1434. ELECTION TO PURCHASE IN LIEU OF DISSOLUTION. (1a) In a  
43 proceeding under section 30-29-1430(a)(2), Idaho Code, to dissolve a cor-  
44 poration ~~that has no shares listed on a national securities exchange or~~  
45 ~~regularly traded in a market maintained by one (1) or more members of a na-~~  
46 ~~tional or affiliated securities association,~~ the corporation may elect or,  
47 if it fails to elect, one (1) or more shareholders may elect to purchase all

1 shares owned by the petitioning shareholder at the fair value of the shares.  
2 ~~In a proceeding under section 30-29-1430(2), Idaho Code, to dissolve a~~  
3 ~~corporation that has shares listed on a national securities exchange or reg-~~  
4 ~~ularly traded in a market maintained by one (1) or more members of a national~~  
5 ~~or affiliated securities association, the corporation may elect to purchase~~  
6 ~~all shares owned by the petitioning shareholder at the fair value of the~~  
7 ~~shares. An election pursuant to this section shall be irrevocable unless the~~  
8 ~~court determines that it is equitable to set aside or modify the election.~~

9 (2b) An election to purchase pursuant to this section may be filed with  
10 the court at any time within ninety (90) days after the filing of the peti-  
11 tion under section 30-29-1430(a)(2), Idaho Code, or at such later time as  
12 the court in its discretion may allow. If the election to purchase is filed  
13 by one (1) or more shareholders, the corporation shall, within ten (10) days  
14 thereafter, give written notice to all shareholders, other than the peti-  
15 tioner. The notice must state the name and number of shares owned by the  
16 petitioner and the name and number of shares owned by each electing share-  
17 holder and must advise the recipients of their right to join in the election  
18 to purchase shares in accordance with this section. Shareholders who wish  
19 to participate ~~must~~ shall file notice of their intention to join in the pur-  
20 chase no later than thirty (30) days after the ~~effective date~~ effectiveness  
21 of the notice to them. All shareholders who have filed an election or no-  
22 tice of their intention to participate in the election to purchase thereby  
23 become parties to the proceeding and shall participate in the purchase in  
24 proportion to their ownership of shares as of the date the first election was  
25 filed, unless they otherwise agree or the court otherwise directs. After an  
26 election has been filed by the corporation or one (1) or more shareholders,  
27 the proceeding under section 30-29-1430(a)(2), Idaho Code, may not be dis-  
28 continued or settled, nor may the petitioning shareholder sell or otherwise  
29 dispose of his or her shares, unless the court determines that it would be eq-  
30 uitable to the corporation and the shareholders, other than the petitioner,  
31 to permit such discontinuance, settlement, sale, or other disposition.

32 (3c) If, within sixty (60) days of the filing of the first election, the  
33 parties reach agreement as to the fair value and terms of purchase of the pe-  
34 titioner's shares, the court shall enter an order directing the purchase of  
35 the petitioner's shares upon the terms and conditions agreed to by the par-  
36 ties.

37 (4d) If the parties are unable to reach an agreement as provided for in  
38 subsection (3c) of this section, the court, upon application of any party,  
39 shall stay the proceedings under section 30-29-1430(a)(2), Idaho Code,  
40 ~~proceedings~~ and determine the fair value of the petitioner's shares as of the  
41 day before the date on which the petition under section 30-29-1430(a)(2),  
42 Idaho Code, was filed or as of such other date as the court deems appropriate  
43 under the circumstances.

44 (5e) Upon determining the fair value of the shares, the court shall  
45 enter an order directing the purchase upon such terms and conditions as the  
46 court deems appropriate, which may include payment of the purchase price  
47 in installments, where necessary in the interests of equity, provision for  
48 security to assure payment of the purchase price and any additional ~~costs,~~  
49 ~~fees,~~ and expenses as may have been awarded, and, if the shares are to be  
50 purchased by shareholders, the allocation of shares among them. In allo-

1 cating the petitioner's shares among holders of different classes or series  
 2 of shares, the court should attempt to preserve the existing distribution  
 3 of voting rights among holders of different classes or series insofar as  
 4 practicable and may direct that holders of a specific class or classes or  
 5 series shall not participate in the purchase. Interest may be allowed at  
 6 the rate and from the date determined by the court to be equitable, but if  
 7 the court finds that the refusal of the petitioning shareholder to accept an  
 8 offer of payment was arbitrary or otherwise not in good faith, no interest  
 9 shall be allowed. If the court finds that the petitioning shareholder had  
 10 probable grounds for relief under section 30-29-1430 (2a) ~~(b2)~~ (ii) or (iv),  
 11 Idaho Code, it may award expenses to the petitioning shareholder ~~reasonable~~  
 12 ~~fees and expenses of counsel and of any experts employed by him.~~

13 (6f) Upon entry of an order under subsection (3c) or (5e) of this sec-  
 14 tion, the court shall dismiss the petition to dissolve the corporation under  
 15 section 30-29-1430 (a) (2), Idaho Code, and the petitioning shareholder shall  
 16 no longer have any rights or status as a shareholder of the corporation, ex-  
 17 cept the right to receive the amounts awarded ~~to him~~ by the order of the court  
 18 that shall be enforceable in the same manner as any other judgment.

19 (7g) The purchase ordered pursuant to subsection (5e) of this section  
 20 shall be made within ten (10) days after the date the order becomes final  
 21 ~~unless before that time the corporation files with the court a notice of its~~  
 22 ~~intention to adopt articles of dissolution pursuant to sections 30-29-1402~~  
 23 ~~and 30-29-1403, Idaho Code, which articles must then be adopted and filed~~  
 24 ~~within fifty (50) days thereafter. Upon filing of such articles of dissolu-~~  
 25 ~~tion, the corporation shall be dissolved in accordance with the provisions~~  
 26 ~~of sections 30-29-1405 through 30-29-1407, Idaho Code, and the order entered~~  
 27 ~~pursuant to subsection (5) of this section shall no longer be of any force or~~  
 28 ~~effect, except that the court may award the petitioning shareholder reason-~~  
 29 ~~able fees and expenses in accordance with the provisions of the last sentence~~  
 30 ~~of subsection (5) of this section and the petitioner may continue to pursue~~  
 31 ~~any claims previously asserted on behalf of the corporation.~~

32 (8h) Any payment by the corporation pursuant to an order under subsec-  
 33 tion (3c) or (5e) of this section, other than an award of ~~fees and expenses~~  
 34 pursuant to subsection (5e) of this section, is subject to the provisions of  
 35 section 30-29-640, Idaho Code.

36 SECTION 159. That Section 30-29-1601, Idaho Code, be, and the same is  
 37 hereby amended to read as follows:

38 30-29-1601. CORPORATE RECORDS. ~~(1a)~~ A corporation shall ~~keep as per-~~  
 39 ~~manent records minutes of all meetings of its shareholders and board of di-~~  
 40 ~~rectors, a record of all actions taken by the shareholders or board of di-~~  
 41 ~~rectors without a meeting, and a record of all actions taken by a committee~~  
 42 ~~of the board of directors in place of the board of directors on behalf of the~~  
 43 ~~corporation maintain the following records:~~

44 (1) Its articles of incorporation as currently in effect;

45 (2) Any notices to shareholders referred to in section 30-29-  
 46 120 (d) (5), Idaho Code, specifying facts on which a filed document is de-  
 47 pendent if those facts are not included in the articles of incorporation  
 48 or otherwise available as specified in section 30-29-120 (d) (5), Idaho  
 49 Code;

1       (3) Its bylaws currently in effect;

2       (4) All written communications within the past three (3) years to  
3       shareholders generally;

4       (5) Minutes of all meetings of, and records of all actions taken without  
5       a meeting by, its shareholders, its board of directors, and board com-  
6       mittees established under section 30-29-825, Idaho Code;

7       (6) A list of the names and business addresses of its current directors  
8       and officers; and

9       (7) Its most recent annual report delivered to the secretary of state  
10       pursuant to section 30-21-213, Idaho Code.

11       (b) A corporation shall maintain all annual financial statements  
12       prepared for the corporation for its last three (3) fiscal years, or such  
13       shorter period of existence, and any audit or other reports with respect to  
14       such financial statements.

15       (2c) A corporation shall maintain appropriate accounting records in a  
16       form that permits preparation of its financial statements.

17       (3d) A corporation or its agent shall maintain a record of its current  
18       shareholders, in a form that permits preparation of a list of the names  
19       and addresses of all shareholders, in alphabetical order by class or se-  
20       ries of shares showing the number and class or series of shares held by  
21       each shareholder. Nothing contained in this subsection shall require the  
22       corporation to include in such record the electronic mail address or other  
23       electronic contact information of a shareholder.

24       (4e) A corporation shall maintain its the records specified in this  
25       section in written form or in another form capable of conversion into writ-  
26       ten form a manner so that they may be made available for inspection within a  
27       reasonable time.

28       (5) A corporation shall keep a copy of the following records at its  
29       principal office:

30       (a) Its articles or restated articles of incorporation, all amendments  
31       to them currently in effect, and any notices to shareholders referred  
32       to in section 30-29-120(2)(e), Idaho Code, regarding facts on which a  
33       filed document is dependent;

34       (b) Its bylaws or restated bylaws and all amendments to them currently  
35       in effect;

36       (c) Resolutions adopted by its board of directors creating one (1) or  
37       more classes or series of shares, and fixing their relative rights,  
38       preferences, and limitations, if shares issued pursuant to those reso-  
39       lutions are outstanding;

40       (d) The minutes of all shareholders' meetings, and records of all ac-  
41       tion taken by shareholders without a meeting, for the past three (3)  
42       years;

43       (e) All written communications to shareholders generally within the  
44       past three (3) years, including the financial statements furnished for  
45       the past three (3) years under section 30-29-1620, Idaho Code;

46       (f) A list of the names and business addresses of its current directors  
47       and officers; and

48       (g) Its most recent annual report delivered to the secretary of state  
49       under section 30-21-213, Idaho Code.

1 SECTION 160. That Section 30-29-1602, Idaho Code, be, and the same is  
2 hereby amended to read as follows:

3 30-29-1602. INSPECTION RIGHTS OF ~~RECORDS BY~~ SHAREHOLDERS. ~~(1a)~~ A  
4 shareholder of a corporation is entitled to inspect and copy, during regular  
5 business hours at the corporation's principal office, any of the records of  
6 the corporation described in section 30-29-1601 ~~(5a)~~, Idaho Code, excluding  
7 minutes of meetings of, and records of actions taken without a meeting by,  
8 the corporation's board of directors and board committees established under  
9 section 30-29-825, Idaho Code, if he the shareholder gives the corporation  
10 a signed written notice of his the shareholder's demand at least five (5)  
11 business days before the date on which he the shareholder wishes to inspect  
12 and copy.

13 ~~(2b)~~ A shareholder of a corporation is entitled to inspect and copy,  
14 during regular business hours at a reasonable location specified by the cor-  
15 poration, any of the following records of the corporation if the shareholder  
16 meets the requirements of subsection ~~(3c)~~ of this section and gives the cor-  
17 poration a signed written notice of his the shareholder's demand at least  
18 five (5) days before the date on which he the shareholder wishes to inspect  
19 and copy:

20 (1) The financial statements of the corporation maintained in accor-  
21 dance with section 30-29-1601(b), Idaho Code;

22 (2) Accounting records of the corporation;

23 ~~(a3)~~ Excerpts from minutes of any meeting of, or records of any ac-  
24 tions taken without a meeting by the corporation's board of directors,  
25 records of any action of a committee of the board of directors while  
26 acting in place of the board of directors on behalf of the corporation,  
27 minutes of any meeting of the shareholders, and records of action taken  
28 by the shareholders or board of directors without a meeting, to the ex-  
29 tent not subject to inspection under and board committees maintained in  
30 accordance with section 30-29-1602~~1~~(1a), Idaho Code; and

31 ~~(b)~~ Accounting records of the corporation; and

32 ~~(e4)~~ The record of shareholders maintained in accordance with section  
33 30-29-1601(d), Idaho Code.

34 ~~(3c)~~ A shareholder may inspect and copy the records described in sub-  
35 section ~~(2b)~~ of this section only if:

36 ~~(a)~~ He has been a holder of record of shares or of voting trust cer-  
37 tificates for at least six (6) months immediately preceding his demand  
38 or shall be the holder of record of, or the holder of record of voting  
39 trust certificates for, at least five percent (5%) of all the outstand-  
40 ing shares of the corporation;

41 ~~(b1)~~ His The shareholder's demand is made in good faith and for a proper  
42 purpose;

43 ~~(e2)~~ He The shareholder's demand describes with reasonable particular-  
44 ity his the shareholder's purpose and the records he the shareholder de-  
45 sires to inspect; and

46 ~~(d3)~~ The records are directly connected with his the shareholder's pur-  
47 pose.

1        (d) The corporation may impose reasonable restrictions on the confi-  
 2 dentality, use, or distribution of records described in subsection (b) of  
 3 this section.

4        (e) For any meeting of shareholders for which the record date for de-  
 5 termining shareholders entitled to vote at the meeting is different than the  
 6 record date for notice of the meeting, any person who becomes a shareholder  
 7 subsequent to the record date for notice of the meeting and is entitled to  
 8 vote at the meeting is entitled to obtain from the corporation upon request  
 9 the notice and any other information provided by the corporation to share-  
 10 holders in connection with the meeting, unless the corporation has made such  
 11 information generally available to shareholders by posting it on its website  
 12 or by other generally recognized means. Failure of a corporation to provide  
 13 such information does not affect the validity of action taken at the meeting.

14        (4f) The right of inspection granted by this section may not be abol-  
 15 ished or limited by a corporation's articles of incorporation or bylaws.

16        (5g) This section does not affect:

17        (a1) The right of a shareholder to inspect records under section 30-29-  
 18 720, Idaho Code, or, if the shareholder is in litigation with the corpo-  
 19 ration, to the same extent as any other litigant; or

20        (b2) The power of a court, independently of this chapter, to com-  
 21 pel the production of corporate records for examination and to impose  
 22 reasonable restrictions as provided in section 30-29-1604(c), Idaho  
 23 Code, provided that, in the case of production of records described  
 24 in subsection (b) of this section at the request of a shareholder, the  
 25 shareholder has met the requirements of subsection (c) of this section.

26        (6h) For purposes of this section, "shareholder" includes means  
 27 a record shareholder, a beneficial owner whose shares are held in a  
 28 shareholder, and an unrestricted voting trust or by a nominee on his behalf  
 29 beneficial owner.

30        SECTION 161. That Section 30-29-1603, Idaho Code, be, and the same is  
 31 hereby amended to read as follows:

32        30-29-1603. SCOPE OF INSPECTION RIGHT. (1a) A shareholder's may ap-  
 33 point an agent or attorney has to exercise the same shareholder's inspection  
 34 and copying rights as the shareholder represented under section 30-29-1602,  
 35 Idaho Code.

36        (2b) The corporation may, if reasonable, satisfy the right of a share-  
 37 holder to copy records under section 30-29-1602, Idaho Code, includes, if  
 38 reasonable, by furnishing to the right to receive shareholder copies by  
 39 xerographic photocopy or other means chosen by the corporation, including  
 40 furnishing copies through an electronic transmission if available and so  
 41 requested by the shareholder.

42        (3c) The corporation may comply at its expense with a share-  
 43 holder's demand to inspect the record of shareholders under section  
 44 30-29-1602(2b)(e4), Idaho Code, by providing the shareholder with a list of  
 45 shareholders that was compiled no earlier than the date of the shareholder's  
 46 demand.

47        (4d) The corporation may impose a reasonable charge, covering to cover  
 48 the costs of labor and material, for providing copies of any documents  
 49 provided to the shareholder that may be based on an estimate of such costs.

1 ~~The charge may not exceed the estimated cost of production, reproduction or~~  
 2 ~~transmission of the records.~~

3 SECTION 162. That Section 30-29-1604, Idaho Code, be, and the same is  
 4 hereby amended to read as follows:

5 30-29-1604. COURT-ORDERED INSPECTION. (1a) If a corporation does not  
 6 allow a shareholder who complies with section 30-29-1602(1a), Idaho Code, to  
 7 inspect and copy any records required by that subsection to be available for  
 8 inspection, the Idaho district court of the county where the corporation's  
 9 principal office is located or, if none in this state, Ada county, may sum-  
 10 marily order inspection and copying of the records demanded at the corpora-  
 11 tion's expense upon application of the shareholder.

12 (2b) If a corporation does not within a reasonable time allow a share-  
 13 holder who complies with section 30-29-1602(b), Idaho Code, to inspect and  
 14 ~~copy any other record~~ the records required by that section, the shareholder  
 15 who complies with section 30-29-1602(2c) ~~and (3),~~ Idaho Code, may apply to  
 16 the Idaho district court of the county where the corporation's principal of-  
 17 fice is located or, if none in this state, Ada county, for an order to permit  
 18 inspection and copying of the records demanded. The court shall dispose of  
 19 an application under this subsection on an expedited basis.

20 (3c) ~~If the court orders inspection and copying of the records de-~~  
 21 ~~manded,~~ under section 30-29-1602(b), Idaho Code, it may impose reasonable  
 22 restrictions on their confidentiality, use, or distribution by the de-  
 23 manding shareholder, and it shall also order the corporation to pay the  
 24 shareholder's costs, including reasonable counsel fees, expenses incurred  
 25 to obtain the order unless the corporation ~~proves~~ establishes that it re-  
 26 fused inspection in good faith because ~~it~~ the corporation had:

27 (1) ~~a~~ A reasonable basis for doubt about the right of the shareholder to  
 28 inspect the records demanded; or

29 (2) Required reasonable restrictions on the confidentiality, use, or  
 30 distribution of the records demanded to which the demanding shareholder  
 31 had been unwilling to agree.

32 ~~(4) If the court orders inspection and copying of the records demanded,~~  
 33 ~~it may impose reasonable restrictions on the use or distribution of the~~  
 34 ~~records by the demanding shareholder.~~

35 SECTION 163. That Section 30-29-1605, Idaho Code, be, and the same is  
 36 hereby amended to read as follows:

37 30-29-1605. INSPECTION RIGHTS OF RECORDS BY DIRECTORS. (1a) A direc-  
 38 tor of a corporation is entitled to inspect and copy the books, records and  
 39 documents of the corporation at any reasonable time to the extent reasonably  
 40 related to the performance of the director's duties as a director, including  
 41 duties as a member of a board committee, but not for any other purpose or in  
 42 any manner that would violate any duty to the corporation.

43 (2b) The district court of the county where the corporation's principal  
 44 office is located, or if none in this state, Ada county, may order inspection  
 45 and copying of the books, records and documents at the corporation's expense  
 46 upon application of a director who has been refused such inspection rights  
 47 unless the corporation establishes that the director is not entitled to such

1 inspection rights. The court shall dispose of an application under this sub-  
2 section on an expedited basis.

3 (3c) If an order is issued, the court may include provisions protecting  
4 the corporation from undue burden or expense, and prohibiting the director  
5 from using information obtained upon exercise of the inspection rights in a  
6 manner that would violate a duty to the corporation, and may also order the  
7 corporation to reimburse the director for the director's ~~costs, including~~  
8 ~~reasonable counsel fees,~~ expenses incurred in connection with the applica-  
9 tion.

10 SECTION 164. That Section [30-29-1606](#), Idaho Code, be, and the same is  
11 hereby repealed.

12 SECTION 165. That Section [30-29-1620](#), Idaho Code, be, and the same is  
13 hereby repealed.

14 SECTION 166. That Section [30-29-1621](#), Idaho Code, be, and the same is  
15 hereby repealed.

16 SECTION 167. That Chapter 29, Title 30, Idaho Code, be, and the same is  
17 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
18 ignated as Section 30-29-1620, Idaho Code, and to read as follows:

19 30-29-1620. FINANCIAL STATEMENTS FOR SHAREHOLDERS. (a) Upon the writ-  
20 ten request of a shareholder, a corporation shall deliver or make available  
21 to such requesting shareholder by posting on its website, or by other gener-  
22 ally recognized means, annual financial statements for the most recent fis-  
23 cal year of the corporation for which annual financial statements have been  
24 prepared for the corporation. If financial statements have been prepared  
25 for the corporation on the basis of generally accepted accounting princi-  
26 ples for such specified period, the corporation shall deliver or make avail-  
27 able such financial statements to the requesting shareholder. If the an-  
28 nual financial statements to be delivered or made available to the request-  
29 ing shareholder are audited or otherwise reported upon by a public accoun-  
30 tant, the report shall also be delivered or made available to the requesting  
31 shareholder.

32 (b) A corporation shall deliver, or make available and provide written  
33 notice of availability of, the financial statements required under subsec-  
34 tion (a) of this section to the requesting shareholder within five (5) busi-  
35 ness days of delivery of such written request to the corporation.

36 (c) A corporation may fulfill its responsibilities under this section  
37 by delivering the specified financial statements, or otherwise making them  
38 available, in any manner permitted by the applicable rules and regulations  
39 of the United States securities and exchange commission.

40 (d) Notwithstanding the provisions of subsections (a), (b), and (c) of  
41 this section:

42 (1) As a condition to delivering, or making available, financial state-  
43 ments to a requesting shareholder, the corporation may require the re-  
44 questing shareholder to agree to reasonable restrictions on the confi-  
45 dentiality, use, and distribution of such financial statements; and

1 (2) The corporation may, if it reasonably determines that the share-  
2 holder's request is not made in good faith or for a proper purpose,  
3 decline to deliver or make available such financial statements to that  
4 shareholder.

5 (e) If a corporation does not respond to a shareholder's request for an-  
6 nual financial statements pursuant to this section in accordance with sub-  
7 section (b) of this section within five (5) business days of delivery of such  
8 request to the corporation:

9 (1) The requesting shareholder may apply to the Idaho district court of  
10 the county where the corporation's principal office is located or, if  
11 none in this state, Ada county, for an order requiring delivery of or ac-  
12 cess to the requested financial statements. The court shall dispose of  
13 an application under this subsection on an expedited basis.

14 (2) If the court orders delivery or access to the requested financial  
15 statements, it may impose reasonable restrictions on their confiden-  
16 tiality, use, or distribution.

17 (3) In such proceeding, if the corporation has declined to deliver or  
18 make available such financial statements because the shareholder had  
19 been unwilling to agree to restrictions proposed by the corporation on  
20 the confidentiality, use, and distribution of such financial state-  
21 ments, the corporation shall have the burden of demonstrating that the  
22 restrictions proposed by the corporation were reasonable.

23 (4) In such proceeding, if the corporation has declined to deliver or  
24 make available such financial statements pursuant to subsection (d) (2)  
25 of this section, the corporation shall have the burden of demonstrating  
26 that it had reasonably determined that the shareholder's request was  
27 not made in good faith or for a proper purpose.

28 (5) If the court orders delivery or access to the requested financial  
29 statements, it shall order the corporation to pay the shareholder's  
30 expenses incurred to obtain such order unless the corporation estab-  
31 lishes that it had refused delivery or access to the requested financial  
32 statements because the shareholder had refused to agree to reasonable  
33 restrictions on the confidentiality, use, or distribution of the fi-  
34 nancial statements or that the corporation had reasonably determined  
35 that the shareholder's request was not made in good faith or for a proper  
36 purpose.

37 SECTION 168. That Section 30-29-1701, Idaho Code, be, and the same is  
38 hereby amended to read as follows:

39 30-29-1701. APPLICATION OF ~~CHAPTER~~ TO EXISTING DOMESTIC CORPORA-  
40 TIONS. This chapter applies to all domestic corporations in existence on ~~the~~  
41 its effective date of ~~this chapter~~ that were incorporated under any general  
42 statute of this state providing for incorporation of corporations for profit  
43 if power to amend or repeal the statute under which the corporation was in-  
44 corporated was reserved.

45 SECTION 169. That Section 30-29-1702, Idaho Code, be, and the same is  
46 hereby amended to read as follows:

1           30-29-1702. APPLICATION TO QUALIFIED EXISTING FOREIGN CORPORA-  
 2 TIONS. A foreign corporation registered or authorized to transact do  
 3 business in this state on the effective date of this chapter is subject to  
 4 this chapter, but is deemed to be registered to do business in this state,  
 5 and is not required to obtain file a new certificate of authority to transact  
 6 business foreign registration statement under this chapter.

7           SECTION 170. That Section 30-29-1703, Idaho Code, be, and the same is  
 8 hereby amended to read as follows:

9           30-29-1703. SAVING PROVISIONS. ~~(1a) Except as provided in subsection~~  
 10 ~~(2) of this section, the repeal of a statute by to procedural provisions,~~  
 11 this chapter does not affect: a pending action, proceeding, or a right ac-  
 12 crued before the effective date of this chapter, and a pending civil action  
 13 or proceeding may be completed, and a right accrued may be enforced, as if  
 14 this chapter had not become effective.

15           ~~(a) The operation of the statute or any action taken under it before its~~  
 16 ~~repeal;~~

17           ~~(b) Any ratification, right, remedy, privilege, obligation or liabil-~~  
 18 ~~ity acquired, accrued, or incurred under the statute before its repeal;~~

19           ~~(c) Any violation of the statute, or any penalty, forfeiture or punish-~~  
 20 ~~ment incurred because of the violation, before its repeal; or~~

21           ~~(d) Any proceeding, reorganization or dissolution commenced under the~~  
 22 ~~statute before its repeal, and the proceeding, reorganization or disso-~~  
 23 ~~lution may be completed in accordance with the statute as if it had not~~  
 24 ~~been repealed.~~

25           (2b) If a penalty or punishment ~~imposed~~ for violation of a statute  
 26 ~~repealed by this chapter or rule~~ is reduced by this chapter, the penalty ~~or~~  
 27 ~~punishment,~~ if not already imposed, shall be imposed in accordance with this  
 28 chapter.

29           SECTION 171. That Section 30-29-1704, Idaho Code, be, and the same is  
 30 hereby amended to read as follows:

31           30-29-1704. SEVERABILITY. If any provision of this chapter or its ap-  
 32 plication to any person or circumstance is held invalid by a court of compe-  
 33 tent jurisdiction, the invalidity does not affect other provisions or appli-  
 34 cations of ~~the~~ this chapter that can be given effect without the invalid pro-  
 35 vision or application, and to this end the provisions of the chapter are sev-  
 36 erable.

37           SECTION 172. That Section 30-2006, Idaho Code, be, and the same is  
 38 hereby amended to read as follows:

39           30-2006. CORPORATE PURPOSES. (1) A benefit corporation shall have a  
 40 purpose of creating general public benefit. This purpose is in addition to  
 41 its purpose under section 30-29-301, Idaho Code.

42           (2) The articles of incorporation of a benefit corporation may identify  
 43 one (1) or more specific public benefits that it is the purpose of the benefit  
 44 corporation to create in addition to its purposes under section 30-29-301,  
 45 Idaho Code, and subsection (1) of this section. The identification of a spe-

1 cific public benefit under this subsection does not limit the purpose of a  
2 benefit corporation to create general public benefit under subsection (1) of  
3 this subsection.

4 (3) The creation of general public benefit and specific public benefits  
5 under subsections (1) and (2) of this section is in the best interests of the  
6 benefit corporation.

7 (4) A benefit corporation may amend its articles of incorporation to  
8 add, amend or delete the identification of a specific public benefit that it  
9 is the purpose of the benefit corporation to create. In order to be effec-  
10 tive, the amendment must be adopted by at least the minimum status vote.

11 (5) A professional corporation that is a benefit corporation does not  
12 violate section 30-29-1303(2**b**), Idaho Code, by having the purpose to create  
13 general public benefit or a specific public benefit.