

*Open*

# VOTE SHEET

BILL AB 60

SUBSTITUTE AMENDMENT \_\_\_\_\_

Authored by *Rude*  
Seconded by *Fitzgerald*

SENATE AMENDMENT \_\_\_\_\_

Authored by  
Seconded by

MOTION concurrance on AB 60

	YES	NO
SENATOR ERPENBACH	X	
SENATOR FITZGERALD	X	
SENATOR JAUCH	X	
SENATOR PLACHE	X	
SENATOR RUDE	X	

Roll Call

*Hearing*

*3-16-99*

*left open*

	<u>Present</u>	<u>Absent</u>
Sen Erpenbach	X	
Sen Fitzgerald	X	
Sen Jauch	X	
Sen Plache	X	
Sen Rude	X	

Executive Session  
Open

Roll Call

	<u>Present</u>	<u>Absent</u>
Sen Erpenbach	X	
Sen Fitzgerald	X	
Sen Jauch	X	
Sen Plache	X	
Sen Rude	X	

**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99

BILL NO. AB60

OF  
SUBJECT Electronic

Proxy

(NAME) Scott Jensen

(Street Address or Route Number)

(City and Zip Code)

Assembly District 32  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:  
but not speaking:

Registering Against:  
but not speaking:

Speaking for information  
only; Neither for nor against:

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State Capitol - B35 South  
P.O.Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99

BILL NO. AB60

OF  
SUBJECT

(NAME) Jim Huff

(Street Address or Route Number)

Dept of Financial Inst.  
(City and Zip Code)

Deputy Secretary  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:  
but not speaking:

Registering Against:  
but not speaking:

Speaking for information  
only; Neither for nor against:

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**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99

BILL NO. AB-60

OF  
SUBJECT Proxy Voting

(NAME) TED JANKOWSKI

(Street Address or Route Number)  
5757 N. GREEN BAY AVE

(City and Zip Code)  
MILWAUKEE WI 53209

JOHNSON CONTROLS, INC  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:  
but not speaking:

Registering Against:  
but not speaking:

Speaking for information  
only; Neither for nor against:

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**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99

BILL NO. AB 40  
OF

SUBJECT \_\_\_\_\_

(NAME) Rep. Jeff Pyle

(Street Address or Route Number) 107-N

(City and Zip Code) Capz. WI

(Representing) \_\_\_\_\_

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South  
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(Please Print Plainly)

DATE: 3-16-99

BILL NO. AB 60  
OF

SUBJECT Electronic

Proxy Voting

(NAME) Jodi Jensen

(Street Address or Route Number) P.O. Box 192

(City and Zip Code) Madison, WI 53701-0192

(Representing) Alliant Energy

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

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(Please Print Plainly)

DATE: 3/16/99

BILL NO. AB 60  
OF

SUBJECT \_\_\_\_\_

(NAME) James E. Hough

(Street Address or Route Number) 10 East Doty St., Suite 500

(City and Zip Code) Madison, WI 53703

(Representing) Wis. Economic Development Assoc.

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

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(Please Print Plainly)

DATE: March 16, 1999  
BILL NO. AB 60  
OF  
SUBJECT \_\_\_\_\_

Jean Hansen  
(NAME)  
501 E. Washington Ave  
(Street Address or Route Number)  
Madison, WI 53711  
(City and Zip Code)  
WMC  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99  
BILL NO. AB 60  
OF  
SUBJECT Republican Voting

Nick George  
(NAME)  
44 E. Millis St. Suite 202  
(Street Address or Route Number)  
MADISON, WI 53703  
(City and Zip Code)  
WI UTILITIES ASSOCIATION  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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**SENATE HEARING SLIP**  
(Please Print Plainly)

DATE: 3/16/99  
BILL NO. \_\_\_\_\_  
OF  
SUBJECT AB 60

Proxy Voting  
Jenny Boese  
(NAME)  
402 W. Wilson  
(Street Address or Route Number)  
Madison 53719  
(City and Zip Code)  
Business Law Section of the State  
(Representing) BAR of WI

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: MAR. 16  
BILL NO. AB 60  
OF  
SUBJECT \_\_\_\_\_

BILL REID  
(NAME)  
756 N. MILWAUKEE ST.  
(Street Address or Route Number)  
~~WISCONSIN~~ MILW.  
(City and Zip Code)  
MMAC  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:  
but not speaking:   
Registering Against:  
but not speaking:   
Speaking for information  
only; Neither for nor against:

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P.O. Box 7882  
Madison, WI 53707-7882

AB 60

- Speaker Jensen inferior
- Jim Huff, DFI
- Ted Jankowski  
Johnson Controls

AB 60  
Rep Plate

**Remarks of Ted Jankowski to  
Senate Privacy, Electronic Commerce & Financial  
Institutions Committee  
Regarding AB 60  
March 16, 1999**

Johnson Controls:

- a Wisconsin corporation
- publicly traded stock company (NYSE)
- largest Wisconsin corporation in terms of sales (\$12.5 billion in Fiscal 1998)
- almost 63000 shareholders

Why are proxies needed:

- certain essential business of the corporation requires approval by shareholder vote. Example: Election of Board of Directors, Appointment of Auditors
- a quorum of shareholder votes is required to conduct certain types of Company business
- not everyone can appear at shareholder meetings
- as a result, Johnson Controls must solicit proxies in order to perform essential corporate business

Solicitation of proxies by companies:

- law governing our solicitation of proxies is Federal
- content of the form of proxy and requirement that shareholder for ordinary business of the corporation (directors, auditors) receive form of proxy, proxy statement and annual report are regulated
- methods of delivery of materials required for solicitation are regulated. Delivery is allowed by mail and by other electronic methods consented to by shareholder.

Appointment of proxy by the shareholder:

- is governed by state law
- a shareholder currently can appoint a proxy in writing by signing an appointment form. Section 180.0722(2).
- proposed AB 60 would allow appointment of proxy at shareholder's option through writing, or electronically through methods such as Internet, telephone, telegram, etc. that allow a reasonable basis for determining that the shareholder made the appointment

Current practice in states that allow electronic appointments:

- companies typically solicit appointments via a form of proxy which allows the shareholder the option of a written appointment (via return mail) or various electronic appointment options such as Internet or telephone through use of a user ID and password

Johnson Controls considerations:

- inability to offer the convenient appointment methods that other companies do. A number of our shareholders own other companies that allow electronic transmission of proxies. Approximately 20 states have legislation allowing electronic transmission of proxy appointments among them, Delaware, Minnesota and Michigan.
- shareholder convenience. In the Fall of 1996, Johnson conducted a survey of its shareholders. Twenty three percent of those responding at the time said they had accessed the Johnson Controls website and the average access was six times.
- what conveniences other companies are offering their shareholders. Telephone survey of companies on December 1, 1998 showed that 134 out of 219 companies intended to offer telephone voting this proxy season. Two years ago, only 17 offered that method of voting. That same survey showed that 95 out of 207 companies intended to offer Internet voting.

ADP survey for 1997 and 1998:

- ADP receives voting instructions from a number of institutions who have contracted with ADP. Those voting instructions are received both in writing and electronically
- Between 1997 and 1998, for all methods of electronic voting provided by ADP, there was a 270% increase in the number of electronic returns made. In 1997, there were 1,279,666 electronic returns made. In 1998, 4,738,953 electronic returns were made.
- Of the electronic returns made, two types of voting stand out. Telephonic voting showed a 1264% increase from 182,029 returns in 1997 to 2,482,479 returns in 1998. Internet voting, which was not offered in 1997, had 622,258 returns in 1998.

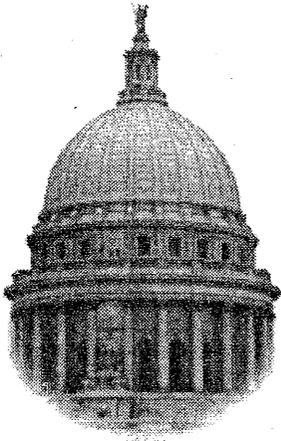
Reasons for allowing shareholders the option of electronic appointments:

- Shareholder democracy
- Shareholder convenience

This distribution has been  
authorized by

MEMO

\_\_\_\_\_  
Signature



**Jeff Plale**

State Representative  
21st Assembly District

DATE: February 17, 1999  
TO: Assembly Colleagues  
FROM: State Representative Jeff Plale  
RE: Assembly Bill 60

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I hope you will join me in supporting Assembly Bill 60, which is on today's calendar.

Assembly Bill 60 amends Wisconsin's corporation statutes (Chapter 180) to allow shareholders the option of using the telephone and the Internet to authorize their votes on matters affecting a company incorporated in Wisconsin. Shareholders would continue to have the choice of voting by mail.

For an increasing portion of state residents, using the phone or the Internet to authorize proxy voting would be quicker, easier, and more convenient than voting by mail. Strict security measures are implemented in every step of the electronic proxy voting process to protect privacy and ensure accuracy. This modest change simply clarifies current Wisconsin law to reflect advances in technology.

23 states, including Minnesota and Michigan, have already updated their statutes to authorize electronic proxy voting. The results have been very positive. Many Wisconsin residents already use the phone or Internet to vote their shares in firms incorporated in other states. Shareholders appreciate these enhanced options for proxy voting.

In short, Assembly Bill 60 will result in lower administrative costs for Wisconsin corporations, increased convenience for shareholders, and greater participation in the corporate voting process.

There is no known opposition to Assembly Bill 60. It has the support of the State Bar Business Law Section and passed the Assembly Committee on Financial Institutions 14 - 0.

Thank you for your consideration of this bill. Please ask me if you have any questions or concerns.

**OFFICE**

State Capitol

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# STATE BAR OF WISCONSIN

402 W. Wilson Street  
P.O. Box 7158  
Madison, WI 53707-7158

## MEMORANDUM

**To:** Members of the Senate Committee on Privacy, Electronic  
Commerce and Financial Institutions

**From:** Business Law Section  
*State Bar of Wisconsin*

**Date:** March 16, 1999

**Re:** Support for Assembly Bill 60 – Electronic Proxy Voting

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### Assembly Bill 60 – Electronic Proxy Voting

Under Wisconsin Business Corporation Law, based on the Revised Model Business Corporation Act (RMBCA), a proxy appointment form must be “signed” by the shareholder of record in order for that shareholder to vote their shares. Current law is unclear as to whether *electronically* transmitted proxy appointment forms meet the requirement of “signed” as prescribed by law. [See current Sec. 180.0722(2)]. AB 60 clarifies the discrepancy.

In essence, AB 60 provides another means – use of Internet, touch-tone phone or cable/telegram – for shareholders to vote on corporate matters. Use of security measures during each step of the electronic proxy voting process protects privacy and maintains the accuracy of the proxy votes.

To date, at least twenty-two other states have legislation to permit electronic proxy voting, including our neighbors Michigan and Minnesota.

### 3 Reasons to Support AB 60

- ✓ **Increases Shareholder Involvement**  
Electronic proxy voting encourages individual shareholder involvement in corporate matters by allowing individuals to utilize technological advancements to vote their shares. The choice of appointment method is still up to the shareholder (i.e.: mail vs. electronic means), not the corporation. **Individual involvement in the decision making of the corporation will provide more representation of worker and consumer interests. Wisconsin law should encourage that involvement, not inhibit it.**



✓ **Establishes Greater Consistency**

The laws of the state of incorporation determine use of electronic proxy voting. Corporations such as Oracle, Lucent Technologies, Hewlett-Packard, Chevron and Ameritech are just a few businesses to initiate use of the electronic proxy voting. Ironically, Wisconsin shareholders *can* vote their shares in these corporations via electronic means but are *prohibited* from voting in the same manner for any shares they hold in a domestic corporation (i.e.: incorporated under the laws of Wisconsin).

Additionally, institutional shareholders are already utilizing electronic proxy voting. Individual shareholders are not currently permitted that same method of proxy voting. **AB 60 provides greater consistency on both these fronts by permitting the individual shareholder to electronically vote their proxy.**

✓ **Encourages Economic Vitality**

Maintaining current law can make Wisconsin a more expensive state for businesses to incorporate and/or remain in.

Case in Point: Charges for a proxy returned by mail costs 36 cents. Charges for a proxy via a touch-tone phone system costs 18 cents. Charges for a proxy via the Internet costs 3 cents. (Figures from ADP Investor Communications Services, a proxy solicitation firm.)

**It will encourage Wisconsin business to stay in or relocate to Wisconsin which, in turn, affects the number of jobs/opportunities available to Wisconsin citizens.**

## **Conclusion**

Amending Wisconsin Business Corporation Law to permit the use of electronic proxy voting is logical and beneficial for Wisconsin.

It will encourage *businesses* to remain in Wisconsin or consider relocating here, keep Wisconsin business competitive with out of state corporations and allow them to better serve shareholders and individual citizens of Wisconsin. At the same time, it will encourage *individuals* to become more involved in the companies they own shares in, provide an efficient and effective method for that involvement, and it will contribute to the overall economic health of the state. **The Business Law Section encourages your support of Assembly Bill 60.**

*For additional information, contact Jenny Boese at the State Bar of Wisconsin at 608-250-6045 or 'jboese@wisbar.org'.*

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Institutions Committee  
Regarding AB 60  
March 16, 1999**

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