JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

April 21, 2004

TO THE HONORABLE MEMBERS OF THE SENATE:

I am vetoing Senate Bill 218. The bill makes numerous changes to the laws governing business corporations, limited partnerships, nonstock corporations and limited liability companies that include:

- Permitting a board of directors to decrease the number of shares of a class or series of stock, to eliminate the class or series, or to increase the number of shares of the class or series;
- Permitting a corporation's articles of incorporation or bylaws to specify the manner in which shareholder meetings will be conducted;
- Eliminating restrictions on certain committee actions including the authorization of distributions, filling board of director or committee vacancies, and amending articles of incorporation without shareholder action;
- Providing that a parent corporation may merge with or into one of its indirect wholly owned subsidiaries without approval of the shareholders under certain conditions;
- Changing certain practices relating to mergers, share exchanges and business combinations including filing requirements relating to articles of merger or share exchange, the determination of valuation dates and stock acquisition dates, and specification of voting power of any person owning greater than 20 percent of a corporation's stock;
- Generally permitting a board of directors to transfer any or all of its assets to one or more entities owned by the corporation;
- Allowing the abbreviation of the words "limited partnership"; and
- Deleting the requirement that, in the event of merger or conversion, title to real estate be transferred to the surviving entity by deed, which must be recorded in the appropriate office of the register of deeds.

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I support improving the ability of boards of directors and their committees to act in today's rapidly changing economy. I also support streamlining and updating regulations governing shareholder notices, meetings, and articles of merger.

I am, however, vetoing this bill because it deletes the requirement to promptly record an instrument of conveyance with the appropriate register of deeds for certain mergers and conversions. This would make it more difficult for lien holders and other parties to identify actual owners of real estate. By deleting the recording requirement, the most recent information that is necessary for local-taxing authorities to calculate assessed values would be limited. This could create problems with the local assessment process and potentially distort the fair market value of real estate. It is important that lien holders, local assessors, and potential real estate purchasers have the tools that they need to determine real estate ownership and calculate assessment values.

Respectfully submitted,

Jim Doyle

JIM DOYLE
Governor

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