

1 HB359
2 136223-2
3 By Representative DeMarco
4 RFD: Constitution, Campaigns and Elections
5 First Read: 16-FEB-12

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8 SYNOPSIS: Under existing law, foreign entities
9 (non-Alabama entities) are required to register
10 with the Secretary of State to transact business in
11 this state prior to maintaining any proceeding in
12 any court in this state. Existing law purports to
13 void contracts and agreements made or entered into
14 in this state by a foreign corporation prior to
15 registration. For other foreign entities, such as
16 limited liability companies and limited
17 partnerships, the failure to register does not
18 impair the validity of its contracts or actions.

19 This bill would provide foreign corporations
20 with the same obligations, rights, and consequences
21 as other foreign entities related to transacting
22 business without registering.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 Relating to the consequences of a foreign
2 corporation transacting business without registering with the
3 Secretary of State; to amend Section 10A-1-7.21, Code of
4 Alabama 1975; and to repeal Sections 10A-2-15.01 and
5 10A-2-15.02, Code of Alabama 1975.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 10A-1-7.21, Code of Alabama 1975,
8 is amended to read as follows:

9 "§10A-1-7.21.

10 "(a) A foreign entity transacting business in this
11 state, except a corporation or other organization formed under
12 federal law, may not maintain any action, suit, or proceeding
13 in any court of this state until it has registered in this
14 state.

15 "(b) ~~Except as otherwise provided as to a specific~~
16 ~~entity in the chapter governing that form of entity, the~~ The
17 failure of a foreign entity to register in this state does not
18 impair the validity of any contract or act of the foreign
19 entity or prevent: ~~The~~ the foreign entity from defending any
20 action, suit, or proceeding in any court of this state.

21 "(c) A foreign entity, by transacting business in
22 this state without registration, shall be deemed to consent to
23 service of process with respect to causes of action arising
24 out of business transacted in this state, or to service of any
25 notice or demand required or permitted by law, by registered
26 mail addressed to the foreign entity at the office required to
27 be maintained in the state or other jurisdiction where it is

1 organized, or, if not so required, at the principal office of
2 the entity, or by serving the entity by any method permitted
3 under Sections 10A-1-5.35 and 10A-1-5.36.

4 "(d) The liability of an owner or owners of a
5 foreign entity is governed by the laws of the state or other
6 jurisdictions where it is organized, and any limitations on
7 that liability are not waived solely by reason of having
8 transacted business in Alabama without registration.

9 "(e) This division applies to a foreign entity
10 transacting business in this state without registering with
11 the Secretary of State."

12 Section 2. Sections 10A-2-15.01 and 10A-2-15.02,
13 Code of Alabama 1975, are repealed.

14 Section 3. This act shall become effective
15 immediately following its passage and approval by the
16 Governor, or its otherwise becoming law.