

House Bill 1658

By: Representative Lim of the 99th

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 1 of Article 8 of Chapter 2 of Title 14 of the Official Code of Georgia
2 Annotated, relating to board of directors of business corporations, so as to change certain
3 provisions relating to the number of directors and how they are elected; to provide that
4 articles of incorporation or bylaws provide for a certain number of directors to be determined
5 by the employees of corporation; provide for related matters; to repeal conflicting laws; and
6 for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Part 1 of Article 8 of Chapter 2 of Title 14 of the Official Code of Georgia Annotated,
10 relating to board of directors of business corporations, is amended by revising Code Section
11 14-2-803, relating to number and election of directors, as follows:

12 "14-2-803.

13 (a) A board of directors must consist of one or more individuals, with the number specified
14 in or fixed in accordance with the articles of incorporation or bylaws.

15 (b) ~~The number of directors may be increased or decreased from time to time by~~
16 ~~amendment to, or in the manner provided in, the articles of incorporation or the bylaws.~~

17 The articles of incorporation or bylaws shall authorize the corporation's employees, and
18 may authorize the shareholders or the board of directors, to fix or change the number of
19 directors or may establish a variable range for the size of the board of directors by fixing
20 a minimum and maximum number of directors. If a variable range is established, the
21 number of directors may be fixed or changed from time to time, within such minimum and
22 maximum, by the shareholders or, if the articles or bylaws so provide, by the board of
23 directors.

24 (c) In the case of a corporation having cumulative voting:

25 (1) Any amendment of the bylaws decreasing the number or minimum number of
26 directors must be adopted by the shareholders; and

27 (2) No amendment of either the articles of incorporation or the bylaws decreasing the
28 number or minimum number of directors shall be effective when the number of ~~shares~~
29 shareholders voting against the proposal for decrease would be sufficient to elect a
30 director if voted cumulatively at an annual election.

31 (d) After initial election or appointment pursuant to Code Section 14-2-205, directors are
32 elected at each annual shareholders' meeting unless their terms are staggered under Code
33 Section 14-2-806. Not less than two-fifths of the directors of a corporation shall be elected
34 by the employees of the corporation."

35 **SECTION 2.**

36 All laws and parts of laws in conflict with this Act are repealed.