



SENATE BILL 38: Small Business Owners/S Corp Fairness Act.

2021-2022 General Assembly

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	February 10, 2021
Introduced by:	Sens. Perry, Lazzara, Johnson	Prepared by:	Kristen L. Harris
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: *Senate Bill 38 would allow a nonattorney representative, who is the sole owner of the S Corporation, to legally represent the corporation in civil actions where the amount in controversy is \$25,000 or less.*

CURRENT LAW: North Carolina statutes limit the practice of law to active members of the State Bar and to professional corporations properly qualified and registered as law firms.

Under G.S. 84-4, it is "unlawful for any person or association of persons, except active members of the Bar of the State of North Carolina admitted and licensed to practice as attorneys-at-law, to appear as attorney or counselor at law in any action or proceeding before any judicial body..."

Under G.S. 84-5, it is "unlawful for any corporation to practice law or appear as an attorney for any person in any court in this State, or before any judicial body..."

BILL ANALYSIS: Senate Bill 38 would allow a nonattorney representative, who is a sole owner of an S Corporation, to represent and appear in court for the corporation if both of the following requirements are met:

- The owner files an affidavit stating his or her interest in the business is 100%; and
- The amount in controversy is \$25,000 or less.

EFFECTIVE DATE: The bill would be effective when it becomes law.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578