

PUBLICATION

For Louisiana Corporations, Change is in the Air

August 08, 2014

Louisiana is getting a brand new corporations law, but to businesses from other states, the new law might look strangely familiar. Earlier this year, Louisiana Governor Jindal signed into law Act No. 328, which will replace Louisiana's current business corporations law with a new chapter known as the "Business Corporation Act." The new act is expressly based on the Model Business Corporation Act and will take effect on January 1, 2015.

For years, the Model Business Corporation Act, as its name would suggest, has provided legislators and policymakers with a model on which to base state laws and regulations governing corporations. Prepared and updated by the American Bar Association Business Law Section, the Model Business Corporation Act has been adopted in whole or substantial part as the corporation statute of more than 30 U.S. states, and selected provisions have been adopted by many others.

Louisiana's recent decision to join those states represents a welcome development for Louisiana businesses. For better or worse, Louisiana long has been perceived as a state where the legal regime governing corporations is materially different from the regimes existing in the other 49 states. This perceived (and in some cases real) uniqueness of Louisiana's corporate law may have discouraged business owners from incorporating in Louisiana and otherwise made them wary of doing business in the state. Replacing Louisiana's old corporate law with a modernized statute based on the Model Business Corporation Act should improve the uniformity and predictability of Louisiana's corporate statute and reinforce the message the state has been sending for the last decade that Louisiana is open for business.

For more information, please contact your Baker Donelson attorney or a member of our Mergers & Acquisitions group.