

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION

CHAPTER 124  
SENATE BILL 687

AN ACT TO AMEND THE NORTH CAROLINA SHAREHOLDER PROTECTION  
ACT.

Whereas, takeovers and takeover attempts of corporations in North Carolina have been occurring with increasing frequency; and

Whereas, such activity can be highly disruptive to communities within North Carolina by causing, among other things, high unemployment and erosion of the State and local economy and tax base; and

Whereas, many of these corporations are not presently subject to the North Carolina Shareholder Protection Act since while substantially present in North Carolina they are chartered elsewhere; and

Whereas, the corporations offer employment to a large number of North Carolina citizens who pay income taxes, property and other taxes in this State; and

Whereas, these corporations pay significant amounts of income taxes to North Carolina; and

Whereas, these corporations pay substantial State and local property taxes; and

Whereas, these corporations pay substantial sales and use taxes in North Carolina;

Whereas, these corporations provide their North Carolina employees with health, retirement and other benefits; and

Whereas these corporations and their employees contribute greatly to community projects in North Carolina; and

Whereas, many unrelated businesses rely on these corporations to purchase goods and services; and

Whereas, North Carolina has a vital interest in providing to these corporations the benefits of the provisions of the North Carolina Shareholder Protection Act; Now, therefore,

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 55-75, as enacted by Chapter 88, Session Laws of 1987, is amended by adding a new subdivision to read:

"(3a) 'Corporation' means

- (1) a corporation which is organized under the laws of and doing business in this State; or

- (2) a foreign corporation (i) which has its principal place of business in this State, (ii) which at the end of each of its last two fiscal years and at the end of its most recent fiscal quarter has more than forty percent (40%) of domestic fixed assets in this State, (iii) more than ten percent (10%) of the beneficial owners of the voting stock of which are resident in this State; and (iv) of which more than forty percent (40%) of the persons employed by such corporation in the United States are resident in this State."

**Sec. 1.1.** Article 7 of Chapter 55 of the General Statutes, as added by Chapter 88, Session Laws of 1987, is amended by adding a new section to read:

"§ 55-79.1. **Conflict of laws.** – If any jurisdiction under the laws of which a foreign corporation is organized adopts any law containing provisions that are expressly inconsistent with the provisions of this Article as applicable to such foreign corporation, the provisions of this Article shall be inapplicable to such foreign corporation to the extent necessary to resolve such inconsistency."

**Sec. 2.** Article 7 of Chapter 55 of the General Statutes, as added by Chapter 88, Session Laws of 1987, is amended by adding a new section to read:

"§ 55-80. **Severability.** – If any provision or clause of this Article or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Chapter which can be given effect without the invalid provision or application, and to this end the provisions of this Chapter are declared to be severable."

**Sec. 3.** This act is effective upon ratification, but shall expire June 30, 1989.

In the General Assembly read three times and ratified this the 1st day of May, 1987.