

## State Corporation Commission 2006 Fiscal Impact Statement

**1. Bill Number** HB860

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron**        Hargrove

**3. Committee**    Passed Both Houses

**4. Title**            Business entities; post-assessment filings.

**5. Summary/Purpose:**

Business entities; post-assessment filings. Allows the State Corporation Commission to file or issue a document or certificate with respect to a domestic and foreign stock and nonstock corporation, limited liability company, business trust, or limited partnership, notwithstanding the entity's failure to pay all fees, fines, penalties, and interest due to the Commission, if the entity's obligation is the payment of an annual registration fee and the document or certificate is to be issued or filed with an effective date that is prior to the registration fee's due date. The measure also includes technical amendments.

**6. Fiscal Impact Estimates are Final.**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	\$2,800		
2006-07			

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	\$0		
2006-07	(\$40,000)		
2007-08	(\$40,000)		
2008-09	(\$40,000)		
2009-10	(\$40,000)		
2010-11	(\$40,000)		
2011-12	(\$40,000)		

**7. Budget amendment necessary:** No

**8. Fiscal implications:** Minimal. Text of the assessment notice must be modified, and an edit removed that prevents the filing of a document when an annual registration fee has been assessed. There is an estimated expenditure impact of \$2,800 for changes to the State Corporation Commission's Clerk's Office computer system. In addition, there is an estimated loss of revenue to the Clerk's Office special fund of about \$ 40,000 annually.

**9. Specific agency or political subdivisions affected:** State Corporation Commission Clerk's Office

**10. Technical amendment necessary:** No

**11. Other comments:** This bill was introduced at the request of the State Corporation Commission's Clerk's Office. For many years, corporations have been able to terminate their existence without paying the annual registration fee assessment if termination was completed prior to the due date of the fee payment. However, the Clerk's Office has received an increasing number of complaints from other types of business entities (particularly limited liability companies) that were required to pay annual registration fee assessments as a condition to canceling their existence. This bill gives limited liability companies and other types of business entities of record at the State Corporation Commission the same post-assessment filing opportunity as has been available to corporations.

**Date:** 03/7/06/JHP

cc: Secretary of Commerce and Trade