

State Corporation Commission 2010 Fiscal Impact Statement

1. **Bill Number:** HB859

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Cline

3. **Committee:** Commerce and Labor

4. **Title:** State Corporation Commission; processing business entity formation documents.

5. **Summary:** State Corporation Commission; formation of routine entities. Requires the State Corporation Commission (SCC), upon the filing of routine articles of incorporation for a stock or nonstock corporation or articles of organization for a limited liability company, both to determine whether the document complies with the requirements of law and whether all required fees have been paid and, if so, to issue the certification of incorporation, within 48 hours following their receipt.

6. **Fiscal Impact Estimates:** Fiscal Impacts Estimates are Final; see Item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010			
2011	208,595	4.5	
2012	214,627		
2013	220,351		
2014	232,951		
2015	245,551		
2016	258,251		

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010		
2011	(600,000)	
2012	(600,000)	
2013	(600,000)	
2014	(600,000)	
2015	(600,000)	
2016	(600,000)	

7. **Budget Amendment Necessary:** No

- 8. Fiscal Implications:** The Clerk's office estimates the need for four additional senior office technicians and 0.5 additional charter examiner to meet the additional demands imposed by this legislation. In addition to accommodating the compressed time frame for review of documents, based on the assumption that "48 hours" means consecutive hours, the Clerk's Office may need to be staffed six or seven days a week. The two definitions of "routine" (lines 18-23 and 34-36/ 48-51) will encompass virtually all articles of incorporation and articles of organization.

The issuance of certificates of incorporation and certificates of organization within 48 hours of receipt will have a negative impact on the expedite fees currently collected by the Clerk's Office to process certain submissions for new corporations and limited liability companies. The numbers set forth in 6b above assume a 75% loss of revenue from expedite fees for new Virginia articles of incorporation and articles of organization.

- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission's Clerk's Office.

- 10. Technical Amendment Necessary:** Suggested editorial changes:

Line 18 and 33 – substitute "certificate" for "certification"; line 21 – substitute "does" for "do"; line 47 – insert "of organization" after "articles"; line 48 - substitute "of organization" for "therefor" and "subsection" for "section. Additionally, consideration should be given to moving the language at lines 46-51 to a new subsection E in § 13.1-1011(subsection D of this section of the Limited Liability Act parallels the first paragraphs of §§ 13.1-621 and 13.1-820).

- 11. Other Comments:** This bill is identical to House Bill 966.

Date: 1/27/2010 J. H. Peck