

State Corporation Commission 2020 Fiscal Impact Statement

1. **Bill Number:** HB1155

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Wampler

3. **Committee:** Labor and Commerce

4. **Title:** Business entity fees for new entities.

5. **Summary:** Reduces by 50 percent the amount of any registration fee, filing fee, charter fee, entrance fee, or annual registration fee required under Title 13.1 (Corporations) or Title 50 (Partnerships) to be assessed, charged, or collected by the clerk of the State Corporation Commission if the fee pertains to the filing of a document or instrument by or on behalf of a domestic corporation, limited liability company, business trust, partnership, or limited partnership that is formed on or after January 1, 2021, and is in existence for a period not exceeding 24 months. The measure has a delayed effective date of January 1, 2021 and directs the Commission to adopt implementing regulations by that date.

6. **Budget Amendment Necessary:** Yes. See Item # 8.

7. **Fiscal Impact Estimates:** Fiscal Impact Estimates are preliminary. See Item # 8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|------------------|
| 2020 | | | |
| 2021 | \$50,000 | | 02173 (Cardinal) |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2026 | | | |

7b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2020 | | |
| 2021 | (\$707,458) | GF |
| 2021 | (\$4,377,687) | SF |
| 2022 | (\$919,696) | GF |
| 2022 | (\$5,690,994) | SP |
| 2023 | (\$1,195,605) | GF |
| 2023 | (\$7,398,292) | SF |
| 2024 | (\$1,554,286) | GF |
| 2024 | (\$9,617,779) | SF |
| 2025 | (\$2,020,572) | GF |
| 2025 | (\$12,503,113) | SF |

| | | |
|------|----------------|----|
| 2026 | (\$2,626,744) | GF |
| 2026 | (\$16,254,047) | SF |

8. Fiscal Implications: There will be a one-time programming cost of \$50,000 to implement this legislation in the Clerk's Information System. The recurring revenue loss will continue to grow year after year based on a 50% reduction of fees for all new domestic entities as well as registration and filing fees for those new entities within the first 24-months of existence.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: The patron has been contacted regarding suggested technical amendments.

11. Other Comments: None

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01/16/20