

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8097**

**BILL NUMBER: SB 489**

**DATE PREPARED:** Apr 6, 2001

**BILL AMENDED:** Apr 5, 2001

**SUBJECT:** Business Entity Matters.

**FISCAL ANALYST:** John Parkey

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**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) *Department of Workforce Development:* This bill provides for release of certain information to the Department of Workforce Development by the State Department of Revenue and the Secretary of State.

*Secretary of State:* The bill establishes certain filing fees for business entity name filings. It revises procedures related to filing for business entity names. The bill changes certain fees. It allows a corporation's bylaws to be amended to permit staggered terms for a corporation's board of directors without first amending the articles of incorporation. The bill provides for the merger of a parent corporation with a subsidiary corporation, 100% of which is owned by the parent, without shareholder approval if certain other conditions are met. The bill provides reduced fees or eliminates fees for certain items filed electronically. The bill allows a filing with the Secretary of State to contain multiple assumed business names. The bill allows electronic signatures on certain electronic filings. It also establishes a filing fee for articles of merger. The bill allows for a renewable reservation of a nonprofit corporation name.

*Department of Financial Institutions:* The bill requires the Secretary of State to forward to the Department of Financial Institutions a new filing or an amendment changing the business entity name if the filing or amendment contains the term "bank" in the name of the business entity. The bill provides for the administrative dissolution of a business entity with a name that contains "bank" if the Department of Financial Institutions determines that the business entity violates the law regulating banks.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) *Department of Workforce Development:* This provision could cause a nominal increase in the administrative expenses of the Department of Workforce Development, Department of State Revenue, and Secretary of State's Office.

*Secretary of State:* This bill will provide fee incentives for persons wishing to transmit and receive documents electronically to and from the Secretary of State's Office. While the precise impact of this proposal is unknown, it is expected to provide some administrative efficiencies within the Secretary's Office.

*Department of Financial Institutions:* The bill requires the Secretary of State's Office to forward any filings to the Department of Financial Institutions that contain the word "bank" in the business entity's name to assess the legitimacy of using the name. If the Department of Financial Institutions determines that the name is used in violation of state law, the bill allows the Secretary of State's Office to commence an administrative dissolution of the business entity if the entity does not resolve the problem. This provision could have minimal administrative impact on both the Secretary of State's Office and the Department of Financial Institutions.

**Explanation of State Revenues:** (Revised) *Department of Workplace Development:* The provisions in this bill which promote information sharing between the Department of Workplace Development, the Secretary of State, and Department of Revenue could have positive impact on the Unemployment Insurance Benefit Fund if it allows the Department of Workplace Development to capture unemployment taxes that would have otherwise been lost due to the dissolution of a corporate entity.

*Secretary of State:* Depending on how extensively the reduced-fee electronic transactions replace the transactions which occur at the current fee level, this bill could decrease General Fund revenue. However, since the bill increases the filing fees of articles of a merger and increases the fee for submitting a written request for information, any reduction in General Fund revenue may be at least partially mitigated.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Secretary of State's Office; Department of Financial Institutions; Department of Workforce Development.

**Local Agencies Affected:**

**Information Sources:** Secretary of State's Office.