

HB 1664 -- BUSINESS ENTITIES (Hanaway)

This bill makes changes to the registration process for business entities that must register with the Secretary of State.

Regarding all business entities, the bill:

- (1) Allows entities to file documents electronically and reduces filing fees for annual reports if they are filed in an electronic format;
- (2) Repeals the requirement that filings be notarized;
- (3) Clarifies that all statements made in these filings are subject to the penalties for perjury;
- (4) Repeals the requirement that filings be made in duplicate;
- (5) Waives the 50-cent per page fee for certified copies of corporate records when requested electronically; and
- (6) Limits the reservation of a name for a business entity to 180 days.

Regarding limited liability companies (LLC), the bill:

- (1) Requires any foreign LLC to provide a certificate of good standing or certificate of existence from the state in which it is domiciled;
- (2) Establishes procedures for amendments of a foreign LLC's certificate of registration and sets the filing fee at \$20; and
- (3) Establishes a fee of \$5 for filing a statement of correction.

Regarding general corporations, the bill:

- (1) Clarifies what information is required in the articles of incorporation, articles of amendment, and summary articles of merger;
- (2) Lowers the fee for annual registrations from \$40 to \$15 when submitted electronically;
- (3) Repeals provisions requiring corporations to notify the Secretary of State when they reduce stated capital;
- (4) Allows a board of directors to consist of one person; and
- (5) Allows a corporation to create a trust fund, purchase an

insurance policy, or create any other kind of surety arrangement on behalf of its officers, directors, or agents for any potential liability, whether or not the corporation owns any stock in the insurer or surety entity. In the absence of fraud, the judgment of the board of directors is conclusive and the policy or surety is not voidable, regardless of whether the board members are beneficiaries of the insurance arrangement.

Regarding limited liability partnerships (LLP), the bill:

(1) Reduces the fee for a certified copy of good standing from \$20 to \$5 when submitted electronically and reduces the fee for an abstract of all LLPs registered with the Secretary of State from \$100 to \$5.

(2) Revises the required information for an amended certificate of registration and establishes a fee of \$20; and

(3) Reduces the late fee for failure to file an amendment to its certificate of limited partnership from \$10 per day to \$10 per month.

Finally, the bill requires fictitious name registrations to be renewed every five years and prohibits any entity from registering under a fictitious name which contains any words implying it is a governmental agency.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.