

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0874-01  
Bill No.: SB 214  
Subject: Business and Commerce; Corporations  
Type: Original  
Date: January 16, 2007

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Bill Summary: Modifies laws affecting limited liability companies, limited partnerships, and nonprofit companies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	\$125,000	\$150,000	\$150,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$125,000</b>	<b>\$150,000</b>	<b>\$150,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Technology Fund	\$6,250	\$7,500	\$7,500
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$6,250</b>	<b>\$7,500</b>	<b>\$7,500</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue** and the **Department of Economic Development** do not anticipate any fiscal impact resulting from this proposed legislation.

Officials from the **Office of Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact to the SOS office for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from SOS estimate that limited liability company creations will increase by 5%; therefore, filing fees will increase by an estimated \$157,500 annually. Since online filings are now available for LLC's, SOS will absorb costs associated with the slight increase in filings.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
Income - Secretary of State - Filing Fees	<u>\$125,000</u>	<u>\$150,000</u>	<u>\$150,000</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$125,000</u></b>	<b><u>\$150,000</u></b>	<b><u>\$150,000</u></b>
<b>TECHNOLOGY FUND</b>			
Income - Secretary of State - Filing Fees	<u>\$6,250</u>	<u>\$7,500</u>	<u>\$7,500</u>
<b>ESTIMATED NET EFFECT ON TECHNOLOGY FUND</b>	<b><u>\$6,250</u></b>	<b><u>\$7,500</u></b>	<b><u>\$7,500</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

There will be an positive impact to small business due to the change in the definition of "responsible party" for tax liability purposes, the requirement to file only one copy of the articles of acceptance rather than two, and to continue the business of a limited partnership in the event of the death of the sole general partner.

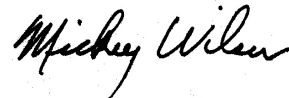
FISCAL DESCRIPTION

SECTION 347.187 - The proposal defines responsible persons for the purposes of tax liability for limited liability companies.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State  
Division of Business Services  
Administrative Rules Division  
Department of Economic Development  
Department of Revenue



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Director  
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