

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1450-02
Bill No.: HB 510
Subject: Corporations; Liability
Type: Original
Date: February 26, 2013

Bill Summary: This proposal would authorize series limited liability corporations in Missouri. The new type of corporation could define discrete sets of members, managers, and company interests with separate rights and liabilities with respect to specified properties.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$80,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$80,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Office from the **Secretary of State (SOS)** assume this proposal to allow for the creation of series limited liability companies would lead to a slight but unknown increase in the number of limited liability companies (LLC) organized in Missouri. The current fee structure would be in effect for the series LLC; the fee for a creation by paper form is \$105, and the fee for online creation is \$50. Further, all other provisions of Chapter 347 would apply to series LLC.

SOS officials assume the intake and review of the series LLC could be accomplished by existing staff, but a distinct and separate profile would be required in both the existing processing system and a new processing system (SystemWORKS) which is to be implemented in November 2013. The new profile would allow for the creation of series LLC in SOS files, and separate forms would need to be created for domestic and foreign series LLCs.

The SOS response included a cost for contract programming of \$80,000 to set up the new corporation forms in the SOS system. SOS officials did not include any other cost in their response.

Oversight will use the SOS estimate of programming cost for fiscal note purposes, and will assume that any other costs could be absorbed with existing resources. Oversight also assumes this proposal would become effective in August, 2013 (FY 2014).

Oversight notes that under current provisions, a separate LLC would be organized for each property and ownership group; the proposal would allow one LLC to have multiple discrete property and ownership groups. Accordingly, Oversight is not able to determine whether this proposal would increase or reduce filings and related filing fees. For fiscal note purposes, Oversight will assume that any increase or reduction in filing fee revenues would be insignificant.

Officials from the **Office of the Attorney General** assume that any potential costs arising from this proposal could be absorbed with existing resources.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules**, the **Department of Insurance**, **Financial institutions, and Professional Registration**, and the **Department of Economic Development - Division of Business and Community Services** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Cost - SOS</u>			
Contract programming Section 347.039	<u>(\$80,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$80,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would allow a limited liability corporation to establish a designated series of members, managers, and company interests having separate rights and duties with respect to specified property.

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

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SOURCES OF INFORMATION

Office of the Secretary of State
Office of the Attorney General
Joint Committee on Administrative Rules
Department of Insurance, Financial institutions, and Professional Registration
Department of Economic Development - Division of Business and Community Services



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