

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0934-01
Bill No.: SB 148
Subject: Agriculture and Animals; Corporations; Office of the Secretary of State
Type: Original
Date: January 22, 2015

Bill Summary: This proposal modifies corporate registration report requirements for authorized farm corporations and family farm corporations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Technology Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on Other State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of the Secretary of State (SOS)** state Authorized Farm Corporations and Family Farm Corporations (corporations) are required to file an annual registration report of \$45 with the Business Services Division (BSD). This legislation would exempt corporations from filing these annual reports if no registration information has changed since the filing of the corporation's original articles of incorporation or most recent corporate registration report, whichever is applicable.

Current software operated by the BSD corporations will need to be updated to remove certain notifications sent to businesses regarding annual reporting requirements. The SOS would have to contract with a vendor to change the automated processes performed by the current software. Anticipated cost to the SOS is \$30,000. The BSD will contact these qualifying businesses to make them aware of the passed legislation and the new reporting requirements.

Currently, there are approximately 765 such corporations in good standing in Missouri. It is anticipated 40% of those companies will not file an annual or biennial report the first year because many will still not know about the new legislation, and 85% of the qualifying corporations will not file annual or biennial reports in subsequent years. Annual reports require a \$45 filing fee, so this amounts to a fiscal impact of \$14,000 the first year and \$30,000 in subsequent years. Revenue losses should remain constant after the first year.

Oversight assumes most of the 765 such corporations would no longer need to file an annual report with the BSD. Oversight also assumes the BSD will contact all eligible corporations to make them aware of the new legislation. However, since it is unknown exactly how many corporations will no longer need to file annually (no change in required information), Oversight will estimate a continuous loss to the General Revenue Fund of "(Less than \$100,000)". Since \$5 of the \$45 annual fee goes to the Technology Fund, Oversight will also estimate a continuous loss to the Technology fund of "(Less than \$100,000)". Oversight will use the SOS IT contracting estimate and will show a cost to the Technology Fund for updating their current software in FY 2016 only.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Loss - SOS</u> Loss of \$40 registration fee	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
TECHNOLOGY FUND			
<u>Cost - SOS</u> Software Updates	<u>(\$30,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Loss - SOS</u> Loss of \$5 registration fee	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE TECHNOLOGY FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

Authorized farm corporations and family farm corporations could potentially have a small savings if this proposal were to pass.

FISCAL DESCRIPTION

Currently, authorized farm corporations and family farm corporations are required to file a corporate registration report annually with the Missouri Secretary of State. Under this act, such farm corporations would not have to file an annual report if the information required by the corporate registration report has not changed since the filing of the corporation's articles of incorporation or most recent registration report.

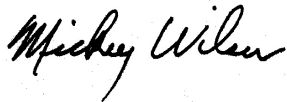
This legislation is not federally mandated, would not duplicate any other program and would not

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require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Agriculture



Mickey Wilson, CPA
Director
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Ross Strobe
Assistant Director
January 22, 2015