

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1006-01  
Bill No.: SB 184  
Subject: Business and Commerce; Banks and Financial Institutions; Cooperatives;  
 Corporations  
Type: Original  
Date: February 16, 2015

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Bill Summary: This proposal modifies provisions relating to business filing fees.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Could exceed \$261,020)	(Could exceed \$300,173)	(Could exceed \$345,198)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$261,020)</b>	<b>(Could exceed \$300,173)</b>	<b>(Could exceed \$345,198)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Technology Trust Fund Account	(\$250,000)	\$0	\$1,201,621
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$1,201,621</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state this proposal will require the Business Services Division (BSD) to contract with a vendor to add the ability to file Trade Mark/Service Marks and Emblems online, to change the online filings fees, and to enable online filings for Chapter 274 nonprofit cooperatives. It will also require testing and training of staff on the new Trade Mark/Service Marks and Emblems module. These documents are currently a manual process and are not completed in the business filing system.

SOS officials anticipate a one time cost to the Technology Trust Fund Account of \$250,000 for to provide for the implementation of the changes in this proposal.

SOS officials estimate the proposal will reduce 65 online document filing fees within the electronic filing system. In FY 2014 there were 12,756 documents filed online within the 65 different business filings. Due to the incentive created by reduced fees in this proposal, SOS estimates a 25% growth in online filing in FY 2016 and a 15% growth in FY 2017 and FY 2018. The BSD based this percentage on the new business filing system that was implemented at the beginning of FY 2015.

Due to the growth of online filings, SOS estimates a loss in revenue of \$261,020 in FY 2016, \$300,173 in FY 2017 and \$345,198 in FY 2018 to the General Revenue Fund.

Since the potential increase in online filings are unknown, **Oversight** assumes the loss could exceed the SOS's estimated loss in revenue. Therefore, Oversight will reflect a loss to the General Revenue Fund that 'could exceed' those estimated by the SOS. Oversight will also show a one time cost to the Technology Trust Fund in FY 2016.

Oversight notes that current statute sections 347.740, 351.127, 356.233, 359.653 and 417.018 each allow for the collection of a \$5 fee into the Technology Trust Fund until December 31, 2017. This proposal removes the sunset date. Over the past 3 fiscal years, the Secretary of State Technology Fund has received an average of \$2,403,241 each year (FY 2012 - \$2,395,113; FY 2013 - \$2,403,059; FY 2014 - \$2,411,552; for an annual average of \$2,403,241. For fiscal note purposes, Oversight assumes the removal of the sunset date will cause the Secretary of State Technology Fund to receive an additional \$1,201,621 in FY 2018 ( $\$2,403,241/2 = \$1,201,621$ ) had the December 2017 expiration been allowed to occur.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Loss - SOS</u> Proposed fee reduction for filing online	<u>(Could exceed</u> \$261,020)	<u>(Could exceed</u> \$300,173)	<u>(Could exceed</u> \$345,198)
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(Could exceed</u> <u>\$261,020)</u></b>	<b><u>(Could exceed</u> <u>\$300,173)</u></b>	<b><u>(Could exceed</u> <u>\$345,198)</u></b>
 <b>TECHNOLOGY TRUST FUND</b>			
<u>Income - SOS</u> The removal of the sunset date of December 31, 2017	\$0	\$0	\$1,201,621
<u>Cost - SOS</u> Vender Contract to implement the changes in the bill	(\$250,000)	\$0	\$0
<b>ESTIMATED NET EFFECT TO THE TECHNOLOGY TRUST FUND</b>	<b><u>(\$250,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$1,201,621</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses could expect a savings when filing documents online as a result of this proposal.

## FISCAL DESCRIPTION

This proposal requires the Secretary of State to implement and administer an electronic filing system for cooperative marketing companies, limited liability companies, corporations, nonprofit organizations, personal corporations, cooperative companies, partnerships, limited partnerships, and trademarks and fictitious names to file documents required by the Secretary of State.

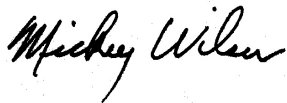
The proposal establishes lower fees relating to the formation, registration, maintenance, termination, and dissolution of cooperative marketing companies, limited liability companies, corporations, nonprofit organizations, personal corporations, cooperative companies, partnerships, limited partnerships, and trademarks and fictitious names for applicants who file required documents in an electronic format prescribed by the Secretary of State.

The proposal removes the sunset on the Secretary of State's Technology Trust Fund as it relates to limited liability companies, corporations, nonprofit organizations, personal corporations, limited partnerships, and trademarks and fictitious names.

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 the Secretary of State



Mickey Wilson, CPA  
Director  
February 16, 2015

Ross Strobe  
Assistant Director  
February 16, 2015