

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2201S.01I
Bill No.: SB 570
Subject: Secretary of State
Type: Original
Date: March 31, 2025

Bill Summary: This proposal repeals the expiration date for the fees credited to the Secretary of State' Technology Trust Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
SOS Technology Trust Fund (0266) *	\$0	More or Less than \$1,779,703	More or Less than \$3,559,405
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	More or Less than \$1,779,703	More or Less than \$3,559,405

* **Oversight** assumes several provisions in current law allow the SOS to collect an additional \$5 fee on fees for filings relating to business organizations, commercial transactions, and trademarks, names, and private emblems to be credited to the State's Technology Trust Fund. These provisions are set to expire on December 31, 2026. This proposal repeals the expiration date allowing SOS to continue collecting revenue as a result.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 347.740, 351.127, 355.023, 356.233, 359.653, 400.9-528 and 417.018 – Secretary of State fees

Officials from the **Office of the Secretary of State (SOS)** assume that removing the expiration date will not result in any changes in revenue. Failure to extend or remove the sunset date will result in a loss of approximately \$3.4 million dedicated to the Technology Fund.

The SOS is a silo IT department. All changes to the software would require working with a third-party vendor and/or the Information Technology department.

The SOS reserves the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

SOS has provided the information in the table below:

Business Registration System Totals for 1/1/2024 - 12/31/2024				
Business Type	Filing Method	Count	Total Amount	Tech Fee
Corp	Online	455,867	\$10,669,331.81	
Corp	Paper	93,531	\$1,685,578.60	
SOP	Online	11	\$235.00	
SOP	Paper	3,638	\$31,260.00	
UCC	Online	150,847	\$1,534,838.00	
UCC	Paper	7,987	\$115,806.00	
Total Paper Filings		105,156	\$1,832,644.60	
Total Online Filings		606,725	\$12,204,404.81	
Total Corp Filings		549,398	\$12,354,910.41	
Total SOP Filings		3,649	\$31,495.00	
Total UCC Filings		158,834	\$1,650,644.00	
		711,881		\$3,559,405.00

Oversight notes the SOS also provided the amount collected in 2022 was \$3,409,910 and \$3,402,585 in 2023.

Oversight assumes several provisions in current law allow the SOS to collect an additional \$5 fee for filings relating to business organizations, commercial transactions, and trademarks, names, and private emblems to be credited to the State's Technology Trust Fund. These provisions are set to expire on December 31, 2026. This proposal repeals the expiration date. Oversight will reflect a partial year (6 months) of the fee collection continuing in FY 2027 with the full year of the continued fee collection beginning in FY 2028.

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
SOS TECHNOLOGY TRUST FUND (0266)			
<u>Revenue</u> - SOS (§347.740-417.018) Various fees collected by SOS as a result of removing the expiration date	\$0	More or Less than \$1,779,703	More or Less than \$3,559,405
ESTIMATED NET EFFECT ON SOS TECHNOLOGY TRUST FUND	\$0	More or Less than \$1,779,703	More or Less than \$3,559,405

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

This will affect small businesses that will be required to pay these fees as a result of this proposal.

FISCAL DESCRIPTION

Several provisions in current law allow the Secretary of State to collect an additional \$5 fee on fees for filings relating to business organizations, commercial transactions, and trademarks,

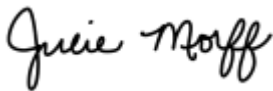
names, and private emblems to be credited to the state's technology trust fund. These provisions are set to expire on December 31, 2026. This act repeals the expiration date.

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

Office of the State Treasurer



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Director

March 31, 2025



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March 31, 2025