Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL:	**Sub. H.B. 579**	DATE:	**March 24, 1998**
STATUS:	**As Reported by Senate Insurance, Commerce and Labor**	SPONSOR:	**Rep. Coughlin**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Revises the law regarding trademarks and business filings that must be made with the Secretary of State**

State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	$120,000 to $150,000 loss	$120,000 to $150,000 loss
Expenditures	- 0 -	- 0 -	- 0 -
Corporate and Uniform Code Filing Fund			
Revenues	- 0 -	$120,000 to $150,000 gain	$120,000 to $150,000 gain
Expenditures	- 0 -	- 0 -	- 0 -

- The GRF will lose revenue currently received from the filings of amendments by foreign corporations, instead, this revenue will go to the Corporate and Uniform Code Filing Fund (CUCF).
- Other fee provisions codify existing practice.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Provisions of the Bill

The bill changes procedures for businesses to file certain documents with the Secretary of State, including: revising trade/fictitious name requirements, changing filing and reinstatement processes in Foreign Corporate Law, revising procedures regarding mergers in the nonprofit corporate and general corporate law, and changing application procedures for limited liability partnerships.

Fiscal Effects

The bill specifies a fee of ten dollars for each of the following:

1) The filing of a fictitious name.

2) Filing to have articles of incorporation restored.

3) The Secretary of State (SOS) to issue a certificate of merger or consolidation.

4) Filing an application with the SOS for reinstatement of a foreign corporate license.

A Secretary of State representative indicated that the SOS's office already provides and charges fees for all of the above services. The bill simply codifies these charges. Therefore, no additional revenue would be realized.

The SOS representative also said that the office intended to charge a fee to execute a statement of correction for a limited liability partnership (LLP) statement of correction. Such a fee could offset or more than offset the additional cost involved. There could also be additional costs to execute a notice of withdrawal for an LLP as set forth in the bill. Currently, the SOS does not intend to charge a fee for the execution of the notice of withdrawal.

The bill removes the requirement that a foreign corporation must notify the SOS if the foreign corporation's agent or its principal office has a change of address. Therefore, the bill eliminates the $3 fee for filing a statement of change of address of a foreign corporation's agent or principal office.

However, ORC 1703.08 requires that a corporation must file a certificate of amendment if in changing its articles of incorporation it modifies **any** of the information in its application made to the SOS. The cost for such amendments is $50. The result of this could be that the SOS would generate more revenue for changes to a corporation's application because the cost of filing a certificate of amendment is more than certain filings that are required under current law. However, in some cases, the changes made by the bill could result in decreased revenue. For example, under current law, a corporation may have to file a certificate of amendment in addition to other filings that are currently required such as for a change of address, while under the bill

only a certificate of amendment would have to be filed. The overall result could be a minimal gain or no gain in revenue to the CUCF, in addition to the $120,000 to $150,000 shift from the GRF.

The bill repeals provisions in ORC 3909.16 and 3927.95 that require the SOS to revoke the licenses of foreign insurance companies for removing a legal suit to federal court. These provisions may violate a person's right to have access to the federal court's and therefore be unconstitutional, according to certain U.S. Supreme Court rulings. Repealing these two provisions could prevent future legal expenditures by the State over this issue.

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