

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 332** DATE: **October 24, 2007**
STATUS: **As Introduced** SPONSOR: **Rep. Wagoner**
LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**
CONTENTS: **To revise the Ohio Uniform Partnership Act**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
Secretary of State Business Services Fund (Fund 599)			
Revenues	Potential gain in partnership filing fees	Potential gain in partnership filing fees	Potential gain in partnership filing fees
Expenditures	Increase in administrative costs due to increased filings	Increase in administrative costs due to increased filings	Increase in administrative costs due to increased filings

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- Creates new filing statement requirements for partnerships, likely resulting in new administrative costs for the Secretary of State (SOS) and presumably a concomitant gain in filing revenue.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
County Recorders			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential increase or decrease for additional or reduced filings	Potential increase or decrease for additional or reduced filings	Potential increase or decrease for additional or reduced filings

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- May generate some additional minimal costs to county recorders for any new filing requirements.
- Eliminates some filing requirements for fictitious name certificates, which would also be filed with a county recorder. This may reduce some costs to county recorders. This term has to do with the operating name of a partnership, in contrast to the partnership's actual legal name.



Detailed Fiscal Analysis

Overview

The bill, by enacting new R.C. Chapter 1776., adopts a version of the Revised Uniform Partnership Act (RUPA) (1997) of the National Conference of Commissioners on Uniform State Laws, to be known as the "Ohio Uniform Partnership Act (1997)." Effective January 1, 2009, the Act governs new partnerships. Existing partnerships may elect to be governed by the Act. Effective January 1, 2010, all partnerships in Ohio are governed by the Act and will not be governed by the existing Ohio General Partnership Law (R.C. 1775., 1777., and 1779.). The Act does not affect the existing Limited Partnership Law. Generally, RUPA is a model statute that dictates how partnerships should be set up and organized, as well as what the rights and duties of each of the partners should be. Over 35 states have adopted RUPA.

Fiscal Impact

The bill creates some new business filings for partnerships to be collected by the Secretary of State's Office. The bill creates the following filing fees:

- (1) \$125 for filing an initial statement of partnership authority pursuant to section 1776.33 of the Revised Code;
- (2) \$25 for filing an annual report pursuant to section 1776.83 of the Revised Code;
- (3) \$25 for creating and affixing the seal of the Office of the Secretary of State to certain new certificates that are required in division (E) of Section 1776.74 of the bill;
- (4) \$50 for a certificate of dissolution and accompanying documents, or a certificate of cancellation, under section 1776.65 of the Revised Code;
- (5) \$50 for the withdrawal of registration of a foreign or domestic limited liability partnership under section 1776.81 or 1776.86 of the Revised Code;
- (6) \$50 for the filing of a statement of denial under section 1776.34 of the Revised Code, a statement of dissociation under section 1776.57 of the Revised Code, or a statement of disclaimer of general partner status under Chapter 1782. of the Revised Code.
- (7) \$50 for filing a restatement under section 1776.11 of the Revised Code.

Although there would be new filing revenue there could be some offsetting new costs associated with the processing, as well as mailing, any necessary documents to those submitting the filings.

The bill also removes the requirement that fictitious name certificates be filed with the county recorder in the county where a partnership is located. This may result in some reduced costs for county recorder offices. However, the additional filing statements created in the bill may result in more filings for county recorder offices, increasing their costs. These costs would be offset by filing fee revenue.

The provisions of the bill describe the fiduciary responsibilities of business partners, and are presumably set out to develop uniform standards for partners to sort out legal issues about partnerships, most especially if the partners are in different states. LSC continues to examine the bill to determine if there are any associated tax implications.

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