

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4780-03  
Bill No.: SCS for HB 1983  
Subject: Secretary of State: Business and Commerce, Corporations  
Type: Original  
Date: April 25, 2008

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Bill Summary: Allows for the conversion of other entities to domestic corporations and the conversion of domestic corporations to other entities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$35,000) to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$35,000) to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Office of the Secretary of State - Business Services Division** stated that since there are no new fees indicated in the proposed legislation, it is assumed that the filing fees for a conversion will be the same as a filing fee for a new entity filing. While it is unknown how many entities would file a conversion, it is anticipated that the number of mergers and consolidations would decrease as a result of the ability to convert, and that there would be no substantial increase or decrease in revenue. It is anticipated that existing staff would be used to process conversion filings. Officials stated they would need to modify existing system to accept and process a conversion. Officials estimate a one-time programming cost of \$35,000 in FY 09.

Officials assume the income generated from the conversion fee in FY 09, would be in amount sufficient to defray the programming costs of \$35,000.

Officials of the **Department of Insurance and Financial Institutions and Professional Registration** assume no fiscal impact to their department.

**Oversight** assumes no local government fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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### **GENERAL REVENUE FUND**

<b><u>Income</u></b> - To Secretary of State			
From new conversion fee	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

<b><u>Cost</u></b> to Secretary of State			
For contracting computer programming	<u>(\$35,000)</u>	<u>\$0</u>	<u>\$0</u>

<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>(\$35,000) to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal; however, this proposal allows for business continuity by allowing a business to convert from one entity type to another entity type.

FISCAL DESCRIPTION

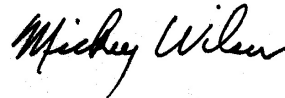
This proposal would allow limited liability companies, partnerships, trusts, and foreign corporations to convert to a Missouri corporation after the entity approves the conversion in accordance with any procedures required in the governance of its internal affairs and executes a certificate of conversion and articles of incorporation. The conversion would not affect obligations or liabilities incurred prior to the conversion. All rights, powers, privileges, debts, property, and causes of action follow the entity after conversion to the corporation. Entities are not required to wind up its affairs, pay liabilities, and distribute its assets prior to conversion.

Similarly, a Missouri corporation may convert to an aforementioned entity upon adoption of a resolution approving such conversion and the execution of a certificate of conversion. Rights, obligations, and liabilities are similarly retained and vested in the resulting entity.

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  
Business Services Division  
Department of Insurance and Financial Institutions  
and Professional Registration



Mickey Wilson, CPA  
Director  
April 25, 2008