

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4914-01
Bill No.: HB 1956
Subject: Business and Commerce; Corporations
Type: Original
Date: March 31, 2014

Bill Summary: This proposal establishes provisions relating to public benefit corporations.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------|----------------|----------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| General Revenue | (\$37,750) | \$4,500 | \$6,750 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$37,750) | \$4,500 | \$6,750 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|--------------|--------------|--------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| Technology Fund | \$250 | \$500 | \$750 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$250 | \$500 | \$750 |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|--|----------|----------|----------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ 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).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume to be able to accept the annual benefit report filing and to be able to identify public benefit corporations, an upgrade to the Business Services application would be required. The cost to accommodate the new filings would be around \$40,000 (Number of hours for the vendor to code the above changes were estimated at 250 hours at \$160.00 per hour equaling \$40,000).

SOS assumes that there will be at least fifty benefit corporations filed each year. The SOS is allowed per this proposal to charge a \$45 fee for each filing. They estimate the impact to be:

In FY 2015 - 50 filings (50 new) at \$2,250 for general revenue and \$250 for the technology fund.

In FY 2016 - 100 filings (50 new, 50 renewals) at \$4,500 for general revenue and \$500 for the technology fund.

In FY 2017 - 150 filings (50 new, 100 renewals) at \$6,750 for general revenue and \$750 for the technology fund

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **SOS** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

| <u>FISCAL IMPACT - State Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
|--|--------------------------|-----------------------|-----------------------|
| GENERAL REVENUE | | | |
| <u>Revenue</u> - Secretary of State - benefit corporation filing fee | \$2,250 | \$4,500 | \$6,750 |
| <u>Cost</u> - Secretary of State - one time computer upgrades | <u>(\$40,000)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$37,750)</u> | <u>\$4,500</u> | <u>\$6,750</u> |
| TECHNOLOGY FUND | | | |
| <u>Revenue</u> - Secretary of State - benefit corporation filing fee | <u>\$250</u> | <u>\$500</u> | <u>\$750</u> |
| ESTIMATED NET EFFECT ON TECHNOLOGY FUND | <u>\$250</u> | <u>\$500</u> | <u>\$750</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill authorizes and regulates the formation and governance of a new form of corporate entity known as a benefit corporation. A benefit corporation must be formed for the purpose of creating a general public benefit and be incorporated in accordance with Sections 351.010 to 351.1228, RSMo, but its articles of incorporation must also state that it is a benefit corporation.

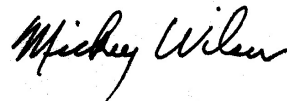
The benefit corporation is required to file with the Secretary of State a copy of the benefit report with a filing fee of \$45.

FISCAL DESCRIPTION (continued)

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 Attorney General
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 31, 2014

Ross Strobe
Assistant Director
March 31, 2014