

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4038H.02C
 Bill No.: HCS for HB 1713
 Subject: Business and Commerce; Corporations; Courts
 Type: Original
 Date: March 17, 2026

Bill Summary: This proposal grants circuit courts the ability to dissolve limited liability companies under certain conditions, obtaining certificates of good standing from the SOS for domestic or foreign LLCs and a search for series LLCs on the SOS website.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*OSCA’s potential unknown costs assumed to be less than \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§347.044, 347.143 and 347.186 – Limited Liability Companies

Officials from the **Office of the State Courts Administrator (OSCA)** state HCS HB 1713 may have some impact but there is no way to quantify that amount currently. Any significant changes will be reflected in future budget requests.

Oversight notes OSCA assumes this proposal may have some impact on their organization although it can't be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a \$0 or (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under \$250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

In response to a previous version, HB 1713 (2026), officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal could be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of the Secretary of State** assume the proposal will have no fiscal impact on their organization.

In response to similar legislation, HCS for HB 2508 (2026), officials from the **Office of the Secretary of State (SOS)** stated there are roughly 3,500 active individual series, many of which are not profiled. It takes roughly 5-10 minutes to profile and ensure that each individual series is searchable. This is equivalent to 290-585 hours of work (.25-.5 FTE). This cost can be absorbed.

This proposal allows each series to receive a Good Standing Certificate. As the current system is to allow one Certificate of Good Standing given to an LLC to be applied to all series created under the LLC, it is unknown how many companies will want to purchase these Certificates of Good Standing for each series.

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

Oversight assumes the proposal could result in additional filings and requests for certificates of good standing related to the series of limited liability companies. Any increase in filing fee revenue is indeterminate and dependent upon the number of businesses electing to form series under this section but is not expected to be significant. Therefore, Oversight will reflect no impact in the fiscal note for this provision.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, county circuit clerks were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – OSCA (§§347.044, 347.143, & 347.186) Potential increase in costs p.3</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal may impact small business limited liability companies.

FISCAL DESCRIPTION

Currently, a limited liability company (LLC) can be dissolved by a decree of the circuit court located in the county of the registered office of the LLC upon application by or for a member of the LLC when it is not reasonably practicable to carry on business in conformity with the operating agreement.

This bill expands this provision to also allow the court to dissolve an LLC:

- (1) When dissolution is reasonably necessary for protection of the rights or interests of complaining members;
- (2) When the business of the LLC has been abandoned;
- (3) The management of the LLC is deadlocked or subject to internal dissension;
- (4) The business operations of the LLC are substantially impaired; or
- (5) Those in control of the LLC have been found guilty of, or have knowingly allowed, persistent and pervasive fraud, mismanagement, or abuse of authority.

This bill allows for a search of the series LLC in the SOS Business Entity website and to obtain a certificate of good standing.

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

Attorney General's Office
Office of the State Courts Administrator
Office of the Secretary of State



Julie Morff
Director
March 17, 2026



Jessica Harris
Assistant Director
March 17, 2026