

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 157 (Finance Committee Substitute)

SHORT TITLE: Corporate Amendments

SPONSOR(S): Senators Hartsell and Odom

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES					
General Fund					
Advisory Review	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000
LLC Restatement	450	600	600	600	600
LLC Cancellation	10	10	10	10	10
Total - G.F.	\$30,460	\$40,610	\$40,610	\$40,610	\$40,610
EXPENDITURES (Sec. of State will use existing staff and budget.)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Secretary of State/Corporations Division					
EFFECTIVE DATE: Sections 11 through 14, 20, and 23 through 25 of the bill are effective upon ratification. The remainder of the act becomes effective October 1, 1997.					

BILL SUMMARY: The bill amends various statutes relating to corporations, limited liability companies (LLC's), and limited partnerships.

ASSUMPTIONS AND METHODOLOGY: Of the numerous corporate amendments in this bill, only three have a fiscal impact.

Part II. Advisory Review of Documents

This part allows the Secretary of State to review documents prior to their filing under the Business Corporation Act (Chapter 55), the Nonprofit Corporation Act (Chapter 55A), the Limited Liability Company Act (Chapter 57C), and the Uniform Limited Partnership Act

(Chapter 59). The Secretary of State will charge \$200 for this review. The General Counsel for the Secretary of State receives 1 or 2 requests each week for this service now and expects passage of this bill to generate 200 requests per year. At \$200 per review, this new service will generate \$40,000 a year for the General Fund. Since the effective date is October 1,1997, the first year revenue will be \$30,000 or 3/4 of the annual amount.

Part IV. Restatement of LLC Articles of Incorporation

This part allows limited liability companies (LLC's) to restate and refile their articles of organization. In G.S. 57C-1-22(a) there is a \$10 charge for "restated articles of organization without amendment of articles" and a \$50 fee for "restated articles of organization with amendment of articles". Although the fees are listed in the statute, the Secretary of State was not given authority to collect the fees when the law creating LLC's was enacted in 1993. It is estimated by the Secretary of State's General Counsel that 12 LLC's will use this option each year and will restate their articles of organization with amendments and pay the \$50 fee. Annual revenue will be \$600, except for the first year when the October 1,1997 effective date will cut the anticipated revenue to \$450.

Part V. Cancellation of Articles of Dissolution of LLC

This part allows LLC's to cancel articles of dissolution (an act to dissolve the company). Again in G.S. 57C-1-22(a) there is a \$10 charge for this act, but the Secretary of State was not given authority to collect this fee when the law was enacted. This option is estimated to be used only once per year.

FISCAL RESEARCH DIVISION

733-4910

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DATE: April 7, 1997



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