

Bill as
Introduced

HB 530-FN - AS INTRODUCED

2013 SESSION

13-0215

03/10

HOUSE BILL

530-FN

AN ACT

relative to annual reporting requirements for business entities.

SPONSORS:

Rep. D. McGuire, Merr 21

COMMITTEE:

Commerce and Consumer Affairs

ANALYSIS

This bill allows business entities to file annual reports only once every 3 years. This bill also changes when reports by voluntary corporations are due.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT relative to annual reporting requirements for business entities.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Voluntary Corporations; Returns. Amend RSA 292:25, I to read as follows:

2 I. Every corporation organized under this chapter or by act of the legislature shall, during
3 the calendar year 1990, and every 5 years thereafter, **or, at the election of the corporation, upon**
4 **every fifth anniversary of the corporation's formation**, make a return in writing to the
5 secretary of state upon blanks to be furnished by ~~him~~ **the secretary of state** and shall pay a fee of
6 \$25. The return shall be signed by the president or other officer of said corporation. The return shall
7 state the corporation's principal address and the names and addresses of all the officers and directors
8 or the governing board of the corporation. Any corporation which does not renew its charter as
9 provided in this subdivision shall have its charter repealed, revoked, and annulled; shall lose any
10 right or title to the name under which it was incorporated; and shall be so advised in writing by the
11 secretary of state.

12 2 Business Corporations; Reports. Amend RSA 292-A:16.22(c) to read as follows:

13 (c) The first annual report shall be delivered to the secretary of state between January 1
14 and April 1 of the year following the calendar year in which a domestic corporation was incorporated
15 or a foreign corporation was authorized to transact business; provided, however, that a foreign
16 corporation that has received its certificate of authority at any time between December 1 of the
17 preceding year and April 1, or a domestic corporation which has received its certificate of
18 incorporation during the same period shall not be required to file an annual report during that year.
19 Subsequent annual reports shall be delivered to the secretary of state ~~[between January 1 and April~~
20 ~~1 of the following calendar years]~~ **on or before each third anniversary of the corporation's**
21 **incorporation or authorization to transact business.**

22 3 Professional Corporations; Reports. Amend RSA 294-A:24, II to read as follows:

23 II. The corporation for ~~[2]~~ **4** consecutive years does not deliver its annual report to the
24 secretary of state within 60 days after it is due;

25 4 Consumers' Cooperative Associations; Report. Amend RSA 301-A:31 to read as follows:

26 301-A:31 Annual Report.

27 I. Every association organized under this chapter shall prepare and submit to ~~[its]~~ **every**
28 **third** annual meeting, and shall deliver to the secretary of state, a report of its condition, signed
29 under the penalties of perjury by the president or treasurer. Such report shall be made on or before
30 ~~[April 1 of each year; provided, however, that any association which has received its certificate of~~
31 ~~organization at any time between December 1 of the preceding year and April 1 shall not be required~~

1 ~~to file an annual report during that year~~ *each third anniversary of the association's*
 2 *incorporation.* The annual report shall be made on forms prescribed and furnished by the
 3 secretary of state on request, and the information in the report shall be given as of the preceding
 4 January 1.

5 II. The report shall state the name and principal address of the association; the names
 6 and addresses of the officers and directors; a general statement of its business operations during
 7 the fiscal year; the amount of paid-in capital and number of shareholders, if a share association;
 8 the total number of members, including the number admitted or withdrawn during the year, if a
 9 nonshare association; and the total receipts, expenditures, assets, and liabilities of the
 10 association. The report shall be available for inspection by any member during normal working
 11 hours.

12 III. The secretary of state shall biennially notify every association which has failed to file its
 13 annual report for [2] 4 consecutive years of such delinquency and shall notify the corporation by mail
 14 that its charter shall be forfeited.

15 5 Consumers' Cooperative Associations; Grounds for Administrative Dissolution. Amend
 16 RSA 301-A:32-a, II to read as follows:

17 II. The association for [2] 4 consecutive years does not deliver its annual report to the
 18 secretary of state within 60 days after it is due.

19 6 Limited Liability Companies; Administrative Dissolution. Amend RSA 304-C:136, II to read
 20 as follows:

21 II. The limited liability company for [2] 4 consecutive years does not deliver its annual report
 22 to the secretary of state within 60 days after it is due;

23 7 Limited Liability Companies; Fees. Amend RSA 304-C:191, II(f) to read as follows:

24 (f) Upon receipt for filing of an annual report under RSA 304-C:194, a fee in the amount
 25 of \$100; for failure or refusal to file an annual report or pay the filing fee on or before [~~April 1 of any~~
 26 ~~year~~] *each third anniversary of the limited liability company's formation*, an additional late
 27 filing fee in the amount of \$50; upon receipt for filing of an application for reinstatement under
 28 RSA 304-C:138, I, a fee of \$135; and upon receipt for filing of an application for late reinstatement
 29 under RSA 304-C:145, I a fee of \$500.

30 8 Limited Liability Companies; Reports. Amend RSA 304-C:194, III to read as follows:

31 III.(a) Except as provided in subparagraph (b), the first annual report shall be delivered
 32 to the secretary of state between January 1 and April 1 of the year following the calendar year in
 33 which a domestic limited liability company was formed or a foreign limited liability company was
 34 registered to do business. *Subsequent annual reports shall be delivered to the secretary of*
 35 *state on or before each third anniversary of the limited liability company's formation or*
 36 *registration.*

1 (b) A foreign limited liability company that has registered at any time between
2 December 1 of the preceding year and April 1 of the current calendar year, or a domestic limited
3 liability company that was formed during the same period, shall not be required to file an annual
4 report during that year. Subsequent annual reports shall be delivered to the secretary of state
5 ~~[between January 1 and April 1 of the following calendar years]~~ *on or before each third*
6 *anniversary of the limited liability company's formation or registration.*

7 9 Effective Date. This act shall take effect July 1, 2013.

LBAO
13-0215
01/14/13

HB 530-FN - FISCAL NOTE

AN ACT relative to annual reporting requirements for business entities.

FISCAL IMPACT:

The Department of State indicates this bill, as introduced, will decrease state revenue by \$5,417,523 in FY 2014 and each year thereafter. This bill will have no fiscal impact on state, county, and local expenditures, or county and local revenue.

METHODOLOGY:

The Department of State indicates this bill would require business entities to file returns once every 3 years instead of every year, and not allow administrative dissolutions until 4 years after not filing a return instead of two years. The Department bases its estimate on FY 2012 revenue of \$7,526,285. The Department estimates, under this bill, it will lose 2/3 of its annual return revenue or \$5,017,523, and half of its late fee revenue or \$400,000. State revenue would decrease by \$5,417,523 per year (\$5,017,523 + \$400,000). The Department does not expect a decrease in expenditures attributable to this bill. Although the volume of annual returns would decrease by 2/3, the same number of business entities would still be serviced. The Department also believes it will see an increase in customer service calls due to longer intervals between filings. The Department notes its Corporate Division is funded by the revenue it collects and lapses the balance to the state general fund. In FY 2012, the lapse to the state general fund was \$4,000,000. According to the Department, if this bill passes, the Corporate Division would be underfunded by \$1,000,000.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 530-FN

BILL TITLE: relative to annual reporting requirements for business entities.
DATE: 2-21-13
LOB ROOM: 302 **Time Public Hearing Called to Order:** 10:59 am
Time Adjourned: 11:20 am

(please circle if present)

Committee Members: Reps. Butler, Schlachman, Kopka, Hammond, Mulholland, Gidge, Muns, K. Williams, Hedeh, Scarlotto, McNamara, John Hunt, Flanders, Doolan, Keith Murphy, Sandblade, Jones, F. Rice, Tucker and R. Belanger.

Bill Sponsors: Rep. D. McGuire

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Dan McGuire, prime sponsor - Bill would change requirement that "for-profits" report every 3 years from once a year and from a set date to anniversary date. Less paperwork for the businesses and for the department. Would reduce what is in essence a \$100 per year tax on businesses, a tax that is also regressive, impacts smaller businesses more than larger businesses.

Q: Rep. Chris Muns - Concerned about transparency?

A: A mild concern, but doesn't appear to be a big concern because a non-profit is on 5 year schedule; thinks of it more as a tax than getting at transparency.

Q. Rep. Keith Murphy- Any sense of what other states are doing?

A: Some anecdotal evidence that we may not be that high compared to other states.

Q: Rep. Kermit Williams - Have you thought about a scaled fee?

A: Don't think we need to go there.

Q: Rep. Emily Sandblade - Would you believe that there are 22 states where they file less than New Hampshire.

A: Yes.

David Scanlan, Deputy Sec. of State – Not taking a position, here for information. Every December, invoice goes out to all businesses. They are due back by April 1 of the year. If this requirement went away there would be a savings in postage and staff time to review this, staff saving probably not that significant because other work that they do. Would have an impact on funding for the Department.

Q: Chairman Ed Butler - Is information provided basic information?

A: Yes.

Q: Rep. Keith Murphy - Could you prepay?

A: Something to possibly look at

Q: Rep. Chris Muns - How is the information used, is it basic info?

A: Very basic information.

A: **Debra Ulmanius, Secretary of State's Office** - One page firm, contains basic information, information about who the principal's are, where they are located. Would still need to look at audited financials etc.

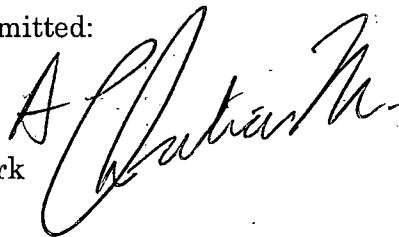
Q: Chairman Butler - Would you want to take a look at which types of companies would be required to file?

A: Worth looking into. Also worth looking at anniversary date.

Subcommittee appointed: None

Respectfully submitted:

Chris Muns, Clerk

A handwritten signature in black ink, appearing to read "Chris Muns", written over the typed name.

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

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TESTIMONY

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HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

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Bill Sponsors: Rep. D. McGuire

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

HB 530

Hearing on February 21, 2013

Speaker

Rep McGuire-Prime Sponsor. Bill would change requirement that "for-profits" report every 3 years from once a year and from a set date to anniversary date. Less paperwork for the businesses and for the department. Would reduce what is in essence a \$100 per year tax on businesses, a tax that is also regressive, impacts smaller businesses more than larger businesses.

Questions

Q. Rep Muns: Concerned about transparency

A. A mild concern, but doesn't appear to be a big concern because a non-profit is on 5 year schedule; thinks of it more as a tax than getting at transparency.

Q. Rep Murphy: Any sense of what other states are gong.

A. Some anecdotal evidence that we may not be that high compared to other states.

Q. Rep Williams: Have you thought about a scaled fee.

A. Don't think we need to go there.

Q. Rep Sandblade: Would you believe that there are 22 states where they file less than New Hampshire.

A. Yes.

Speaker

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Q. Rep Butler: Is information provided basic information.

A. Yes

Q. Rep Murphy: Could you prepay

A. Something to possibly look at

Q. Rep Muns: How is the information used, is it basic info.

A. Very basic info

A. Debra Ulmanius – Secretary of State's Office: One page firm, contains basic information, information about who the principal's are, where they are located. Would still need to look at audited financials etc.

Q. Rep Butler: Would you want to take a look at which types of companies would be required to file.

A. Worth looking into. Also worth looking at anniversary date.

Subcommittee appointed: None

Respectfully submitted by:

Chris Muns

Voting Sheets

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 530-FN

BILL TITLE: relative to annual reporting requirements for business entities.

DATE: 3-5-13

LOB ROOM: 302

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Heden

Seconded by Rep. McNamara

Vote: 15-3 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Chris Muns, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 530-FN

BILL TITLE: relative to annual reporting requirements for business entities.

DATE: 3-5-13

LOB ROOM: 302

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

HEDEN

Seconded by Rep.

MCNAMARA

Vote: (Please attach record of roll call vote.)

15-3

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Chris Muns, Clerk



2013 SESSION

COMMERCE AND CONSUMER AFFAIRS

Bill #: HB 530-FN Title: Annual reporting requirements for business entities

PH Date: 1/1 Exec Session Date: 3.5.13

Motion: FTL Amendment #: _____

MEMBER	YEAS	NAYS
Butler, Edward A, Chairman	✓	
Schlachman, Donna L, V Chairman	✓	
Kopka, Angeline A	✓	
Gidge, Kenneth N	✓	
Hammond, Jill S,	✓	
Mulholland, Catherine	✓	
Heden, Ruth S	✓	
McNamara, Richard D	✓	
Muns, Chris, Clerk	✓	
Scarlotto, Joe W	✓	
Williams, Kermit R	✓	
Hunt, John B	✓	
Flanders, Donald H		
Belanger, Ronald J		
Rice, Frederick C	✓	
Tucker, Pamela Z		
Jones, Laura M		✓
Murphy, Keith		✓
Doolan, Ralph J	✓	
Sandblade, Emily C		✓
TOTAL VOTE:		

MANCAY
KAPLAN

✓
✓
15
3

Committee Report

REGULAR CALENDAR

March 13, 2013

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on COMMERCE AND
CONSUMER AFFAIRS to which was referred HB530-
FN,**

**AN ACT relative to annual reporting requirements for
business entities. Having considered the same, report
the same with the following Resolution: RESOLVED,
That it is INEXPEDIENT TO LEGISLATE.**

Rep. Ruth S Heden

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee: **COMMERCE AND CONSUMER AFFAIRS**

Bill Number: **HB530-FN**

Title: **relative to annual reporting requirements for
business entities.**

Date: **March 7, 2013**

Consent Calendar: **NO**

Recommendation: **INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

This bill changes the timing for business reporting of financial fiscal information to the Secretary of State from annual reporting to every 3 years. The department of state indicated that this bill would decrease its annual returns by 2/3 and would increase customer service calls due to longer intervals. This bill would result in the underfunding of the Corporate division by \$1 million and would decrease the state general fund by \$4 million.

Vote 15-3

Rep. Ruth S Heden
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

COMMERCE AND CONSUMER AFFAIRS

HB530-FN, relative to annual reporting requirements for business entities. **INEXPEDIENT TO LEGISLATE.**

Rep. Ruth S Heden for the **Majority** of COMMERCE AND CONSUMER AFFAIRS. This bill changes the timing for business reporting of financial fiscal information to the Secretary of State from annual reporting to every 3 years. The department of state indicated that this bill would decrease its annual returns by 2/3 and would increase customer service calls due to longer intervals. This bill would result in the underfunding of the Corporate division by \$1 million and would decrease the state general fund by \$4 million. **Vote 15-3.**

Original: House Clerk
Cc: Committee Bill File

Stapler, Carol

From: Schlachman, Donna
Sent: Thursday, March 07, 2013 11:33 AM
To: Stapler, Carol
Subject: FW: HB 530

OK!

From: Stapler, Carol
Sent: Thursday, March 07, 2013 11:11 AM
To: Schlachman, Donna
Subject: FW: HB 530

From: Ruth Heden [mailto:rsheden@aol.com]
Sent: Thursday, March 07, 2013 11:09 AM
To: Stapler, Carol
Subject: HB 530

HB 530-FN, relative to annual reporting requirements for business entities. INEXPEDIENT TO LEGISLATE

Rep Ruth S Heden for Commerce and Consumer Affairs: This bill changes the timing for business reporting of financial fiscal information to the Secretary of State from annual reporting to every 3 years. The department of state indicated that this bill would decrease its annual returns by 2/3 and would increase customer service calls due to longer intervals. This bill would result in the underfunding of the Corporate division by \$1 million and would decrease the state general fund by \$4 million. Vote 15-3

REGULAR CALENDAR

March 13, 2013

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on COMMERCE AND
CONSUMER AFFAIRS to which was referred HB530-
FN,**

**AN ACT relative to annual reporting requirements for
business entities. Having considered the same, and
being unable to agree with the Majority, report with the
recommendation that the bill OUGHT TO PASS.**

Rep. Emily C Sandblade

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee: **COMMERCE AND CONSUMER AFFAIRS**
Bill Number: **HB530-FN**
Title: **relative to annual reporting requirements for
business entities.**
Date: **March 7, 2013**
Consent Calendar: **NO**
Recommendation: **OUGHT TO PASS**

STATEMENT OF INTENT

This bill reduces the frequency that corporations, LLCs, and consumer co-ops must make a report to the Secretary of State. The committee heard some testimony that, in a small number of cases, the primary benefit of reporting is to report a new address if there is one.

State law already requires that these entities report a change of address within 60 days, so the extra report just costs everybody more money, and requires thousands of hours of personnel time in the Secretary of State's office to process them each year. This bill would cut the state processing time by two-thirds and release those funds for more urgent needs.

Rep. Emily C Sandblade
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

COMMERCE AND CONSUMER AFFAIRS

HB530-FN, relative to annual reporting requirements for business entities. **OUGHT TO PASS.**

Rep. Emily C Sandblade for the **Minority** of COMMERCE AND CONSUMER AFFAIRS. This bill reduces the frequency that corporations, LLCs, and consumer co-ops must make a report to the Secretary of State. The committee heard some testimony that, in a small number of cases, the primary benefit of reporting is to report a new address if there is one.

State law already requires that these entities report a change of address within 60 days, so the extra report just costs everybody more money, and requires thousands of hours of personnel time in the Secretary of State's office to process them each year. This bill would cut the state processing time by two-thirds and release those funds for more urgent needs.

Original: House Clerk

Cc: Committee Bill File

Stapler, Carol

From: Schlachman, Donna
Sent: Thursday, March 07, 2013 11:34 AM
To: Stapler, Carol
Subject: FW: HB 530 Minority Blurb

Rep. Donna Schlachman
Vice Chair, Commerce and Consumer Affairs Committee Rockingham District #18, Exeter
2 Langdon Ave. Exeter 03833
271-3369 (Committee Room)
772-4934 (home phone)

Confidentiality Notice: This email message, including any attachment or files, is intended only for the use of the named addressee(s) and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient of this message, any dissemination, distribution, or copying of this message is strictly prohibited. If you receive this message in error, please notify the sender by reply email and destroy all copies of the original message. Thank you for your cooperation.

From: representativeemilysandblade@gmail.com [representativeemilysandblade@gmail.com]
Sent: Thursday, March 07, 2013 7:11 AM
To: Schlachman, Donna; Stapler, Carol
Subject: HB 530 Minority Blurb

This bill reduces the frequency that corporations, LLCs, and consumer co-ops must make a report to the Secretary of State. The committee heard some testimony that, in a small number of cases, the primary benefit of reporting is to report a new address if there is one. State law already requires that these entities report a change of address within 60 days, so the extra report just costs everybody more money, and requires thousands of hours of personnel time in the Secretary of State's office to process them each year. This bill would cut the state processing time by two-thirds and release those funds for more urgent needs.