

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO.

Senate Bill 351

PRINTER'S NO.

755

AMOUNT

\$500,000 Additional Revenue

\$210,000 Additional Revenue

FUND

General Fund

Corporation Bureau Restricted Account

DATE INTRODUCED

Feb. 20, 2009

PRIME SPONSOR

Senator Greenleaf

HISTORY OF BILLReferred to JUDICIARY, Feb. 20, 2009Reported as amended, March 24, 2009

First consideration, March 24, 2009

Re-referred to APPROPRIATIONS, April 22, 2009Re-reported as committed, March 15, 2010**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 351 amends title 15 (Corporations & Unincorporated Associations) and Title 54 (Names) of the Pennsylvania Consolidated Statutes, to complete the codification of the Nonprofit Corporation Law (Title 15, Part II, Subpart C) and to revise the laws relating to limited liability partnerships (LLPs) and limited liability companies (LLCs).

The Nonprofit Corporation Law is revised to update the law and make it consistent with the Business Corporation Law (Title 15, Part II, Subpart B), including the provisions dealing with foreign nonprofit organizations. In addition, provisions of the Business Corporation Law (BCL) are updated, including refining the electronic communications provisions of the BCL. Revisions are made in the Nonprofit Corporation Law so that nonprofit corporations may make use of electronic communications technology to provide for notice of meetings, granting of proxies and acting by consent without a meeting.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The most important revision relating to LLPs and LLCs provides general partners in a LLP the same protection from liability as shareholders in a professional corporation, thus giving the owners of large and small professional practices the same liability protection.

The bill makes a number of minor changes to Pennsylvania law relating to LLPs and LLCs to conform to revisions in Federal tax law.

In addition, the legislation requires LLPs and LLCs to provide legal notice when they are formed or dissolved.

The Legislation may be cited as the GAA Amendments Act of 2009.

Generally, this act takes effect in 60 days.

The enactment of this legislation is not anticipated to result in an adverse fiscal impact to the General Fund.

FISCAL IMPACT:

Under the bill, the fee for change of address filings for registered office by domestic entities, foreign corporation and foreign LLC and LLP is to decrease from \$70 to \$5. A reduction in the current fee would mean a net annual loss of about \$368,290, assuming the number of filings remains at the 2008 level. This is a \$110,487 revenue loss to the Corporation Bureau Restricted Account and a \$257,803 revenue loss to the General Fund annually. Current trends reveal a reduction in the number of change of address filings which may be attributed to the higher filing fee. It is possible that significantly more entities will file changes of address because of the lower fee and make up for the revenue loss.

The Corporation Bureau anticipates that the fiscal impact of the addition of expedited services and fees will result in additional revenues. Seventy percent of business processing filing revenues are deposited into the General Fund. The filings most likely to be expedited will be business formation filings (articles of incorporation/certificates of organization, etc), articles of amendment, mergers and good standing certificates. If .05% of corporate filings are expedited at each level (one hour at \$1,000 fee, three hour at \$300 fee and same day at \$100 fee), additional annual revenue of \$1,080,000 is possible, with \$756,000 deposited to the General Fund and \$324,000 for the Corporation Bureau Restricted Account.

Based on the above, additional revenue of approximately \$500,000 and 210,000 may accrue to the General Fund and Corporation Bureau Restricted Account respectively.