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## **OLR Bill Analysis**

**sSB 1119 (File 513, as amended by Senate "B")\***

### ***AN ACT CONCERNING BUSINESS REGISTRATIONS WITH THE OFFICE OF THE SECRETARY OF THE STATE.***

#### **SUMMARY**

This bill makes various changes in laws that govern certain business entities operating in the state. Primarily, it does the following:

1. expands the information certain business entities must include in their filings with the secretary of the state (SOTS) to include e-mail addresses and their North American Industry Classification System (NAICS) code (§§ 1-7 & 10-21);
2. eliminates the requirement that a limited partnership (LP) include in its LP certificate the latest date it is to be dissolved (§ 5);
3. requires that each LP annual report include the general partner's name and business address (§ 6);
4. eliminates the requirement that certain business documents be sworn to by a general partner (§§ 7-9);
5. generally decreases the fees for document authentication or apostille from \$40 to \$20 and the expedited fee from \$50 to \$20 (§ 22);
6. requires a claim for credit toward future filing fees to be presented within one year after it accrues and authorizes SOTS to adjust its records to reflect that overpaid fees are no longer available for refund or credit (§ 22);
7. renames SOTS's Commercial Recording Division as the Business Services Division, and allows SOTS to require the filing of

documents and data over the internet (§§ 22-23);

8. sets a framework for allowing a business's registered agents to register and file specified information with SOTS to allow certain information changes without additional filings, and authorizes SOTS to establish this commercial registered agent process when she determines it is feasible (§§ 24-26); and
9. increases the fees for reinstating a business (§§ 27-30).

The bill also requires SOTS and the Department of Consumer Protection (DCP) to accept remittances by credit card, among other payment types, so long as they include all associated processing, service, or transaction fees (§§ 22 & 501).

Lastly, it makes technical and conforming changes.

\*Senate Amendment "B" adds the SOTS and DCP remittance provisions.

EFFECTIVE DATE: January 1, 2024

### **§§ 1-7 & 10-21 — NAICS CODE AND E-MAIL REQUIREMENT**

The bill requires business entities filing the documents listed in the following table to include an e-mail address and NAICS code (i.e., a six-digit, hierarchical coding system that classifies economic activity into 20 industry sectors). As the table indicates, current law already requires the annual report filings to include a NAICS code and most other documents to include an email address if the entity has one. The bill instead requires all of the documents to include both.

**Table: Current Requirements to Include Email Addresses and NAICS Codes in Specified Business Filings**

<i>Business Filings Covered Under the Bill</i>	<i>Current Law</i>	
	<i>Email Address</i>	<i>NAICS Code</i>
Corporation and nonstock corporation incorporation certificates	Not required	Not required
Foreign corporation and nonstock foreign corporation applications for certificates of authority	Required, if any	Not required
LP certificates	Required, if any	Not required

<b><i>Business Filings Covered Under the Bill</i></b>	<b><i>Current Law</i></b>	
	<b><i>Email Address</i></b>	<b><i>NAICS Code</i></b>
Foreign LP registration applications and annual reports	Required, if any	Not required
Limited liability company (LLC) certificates of organization	Required, if any	Not required
Foreign LLC registration certificates	Required, if any	Not required
Registered limited liability partnership (LLP) certificates	Required, if any	Not required
Foreign registered LLP certificates of authority	Required, if any	Not required
Statutory trust certificates	Not required	Not required
Foreign statutory trust registrations	Not required	Not required
Annual reports for LPs, domestic corporations, foreign corporations, nonstock domestic corporations, LLCs, registered foreign LLCs, registered LLPs, and foreign registered LLPs	Required, if any	Required

The bill also makes minor and conforming changes.

### **§§ 7-9 — ELIMINATION OF SWORN DOCUMENTS**

The bill eliminates the requirement that specified LP business filings be sworn to by a general partner. It applies to foreign LP registration applications, amendments, and cancellations. By law, a foreign LP must register with SOTS before transacting business in the state. Current law requires the partnership to submit a signed copy of these documents that is signed and sworn to by a general partner. The bill requires the documents, and not copies, to be filed.

### **§ 22 — AUTHENTICATION OR APOSTILLE FEES**

Under current law, the fee for document authentication or apostille is generally \$40 or \$15 if the document is related to an adoption. The bill instead sets both of these fees at \$20. It also decreases the expedited fee for this service from \$50 to \$20 and makes technical changes.

An apostille is a special type of authentication used under the Hague Convention that simplifies the authentication process by exempting documents certified by the government. SOTS is responsible for issuing apostille certifications for Connecticut.

### **§ 22 — SOTS FEE REMITTANCE BY CARD**

Current law allows SOTS to accept remittances by use of a credit card account number and an authorization to draw from a specified account under the conditions she prescribes. The bill instead requires her to allow remittances using credit cards, charge cards, debit cards, or electronic funds, so long as the amount collected includes any processing, service, or transaction fee associated with the payment type. It prohibits SOTS from assessing any additional associated processing, service, or transaction fee.

The bill also makes related minor and conforming changes.

### **§§ 22-23 — ONLINE SUBMISSIONS OF BUSINESS FILINGS**

The bill explicitly authorizes SOTS to accept document filings over the internet, rather than by telecopier or other electronic media. By law, unchanged by the bill, the secretary may establish rules, fee schedules, and regulations for document filings. The bill specifies that these rules, fee schedule, and regulations are for filings with SOTS's Business Services Division.

The bill also authorizes SOTS to (1) require any Business Services Division filing to be submitted online and (2) allow paper filings of documents and data if she determines online submission is impractical. She may also create a unified business maintenance filing that allows businesses to update their information on file if the business is active and in good standing with SOTS.

### **§§ 24-26 — COMMERCIAL REGISTERED AGENTS**

#### ***Commercial Registered Agent Listing Statements (§ 24)***

The bill authorizes SOTS to establish a commercial registered agent process, as described under the bill, when she determines it is feasible.

Under current law, each business must appoint an agent and may choose to appoint commercial agents (e.g., businesses that specialize in being agents). If the commercial agent's information changes, a change must be recorded on each business that appointed the agent. The bill (1) provides a process allowing businesses' "registered agents" to register with SOTS and file a listing statement that has specified identifying

information about the agents and the methods they will accept for service of process, notices, and demands and (2) allows changes to a registered agent's information through the listing without additional filings. Under the bill, a "registered agent" means a registered agent of a corporation or LLC, or a statutory agent for service of process of a LP, LLP, or statutory trust.

The bill prohibits any individual, business organization, or unincorporated association from registering as a commercial registered agent except as the bill provides. To register as an agent, a business entity must be active and in good standing with SOTS with the applicable certificate or registration on file and be an incorporated domestic or foreign stock corporation or LLC.

The bill allows a registered agent to deliver to SOTS for filing a commercial registered agent listing statement that the agent signed. The statement takes effect upon filing and must state the following:

1. the individual or entity name that acts as a registered agent and the entity type and jurisdiction of formation;
2. that the registered agent is in the business of serving as a registered agent in Connecticut; and
3. the registered agent's business address in Connecticut to which service of process, notices, and demands may be delivered.

Under the bill, the statement may include (1) information on the methods the registered agent will accept for service of process, notices, and demands (other than in a written record) and (2) the commercial registered agent's telephone number, e-mail, and website. The secretary may require other information on the statement as needed to carry out her duties under the bill's registered agent provisions. All information collected on these statements is public and may be made available on SOTS's website.

The bill requires SOTS to note the filing of a commercial registered agent listing statement in its records index for each entity the registered agent represents at filing. The statement effectively amends the

registered agent filing for each of those entities to (1) designate the registered agent filing the commercial registered agent listing statement as the commercial registered agent of each of those entities and (2) delete the name and address of the former agent from the registered agent filing of each of those entities. The statement takes effect upon filing.

***Termination (§ 25)***

The bill allows a registered agent to terminate his or her listing as a commercial registered agent by delivering a signed commercial registered agent termination statement to SOTS. The statement must have the agent's name as listed with SOTS and state that the agent is no longer in the business of serving as a commercial registered agent in Connecticut. A termination statement takes effect at 12:01 a.m. on the 31st day after the day the statement is filed with SOTS.

Under the bill, the agent must promptly give each entity the agent represents with a notice in a record of the termination statement filing. When the termination statement takes effect, the agent stops being the agent for each entity he or she previously represented. Terminating the listing does not affect any contractual rights a represented entity has against the agent or the agent has against the entity.

***Statement of Change (§ 26)***

Under the bill, a commercial registered agent must file an amended commercial registered agent listing statement if the agent changes its name, entity type, jurisdiction of formation, or address in the state. The amended statement may be filed by the agent to update any other information provided on the original or a previous amendment.

SOTS's filing of the listing statement is effective to change the information about the agent with respect to each entity the agent represents. A statement of change filed with SOTS takes effect upon filing.

The bill requires a commercial registered agent to promptly notify each entity the agent represents of an amended listing.

**§§ 27-30 — BUSINESS REINSTATEMENT FILING FEES**

The bill increases the following filing fees associated with reinstating a business:

1. \$150 to \$500, including annual report fees, for filing a business corporation reinstatement application (currently an annual report filing is \$150) and
2. \$120 to \$250 for filing a LP, LLC, or LLP reinstatement certificate.

The bill also lowers the fee for filing a withdrawal certificate for registered foreign LLCs from \$120 to \$50. It does so by eliminating the fee for this specific filing and applying the \$50 fee that generally applies to document filings.

### **§ 501 — DCP LICENSE FEE PAYMENTS**

The bill requires DCP to allow payment of any professional licensing fees using a credit card, debit card, or electronic funds, so long as the fee collected includes any processing, service, or transaction fee associated with the payment type. It prohibits the department from assessing any additional processing, service, or transaction fee for these payments. (Under the bill, it is unclear which licenses are considered professional licenses.)

### **COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute

Yea 36 Nay 1 (03/27/2023)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 34 Nay 17 (05/02/2023)