

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 24-111—sSB 428

Judiciary Committee

**AN ACT CONCERNING BUSINESS REGISTRATIONS FILED WITH THE
SECRETARY OF THE STATE**

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Makes changes to the Connecticut Business Registry regarding authenticating and verifying data, fraud prevention, requirements for registered agents, and penalties for committing prohibited actions

BACKGROUND

SUMMARY: This act makes various changes in laws that govern certain business entities operating in the state. Among other things, the act also expands the trade name law, expands the authority of the secretary of the state (SOTS), and makes changes to the Connecticut Business Registry.

It also makes minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2025, unless stated otherwise below.

§§ 1-7 & 10-21 — NAICS CODE AND EMAIL REQUIREMENT

Expands the information certain business entities must include in their filings with SOTS to include valid email addresses and their NAICS code

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

Prior Requirements to Include Email Addresses and NAICS Codes in Specified Business Filings

<i>Business Filings Covered Under the Act</i>	<i>Prior 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
Limited Partnership (LP) certificates	Required, if any	Not required

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Business Filings Covered Under the Act	Prior Law	
	Email Address	NAICS Code
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
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, most domestic corporations, foreign corporations, LLCs, registered foreign LLCs, registered LLPs, and foreign registered LLPs	Required, if any	Required

The act also makes minor and conforming changes.

§§ 5 & 6 — LP’S CERTIFICATE AND ANNUAL REPORT

Eliminates the need to include the latest date of dissolution in an LP’s certification; requires the annual reports to include the general partner’s name and business address

The act eliminates the prior requirement that an LP include the latest date upon which it is to dissolve in order to get a certificate of limited partnership. It also requires each LP’s annual report to include the general partner’s name and business address.

§§ 7-9 — ELIMINATION OF SWORN DOCUMENTS

Eliminates the need for certain business documents to be sworn to by a general partner

The act 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. Prior law required the partnership to submit a signed copy of these documents that was signed and sworn to by a general partner. The act requires the signed documents, but not copies, to be filed.

§§ 12 & 53 — FOREIGN REGISTRATION CERTIFICATE

Requires foreign LLCs to file an authenticated certificate of existence with SOTS when filing or amending their foreign registration certificate

In registering to do business in the state, existing law requires a foreign LLC to deliver a foreign registration certificate to SOTS for filing.

When delivering this certificate to SOTS, the act requires the foreign LLC to also deliver a certificate of existence, or a similar document, duly authenticated by

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SOTS or another official having custody of corporate records in the state or country where the LLC was formed.

Existing law requires a registered foreign LLC to file an amendment to its foreign registration if there is a change in the company's name or the company's governing jurisdiction. The act requires the LLC to follow the requirements for filing the certificate for getting an amended registration.

§§ 17-21 — AMENDED ANNUAL REPORTS

Requires certain business entities to file an amended annual report with SOTS if certain information changes, and establishes a \$25 filing fee

The act requires each corporation (stock and nonstock, but not banks, trust companies, insurance or surety companies, savings and loan associations, credit unions, public service companies, cemetery associations, and incorporated church or religious corporations), foreign corporation, LLC, registered foreign LLC, registered LLP, and foreign registered LLP to file an amended annual report with SOTS if information required in the entity's annual report (except the entity's name) changes after the most current annual report was filed and more than 30 days before the month in which the next annual report is due. The amended annual report must meet the annual report requirements, including the entity's valid email address and NAICS code.

Under the act, the filing fee for an amended annual report is \$25.

§§ 22 & 23 — ONLINE SUBMISSIONS OF BUSINESS FILINGS

Renames SOTS's Commercial Recording Division as the Business Services Division and the Records and Legislative Services Division as the Legislation and Elections Administration Division; allows SOTS to require the online filing of documents under certain circumstances

The act renames SOTS's Commercial Recording Division as the Business Services Division. It also renames the Records and Legislative Services Division as the Legislation and Elections Administration Division.

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

The act 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 the filer establishes to the secretary's satisfaction that online submission is impractical.

§§ 24-33 — SOTS EMAIL NOTIFICATIONS

Makes email the mode of communication that SOTS must use to perform certain actions the secretary is authorized to take (e.g., a corporation's dissolution)

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The act makes email the mode of communication that SOTS must use for certain notices. Under prior law, these communications had to be sent by regular, first-class, registered, or certified mail, as applicable.

The act's changes apply to the notices and documents the law requires SOTS to send to the various entities, as applicable, relating to annual reporting delinquencies, failure to maintain a registered or statutory agent for service, administrative dissolutions; revocations of certificates of authority; or cancellations or dissolutions by forfeiture.

Under the act, SOTS must send the specified notifications and documents to the pertinent entity's latest email address shown on the secretary's records.

§§ 34-39 & 54-56 — TRADE NAMES

Expands the trade name law to, among other things, standardize the application form and limits the validity of a trade name to five years at a time

In Connecticut, a "trade name" is the term generally given to an individual doing business under an assumed name, sometimes called "doing business as" or "D/B/A" or sole proprietorship. The act expands the trade name law to, among other things:

1. standardize the application form;
2. limit a name's validity to five years at a time;
3. allow those issued trade names before January 1, 2025, to renew until December 31, 2029;
4. set the fees for towns to charge;
5. establish a renewal and cancellation process;
6. require SOTS to create a new electronic system to process trade name certificate applications;
7. expand the trade name exemption to additional business entities that transact business under the name stated in its formation or registration document; and
8. make conforming changes.

As prior law generally did, with exceptions the act prohibits anyone from transacting business in the state under an assumed or fictitious name or under any designation, name, or style, corporate or otherwise, other than the real name or names of the person or individuals transacting the business without a trade name certificate. It also makes conforming changes.

Application (§§ 34 & 39)

The act standardizes the trade name application by requiring it to be filed on a SOTS-prescribed form. By law, unchanged by the act, the application must be made to the town clerk's office in the town where the business is, or will be, principally transacted. The act also makes separate applications for a natural person and business entity and requires additional information.

Natural Persons. An application filed by a natural person or a group of natural persons must include the (1) name under which the business is, or will be,

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transacted; (2) business's physical address in the town of filing; (3) business's valid email address; and (4) full name and physical and valid email address of each person transacting the business.

Business Organization. The application filed by a business organization must include the:

1. name under which the business is, or will be, transacted;
2. business organization's SOTS-provided business identification number;
3. business organization's name and principal business address on file with SOTS; and
4. business organization's principal business address and email address.

Under the act, a "business organization" means any corporation, LP, LLP, or LLC on record with SOTS.

The act requires a trade name certificate application to be executed by each natural person filing the application or, in the case of a business organization, by an authorized officer of the business organization. Applications must be acknowledged before an authority qualified to administer oaths. Under the act, the trade name application fees are \$20 each.

Validity (§ 34)

The act requires town clerks to issue a trade name certificate upon accepting an application filed under this provision. The certificate is valid for five years from the issuance date. But, under the act, a trade name certificate issued before January 1, 2025, expires on December 31, 2029, unless it is renewed under the act's provisions (see below). These trade names may be renewed at any time before the expiration date, and the renewed trade name is valid for five years from when the town clerk accepts the renewal.

Renewal, Amendment, and Cancellation (§§ 35 & 39)

The act allows trade name certificates to be renewed between six months before the certificate expires and the expiration date. A renewal application must be on a SOTS-prescribed form and provide the information required in the application form (see above). Upon accepting the renewal application, the town clerk must issue a new certificate, which is valid for five years from the previous certificate's expiration date.

The filer may (1) amend any information in an original application for a certificate or renewal at any time before the certificate expires and (2) cancel a certificate before it expires by filing a cancellation with the town clerk where the original application was filed.

Under the act, the trade name renewal, amendment, and cancellation fees are \$20 each, payable to the town clerk.

Alphabetical Index and SOTS Electronic System (§ 36)

The law requires each town clerk to keep an alphabetical index of trade names.

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The act specifies that the town clerks index the certificates they issued, as well as the trade name applications filed by natural individuals and business organizations.

Prior law required SOTS to create an electronic system to collect from each town clerk the trade name information required by law. The act instead requires SOTS to create an electronic system to process applications for trade name certificates. It requires the system to allow statewide public searching of trade name certificate information.

Under the act, town clerks using the system are deemed compliant with the index requirement. Starting January 1, 2026, the act allows SOTS to require town clerks to use the electronic system.

Presumptive Evidence (§ 37)

Under prior law and the act, a copy of any trade name certificate the issuing town clerk certifies is presumptive evidence in all state courts of the facts the certificate contains. Neither prior law's nor the act's trade name provisions prevent the lawful use of a partnership name or designation if it includes the true surname of at least one of the individuals in the partnership.

Exemptions (§ 37)

The act expands the business entities that are exempt from the trade name law by exempting SOTS-registered LLPs, corporations, and statutory trusts. As under prior law, domestic or foreign limited partnerships and LLCs are also exempt. The entity must transact business under the name stated in its formation or registration document, as applicable, filed with SOTS.

Trade Name Determination (§ 37)

The act specifies that it does not require a town clerk to determine that the trade name that is the subject of a trade name certificate issued under the act is unique in the town of filing or any other Connecticut town.

Penalty (§ 37)

Under the act, anyone transacting business in violation of the trade name provisions may be fined up to \$500, imprisoned for up to one year, or both. Failing to comply is also deemed a Connecticut Unfair Trade Practices Act violation, as it was under prior law (CUTPA, see BACKGROUND).

Assumed or Fictitious Name in Advertisement (§ 38)

The act generally retains prior law's restrictions on assumed or fictitious names. The act prohibits individuals from using an assumed or fictitious name in any printed advertisement, in order to conduct their business, that includes the name of any municipality in a way suggesting their business is in the municipality unless

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(1) it is, in fact, located in the municipality or (2) the person includes in the advertisement the complete street address of the location where the business is actually conducted (including the municipality and, if out-of-state, the state).

Anyone violating the advertising provision is deemed to have committed a CUTPA violation. But the provision does not apply to the use of any (1) trademark or service mark registered under federal or state laws; (2) name that, when applied to goods or services of the person's business, is merely descriptive of them; or (3) name that is merely a surname.

The act specifies that it does not impose liability on any publisher that relies on the written assurances of a person placing the advertisement that he or she has the authority to use any assumed or fictitious name.

§§ 40-42, 45 & 47 — ATTORNEY GENERAL ENFORCEMENT AUTHORITY

Establishes a three-year statute of limitations for the attorney general to bring an enforcement action against a business entity that operated without a certificate of authority

By law, any foreign corporation, foreign LLC, foreign registered LLP, or foreign statutory trust is liable to the state for the time it transacted business in the state without a certificate of authority. In such a case, SOTS may generally levy fees, taxes, interest, and penalties.

Under the act, the attorney general must bring any action to enforce this liability within three years after the date SOTS assessed the levy.

EFFECTIVE DATE: Upon passage

§§ 43, 46 & 48 — SOTS STATUTORY AUTHORITY

Gives SOTS express authority to (1) enforce the laws governing LLCs, partnerships, LLPs, and statutory trusts and (2) issue interrogatories to discern compliance

The act expressly gives SOTS the power reasonably necessary to perform the duties required of the secretary by the laws governing LLCs, partnerships, LLPs, and statutory trusts. It also authorizes the secretary to issue interrogatories to discern compliance.

EFFECTIVE DATE: Upon passage

§§ 44 & 49 — INTERROGATORIES

Establishes the requirements for the interrogatories SOTS may issue to certain business entities to determine compliance with the law, specifically regarding the entity's answer; penalties for untimely, untruthful, and incomplete answers; and confidentiality

Compliance With the Uniform Limited Liability Company Act and the Connecticut Statutory Trust Act

The act authorizes SOTS to submit interrogatories to certain business entities as may be reasonably necessary and proper to allow the secretary to determine if the business has complied with the provisions of certain statutes.

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Under the act, SOTS may direct these interrogatories to any:

1. LLC (domestic or foreign) subject to the provisions of the Uniform Limited Liability Company Act, and to any of the LLC's members or managers, and
2. statutory trust (domestic or foreign) subject to the provisions of the Connecticut Trust Act and to any of the trustees.

Answer. The answer to the interrogatories must be full and complete and must be made in writing under oath within 30 days after the interrogatories' mailing or within any additional time the secretary allows.

If the interrogatories are directed to (1) an individual, they must be answered by the individual; (2) an LLC, they must be answered by any member or manager; or (3) a statutory trust, they must be answered by a trustee of the trust.

Penalty for Untimely, Untruthful, and Incomplete Answers

The act imposes a penalty of up to \$500 for any LLC, LLC member or manager, statutory trust, or trustee that fails or refuses to answer the interrogatories timely, truthfully, and fully.

Confidentiality

Under the act, SOTS's interrogatories and the related answers are not open to public inspection and SOTS may not disclose any facts or information obtained from them, unless the (1) secretary's official duty requires it to be made public or (2) interrogatories or the answers are required for evidence in any criminal proceedings or in any other state action.

EFFECTIVE DATE: Upon passage

§§ 50-52 — CONNECTICUT BUSINESS REGISTRY

Makes changes to the Connecticut Business Registry regarding authenticating and verifying data, fraud prevention, requirements for registered agents, and penalties for committing prohibited actions

The act makes changes related to information that registered business entities must give SOTS for the Connecticut Business Registry.

Under the act, the "Connecticut Business Registry" is the data and filing history of all businesses that form or register with, and are made available to the public on, the state's centralized business website. A "registered business entity" is any corporation, LLC, LLP, LP, statutory trust, or any other business entity on the Connecticut Business Registry.

Authentication and Verification of Submitted Data (§ 50)

The act allows the secretary to verify the data submitted to the Connecticut Business Registry and confirm that it has been transmitted with the authorization of the registered business entity for which it is filed. When verifying the data, the secretary may prevent data submissions that cannot be authenticated and reject

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these filings. The act also authorizes the secretary to administratively dissolve, forfeit, revoke, or cancel the registered business entity, if she finds that any data submitted cannot be verified.

Fraud Prevention (§ 50)

The act authorizes the secretary to do the following to prevent the fraudulent submission of data to the registry:

1. authenticate the identity of the person submitting a filing;
2. authenticate any and all email addresses and cellphone numbers provided in connection with a registry filing, including the email address and cellphone number the person used when submitting the filing and the business's email address of record;
3. require proof that the registered business entity has authorization to use the address provided as the principal business address, which may include evidence that the (a) business or one of its principals owns or leases the property or (b) owner or lessor of the property allows the property to be used as the business's principal place of business;
4. require that all addresses submitted be valid according to the U.S. Postal Service; and
5. take any other measures the secretary deems necessary that further the provision's purposes and are consistent with state law.

Requirements for Registered Agents (§ 51)

The act establishes the following requirements for any registered agent required to be appointed by law for any corporation, LLC, LLP, LP, or any other business entity that forms or is required to register with SOTS.

Natural Person. If the agent is a natural person, he or she must be an adult (age 18 or older) and a Connecticut resident when named as agent. The secretary may require proof that the (1) name provided is the legal name of the person appointed agent, (2) residential address provided is the agent's primary residence, and (3) agent's business address is the agent's usual place of business.

Registered Business Entity. If the agent is another registered business entity, the entity must be in good standing with SOTS. "Good standing" means that the registered business entity is active on SOTS records and compliant with the entity's legal obligation to file annual reports and maintain a registered agent.

Business Address. The business address provided for a registered business entity appointed to serve as a registered agent for another registered business entity must be the agent's usual place of business. Under the act, a "usual place of business" is a place in the state that is customarily open during normal business hours where a person authorized to serve as a registered agent, including accepting of service of process and other notifications, is commonly present. It does not include a U.S. post office box or a commercial post office box.

Prohibited Actions (§ 52)

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Under the act, for any data, document, or record submitted to SOTS on behalf of a business entity, it is a prohibited action to:

1. include certain individuals' names on a filed document without their written consent,
2. include an address in a document filed with the secretary without the owner's or occupant's consent, and
3. deliver a document about an entity to SOTS if the person making the delivery lacks the necessary written consent or authority to do so.

A person's name cannot be included without consent if the person is included in the filing as the:

1. registered agent;
2. person causing the document to be delivered to SOTS for filing;
3. person incorporating, forming, or organizing an entity;
4. person named as officer, director, member, manager, partner, or other principal of the entity; or
5. any other person required under the relevant statutes to be identified in a document filed with SOTS.

Penalty for Violation. Under the act, an intentional violation of these provisions in connection with a SOTS filing constitutes perjury, which is a class D felony (see [Table on Penalties](#)).

EFFECTIVE DATE: Upon passage for the data validation and fraud prevention provisions; January 1, 2025, for the provisions on registered agents' requirements; and October 1, 2024, for the prohibited actions and penalty provisions.

BACKGROUND

Connecticut Unfair Trade Practices Act (CUTPA)

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the Department of Consumer Protection commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.