

**COMMISSION ON ENHANCING AGENCY OUTCOMES
SUMMARY SHEET**

Reduction In Printing

Business Entity Filings

The Secretary of State (SOS) is responsible for maintaining the commercial records and annual reporting of all business entities, including domestic and out-of-state stock and non-stock corporations, limited partnerships, limited liability companies, and limited partnerships. **There are currently 365,000 such entities** that are required to file and annually report to the Secretary of State. This process for the most part is all done by hard copy and regular mail.

File 634 of the 2010 session¹ (HB 5427 as amended,) would have:

- allowed the SOS to establish a timeline for when the annual reports are due (rather than using the anniversary date of the original filing); and
- changed the annual report filing from a paper process, where the SOS sends a paper copy of the most recent information with space for any changes, to a process that is almost entirely electronic.

In the first year of the transition the SOS would send postcards alerting businesses that the annual report filings were due, with **future notices sent via e-mail. Entities would then file their reports electronically.** A **hardship exception might be granted** for small businesses that might not have the capability of filing electronically. It is anticipated that about 15,000 of the total business entities might not file electronically.

The Secretary of State's Office estimates the change would save the state about **\$140,000** in the first year of implementation and up to **\$240,000 annually** thereafter. This is for hard costs alone – **paper, envelopes, and postage, and does not include the costs of staff time** in stuffing envelopes, and entering the data in the system once the hard copies are returned. According to the SOS, it also does not include the costs of returning incomplete hard copies to the entity. The system's planned design would not allow the electronic submission unless it was complete, which would also add savings.

Other Printing Requirements

File 634 also would have **eliminated other printing** (and certification) requirements through:

- eliminating the requirement for the Secretary of State to distribute specific numbers of favorably reported bills to certain entities (bills are available online);
- removing the requirement that the SOS send by certified mail notices to legislators of special and reconvened sessions of the General Assembly;
- eliminating the requirement that the SOS distribute to towns and Superior Court clerks, printed copies of each public act; and
- removing the requirement to certify to the Treasurer and Comptroller the amount and purpose of each legislative appropriation.

OFA estimated the savings to the Office of Legislative Management would be \$48,000 annually and to the Secretary of State's office, \$7,000 annually, or a total annual savings of **\$55,000**. In testimony on the bill, the **SOS estimated a total savings of \$100,000 annually.**

¹ File 634 passed the House on 4/21/10, but was not acted on in the Senate before the end of the 2010 session.