

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 251**

As Amended by House Committee on  
Commerce, Labor and Economic Development

**Brief\***

SB 251, as amended, would revise and update certain provisions pertaining to business and other related filings.

***Business Filings***

The bill would change the annual report currently required to be filed with the Secretary of State by business entities to a biennial business entity information report beginning in 2022. The current annual report fee of \$40 would be replaced by a fee of \$80 for each biennially filed report.

Business entities formed in even-numbered years would be required to file reports in even-numbered years and business entities formed in odd-numbered years would be required to file reports in odd-numbered years.

The bill would also eliminate a provision excluding corporations from being required to file annual reports when such corporations have filed articles of incorporation less than six months prior to the last day of its tax period.

The bill would clarify, for corporate naming purposes, "professional association" may be abbreviated "P.A." or "PA," and the two abbreviations would be considered to be identical.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would allow for business filings with the Secretary of State to be signed *via* electronic signature.

The bill would eliminate various obsolete references to previously repealed statutes related to business filings.

### ***Blanket Music Licenses***

The bill would repeal statutes requiring blanket music licenses and related documents to be filed with the Secretary of State and providing for service of process upon the Secretary of State in any legal action related to blanket music licenses.

### ***Series Limited Liability Companies (Series LLCs)***

The bill would delay implementation of the following series LLC provisions from July 1, 2020, to July 1, 2022, which were enacted in 2019 HB 2039:

- Merger or consolidation of series LLCs;
- Reinstatement of canceled series LLC certificates of designation;
- Restated certificates of designation;
- Extensive amendment, restructuring, and expansion of the main statute governing series LLCs;
- Other series LLC amendments in the Revised Limited Liability Company Act, including statutes regarding cancellation of articles of organization, notice by filing with the Secretary of State, fees for documents provided by the Secretary of State, reinstatement of canceled or forfeited articles of organization, annual reports, and tax periods; and

- Series LLC provisions in the Business Entity Standard Treatment (BEST) Act and the Uniform Commercial Code.

### ***Street Address Definition***

The bill would define “street address” within the Kansas Uniform Partnership Act to be the location including the number, street, city, and postal code.

### **Background**

On March 17, 2020, the House Committee on Commerce, Labor and Economic Development (House Committee) added the contents of SB 424, as amended by the Senate Committee of the Whole, to SB 251 and passed the bill.

### ***SB 251***

The bill was introduced by Senator Olson. In the Senate Committee on Commerce (Senate Committee) hearing, Senator Olson and representatives of the Kansas Chamber of Commerce and the National Federation of Independent Business testified in support of the bill. They indicated the bill would lessen the administrative and compliance burden on businesses. The Secretary of State offered written-only neutral testimony on the bill. No other testimony was provided.

The Senate Committee amended the bill by replacing a provision that would have given business entities an option to file reports annually, biennially, or triennially with a requirement that the report be filed biennially beginning in 2022.

In the House Committee hearing, Senator Olson and representatives of the Office of the Secretary of State,

Kansas Chamber of Commerce, and the National Federation of Independent Business testified in support of the bill. They indicated the bill would lessen the administrative and compliance burden on businesses. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Secretary of State indicates enactment of the bill would increase agency expenditures in FY 2020 by \$125,512 and in FY 2021 by \$108,612, and would require the addition of 2.0 FTE employees beginning in FY 2021. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*. However, upon the Senate Committee amending the bill, a representative of the Secretary of State indicated the amendment to the bill would eliminate the requirement of increased expenditures and additional employees.

#### **SB 424**

The bill was introduced by the Senate Committee at the request of the Office of the Secretary of State.

In the Senate Committee hearing, a representative of the Office of the Secretary of State provided proponent testimony, stating the bill contains a number of administrative updates identified by the Secretary of State during a comprehensive review of the Secretary's statutory responsibilities. No neutral or opponent testimony was provided.

The Senate Committee of the Whole adopted a technical amendment.

In the House Committee hearing, a representative of the Office of the Secretary of State provided proponent testimony, stating the bill contains a number of administrative updates

identified by the Secretary of State during a comprehensive review of the Secretary's statutory responsibilities. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Office of the Secretary of State indicates the bill would have no effect on agency expenditures; however, the bill would reduce revenue anticipated to be collected in FY 2021 under the series LLC provision in current law as that revenue would not be collected until FY 2023. The agency is unable to estimate what the amount of the reduction. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.