

SESSION OF 2003

SUPPLEMENTAL NOTE ON SENATE BILL NO. 38

As Amended by Senate Committee on
Judiciary

Brief*

SB 38 amends statutes dealing with various business entities to do the following:

- ! **Filing Procedures.** SB 38 directs the Secretary of State to image the original paper document filed by the customer and to return the paper document to the customer as a certified copy.
- ! **Extensions.** The current statutory language allowing business trusts, limited liability companies, and limited partnerships to file an extension for filing the annual report is contained in the corporate code. SB 38 moves these provisions to their respective acts. The corporate code also contains a provision limiting public disclosure of the IRS tax extension filed with the Secretary of State; this provision is likewise moved to the respective acts.
- ! **Business Trust Annual Reports.** SB 38 strikes provisions regarding the business trust annual report which requires detailed financial disclosure. Balance sheets were eliminated from all other entity annual reports in 1997.
- ! **Definition of "doing business" for Foreign Entities.** The definition of "doing business," which determines when a foreign entity must register with the Secretary of State, is amended to conform to the proposed definition contained in SB 29, a revision of the General Corporation Code.
- ! **Agricultural Information in Annual Reports.** This amendment would strike the requirement that limited partnerships include the

*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/klrd>

section, range, and township when listing agricultural land on the annual report.

- ! **Third-Party Agent for Certificates of Good Standing.** Foreign entities that register with the Secretary of State must produce a certificate of good standing from the state of their organization. The amendment allows the Secretary of State's Office to accept certificates of good standing from a reliable third-party vendor approved by the Secretary of State who can provide the information in electronic format.

- ! **Franchise Tax Calculation.** The franchise tax is reduced from \$2 to \$1 for each \$1,000 in net worth.

The Senate Committee reduced the franchise tax provisions.

Background

The bill was supported by the Secretary of State's Office. The bill makes amendments to various business entity statutes to parallel changes proposed to the Kansas General Corporation Code in SB 29. The purpose is to create uniformity and consistency among all business entities that file with the Secretary of State.

A representative of the National Federation of Independent Business suggested the franchise fee be reduced from \$2 per \$1,000 of net worth to \$1 per \$1,000 of net worth – the rate in effect prior to changes made by the 2002 Legislature.