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STATE OF KANSAS

February 3, 2025

Testimony on HB2117 (Oral Support)
House Committee on Commerce, Labor and Economic Development
Submitted: Friday, January 31, 2025

Chairman Tarwater and members of the Committee:

Background:

HB2117 is the result of the agency's continuous process improvement to identify for change statutory provisions that result in unnecessary rejection of business filings, create inefficiencies, or impose costs on public customers higher than necessary.

Bill Contents: HB2117 contains six discrete provisions.

Section 1 modifies KSA 17-2037, which governs the process that a business trust, foreign or domestic, uses to terminate its authority to do business in Kansas.

Change: Makes the terminating authority to do business in Kansas process consistent with the process used by other types of corporations terminating authority to do business in Kansas.

Section 2 modifies KSA 17-7302, which governs the filing required when a foreign entity merges with another foreign entity.

Change: Requires the use of simple agency form to ensure all statutorily required information is provided.

Section 3 modifies KSA 17-78-110 which designates which types of entities cannot avail themselves of the provisions of the Business Entity Transactions Act.

Change: Removes the prohibition of KSA 17-78-110 of professional corporations or LLCs converting directly into another type of professional entity. To get around the current prohibition of a simple one-step process, these professional entities employ an unnecessarily burdensome 3-step process: e.g.: Professional LLC to regular LLC to regular Corporation to Professional Corporation. This does not change the requirements for continued professional licensure.

Section 4 modifies KSA 17-7929 which governs the resignation of a resident agent for an entity without appointing a successor.

Change: Currently the resigning agent must file a resignation certificate with the Secretary of State and continue to serve as resident for 30 days from the filing date. The agent must also provide contact information of a person authorized by the entity to receive communications from the agent. For unknown reasons this contact information is not public record making the filing of the certificate logistically cumbersome. The bill makes the contact information part of the generic public record.

Section 5 modifies KSA 56-1a151, governing the formation of a Limited Partnership (LP).

Change: This statute still contains the antiquated requirement that LP formation documents contain a set date when it must dissolve. All other types of business entity allow for perpetual existence. Many LP formation filings are rejected for failing to provide a set dissolution date.

Section 6 modifies KSA 56-1a605, which sets a mandatory filing fee of \$150 for forming a domestic LP or applying for a foreign LP to do business in Kansas.

Change: This fee is higher than corresponding fees for other types of business entities and the Secretary requests permission to set a fee lower than \$150 through regulation, which is how all other fees, except LLCs are set. (A similar provision for regulatory authority to set LLC fees is being sought in the LLC update bill). This will allow for roughly equal fees for all similar agency functions.

Respectfully,

/Clayton Barker

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