



STATE OF KANSAS

March 4, 2025

Testimony on HB2117 (Oral Support)

Senate Commerce Committee

Submitted: Monday, March 3, 2025

Chairman Alley and members of the Committee:

Background:

HB2117 is the result of the Secretary of State's continuous process improvement efforts to identify 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 of authority to do business in Kansas process consistent with the process used by all other types of corporations terminating authority to do business in Kansas. The bill allows filing a simple one-page form instead of filing a voluminous certified corporate resolution. About 80 business trusts cease operating in Kansas each year.

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 a simple agency form to ensure all statutorily required information is provided, instead of the current practice of filing multiple certificates from other states, that sometimes do not contain all the statutorily required information. About 100 foreign-foreign mergers are filed each year in Kansas.

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 exclusion of KSA 17-78-110 preventing professional corporations or LLCs from converting directly into another type of professional entity. To get around the current prohibition on 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.



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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 registered agent must also provide contact information of a person at their business client authorized by the business to receive communications from the agent. For unknown reasons this contact information is not public record making the filing of the resignation certificate logistically cumbersome for agency staff. The bill makes the contact information part of the generic public record.

About 600 resident agents resign each year without appointing a successor.

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

Change: This statute contains the antiquated requirement that LP formation documents contain a set date when it must dissolve. All other types of business entity formations allow for perpetual existence. About 190 LPs form in Kansas each year. Many LP formation filings are rejected for failing to provide a set dissolution date. The bill allows LPs to set a perpetual existence when forming.

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. 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 lower than the statutorily set fee is being sought in a different bill). This will allow for roughly equal fees for all similar agency functions.

For instance, the law sets corporation formation filing fees at \$150 but by regulation the Secretary can set a lower fee and has set it at \$75. These funds go to SGF.

Respectfully,

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