

February 5, 2019

REVISED

The Honorable Fred Patton, Chairperson
House Committee on Judiciary
Statehouse, Room 519-N
Topeka, Kansas 66612

Dear Representative Patton:

SUBJECT: Revised Fiscal Note for HB 2105 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2105 is respectfully submitted to your committee.

HB 2105 would update the Kansas limited liability company (LLC) laws. New sections would allow persons to enter into operating agreements through the use of an agent or attorney in fact. Such agency representative or attorney in fact could be made irrevocable. Additionally, the bill would provide new definitions related to the division of an LLC and mechanisms and plans for divisions. The bill also describes the process, rules and governance for mergers and consolidations of LLCs and would establish new provisions that would govern the reinstatement of a series whose certificate of designation has been cancelled. The bill would also create, define and establish the management and governance surrounding a new type of limited liability company, the statutory public benefit LLC. The bill would bring the statutory provisions surrounding LLCs up to date and amend them to include the new provisions and rules.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	\$19,985
Expenditure	--	\$2,500	--	\$1,500
FTE Pos.	--	--	--	--

According to the Office of Judicial Administration, enactment of HB 2105 would not have a fiscal effect on the Judicial Branch budget.

Fiscal information from the Office of the Secretary of State was received before the committee hearing on HB 2105 was scheduled to take place, but after the Division of the Budget had submitted the original fiscal effect statement. The Office indicates that enactment of this bill would result in increased expenditures of approximately \$2,500 in FY 2019 and \$1,500 in FY 2020 to pay for the cost of updating the agency's filing system. The bill would create a Certificate of Division in statute for which a \$20 charge would be permitted. The agency is unable to estimate how much revenue this provision would raise. The bill also proposes that each series file an annual report. As of January 2019, 149 Kansas series LLCs were registered with the Secretary of State, with 390 series (children). Enactment of the bill should result in 390 additional annual reports. Annual report fees are \$55 for a paper filing and \$50 for an online filing. Approximately 75.0 percent of the series file online and 25.0 percent file paper reports. Based on these percentages, the agency anticipates additional revenues of approximately \$19,985 beginning in FY 2020. The agency is unable to estimate how many additional LLCs would register as a series or if existing LLCs would file a certificate to designate as a series LLC after FY 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Janie Harris, Judiciary