

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 2160

STATE OF NEW JERSEY

DATED: JULY 7, 1997

Senate Bill No. 2160 of 1997 removes the penalty imposed on any domestic or foreign for-profit or not-for-profit corporation which fails to file a certificate of change of its registered office or agent or its annual report and also removes the action which would result in the subsequent entry of the name of the corporation as a judgement debtor upon the Clerk of the Superior Court's record of docketed judgements. The bill establishes, by statute, the fees paid to the Secretary of State by domestic and foreign for-profit corporations that have their certificates of incorporation or certificates of authority revoked. The fees currently paid by these entities consist of a \$50 reinstatement filing fee, \$20 tax clearance filing fee, current annual report fee, and all delinquent annual report fees (covering the two year period). This bill also imposes a new reinstatement filing assessment of \$200 for domestic and foreign for-profit corporations.

Domestic and foreign not-for-profit corporations that have had their certificates of incorporation or certificates of authority revoked are required to pay two new fees in addition to the fee then payable upon the filing of the certificate of incorporation. The new fees are a current annual report fee and a reinstatement filing assessment of \$135.

For domestic and foreign limited liability partnerships, the bill, expands the fees paid to the Secretary of State, if for two consecutive years, a limited liability partnership fails to file an annual report or the filing fee is not paid after written demand by the Secretary of State resulting in the registration of the limited liability partnership being placed on an inactive list. This bill requires that in addition to the annual report fee currently paid, a limited liability partnership's registration will be reinstated upon payment of a reinstatement filing fee of \$50, all delinquent annual report fees (covering the two year period), and a reinstatement filing assessment of \$200.

For domestic and foreign limited partnerships that have been placed on the inactive list for not filing an annual report for two consecutive years, the bill requires, in addition to the current annual report fee, that limited partnerships also pay all delinquent annual report fees (covering the two year period), a reinstatement filing fee of \$50 (previously paid as a generic filing fee), and a reinstatement filing assessment of \$200.

For domestic and foreign limited liability companies, this bill treats these entities in the same manner as all other entities required to

register with the Secretary of State by requiring them to pay certain fees and file an annual report. If a limited liability company's certificate of formation for domestic companies or certificate of registration for foreign companies is revoked by the Secretary of State for not filing an annual report for two consecutive years, the bill imposes a reinstatement filing fee of \$50, a current annual report fee, all delinquent annual report fees (covering the two year period), and a reinstatement filing assessment of \$200.

Information provided by the Department of State indicates that the enactment of this bill as currently written would result in additional net annual revenue of \$123,160 the first year following enactment, after deducting administrative costs. Net revenue of \$118,280 and \$110,960 is estimated in the second and third years. This estimate is based on the additional reinstatement filing assessments only.

The Office of Legislative Services notes that this bill does not establish the amount of the annual report fee for limited liability companies, although the bill does impose a requirement for such a fee. Annual reporting fees for the other entities affected by this bill are established in separate statute or by regulation. The department has proposed that a fee of \$50 be established for limited liability companies. If the annual reporting fee is established at \$50, it is estimated that an additional \$165,000 could be generated the first year following the bill's enactment. For the second and third years, it is estimated the reporting fee could yield an additional \$173,250 and \$181,900 respectively. This annual report fee, in addition to the reinstatement fee imposed by this bill could generate total net revenue of \$288,160 the first year, after deducting administrative costs. Total net revenue generated in the second and third years is estimated at \$291,530 and \$292,860 respectively. However, the exclusion of the amount of the annual report fee for limited liability companies reduces the amount of revenue that could potentially be generated by this bill.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.