

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 470 – SB 482

March 27, 2017

SUMMARY OF ORIGINAL BILL: Requires the Secretary of State to report to the General Assembly, by January 15, 2018, on issues concerning nonprofit corporations that use more than one assumed corporate name and the need for any adjustments to current law.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006031): Deletes all language after the enacting clause. Deletes the limit on the number of names a Limited Liability Corporation (LLC) and a Nonprofit Corporation may use or reserve during a five-year period from filing such names with the Secretary of State.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Exceeds \$200

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 48-54-101(d)(4) and §48-207-101(d)(4), nonprofit corporations and LLCs must file the name of their organization with the Secretary of State.
- Such names will be in effect for five years from the date of filing and no nonprofit or LLC shall reserve or use more than five names during that period of time.
- To file a name of an LLC or nonprofit with the Secretary of State, the filer must remit a fee of \$20 for each application.
- Due to multiple unknown factors, such as how many applicable corporations will elect to reserve or use more than five names and the extent of any names reserved greater than five, a precise increase in state revenue cannot be determined; however, it is reasonably

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estimated that at least 10 additional name applications will be filed annually as a result of this legislation, resulting in a recurring increase in application fee revenue exceeding \$200 (\$20 x 10 applications).

- Pursuant to Tenn. Code Ann. § 8-21-205, 97 percent of fees collected by the Secretary of State for filing, processing, and copying business documents is remitted to the General Fund, while the remaining 3 percent is retained by the Division of Business Services.
- Based on this allocation, the recurring increase in state revenue allocated to the General Fund is estimated to exceed \$194 (\$200 x 97.0%).
- The recurring increase in state revenue allocated to the Division of Business Services is estimated to exceed \$6 (\$200 x 3.0%). For the purpose of this fiscal memorandum, the revenue impact to the Division of Business Services is considered not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Expenditures – \$200

Assumption for the bill as amended:

- Due to multiple unknown factors, such as how many applicable corporations will elect to reserve or use more than five names and the extent of any names reserved greater than five, a precise increase in business expenditures cannot be determined; however, it is reasonably that at least 10 additional name applications will be filed annually as a result of this legislation, resulting in a recurring increase in business expenditures exceeding \$200 (\$20 x 10 applications).
- No significant impact on jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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