



HF 638 – Secretary of State Business Services Fees (LSB1364HV)
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Fiscal Note Version – New

Description

[House File 638](#) amends a number of provisions affecting a person who files a business document with the Secretary of State’s Office (SOS Office) and who may pay an associated filing fee to the SOS Office. The Bill doubles existing business services fees until July 1, 2021 (FY 2022), and places 50.0% of the fees in the State General Fund and 50.0% of the fees in an Operating Fund under the control of the SOS Office. The moneys in the Operating Fund are from business services fees authorized in statute that are collected and deposited by the SOS Office on a monthly basis. The Operating Fund is repealed on July 1, 2021, and 100.0% of the fees from that point forward will be deposited in the State General Fund.

Background

The [SOS Office website](#) lists the various types of fees and the amounts charged for business services. Currently, all revenue received by the SOS Office for business services fees is deposited in the State General Fund.

Assumptions

- The fees that are increased in this Bill include fees associated with articles of incorporation and both foreign and domestic limited liability companies, corporations, cooperative associations, and nonprofit corporations. **Table 1** shows the amount of revenue received by the SOS Office for these types of fees and the five-year average from FY 2012 to FY 2016.

Table 1 – Secretary of State Business Services Fee Revenue

| Five-Year Fee Revenue for Business Services Filing Fees | | | | | | Five-Year Average |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | |
| Corporations | \$ 1,248,388 | \$ 1,331,008 | \$ 1,344,933 | \$ 1,323,374 | \$ 1,460,654 | \$ 1,341,671 |
| Biennial Report Fees | 2,111,931 | 2,107,070 | 2,166,095 | 2,724,376 | 2,262,715 | 2,274,437 |
| Original Notice Fees | 11,540 | 9,330 | 9,755 | 8,765 | 9,140 | 9,706 |
| Miscellaneous Business Services Fees | 4,337 | 5,469 | 3,885 | 3,875 | 4,020 | 4,317 |
| | <u>\$ 3,376,196</u> | <u>\$ 3,452,877</u> | <u>\$ 3,524,668</u> | <u>\$ 4,060,390</u> | <u>\$ 3,736,529</u> | <u>\$ 3,630,132</u> |

* Revenue as reported by the Secretary of State’s Office for the LSA Fee Project. Totals may not add due to rounding.

- The SOS Office will prepare and submit a quarterly report to the Governor and the General Assembly to track the amount of fees billed and collected as well as the amount of moneys transferred into the SOS Office Operating Fund and any unencumbered or unobligated moneys in the Fund.

Fiscal Impact

Doubling the current fee revenue received by the SOS Office for business services fees and depositing 50.0% of the fee revenue in the State General Fund and 50.0% in an Operating Fund controlled by the SOS will have no impact on the General Fund. It will provide approximately \$3.6 million annually for four years (FY 2018, FY 2019, FY 2020, and FY 2021) to the SOS Office for the Operating Fund created under this Bill. Beginning in FY 2022, the moneys will be deposited in the State General Fund.

Source

Secretary of State's Office

/s/ Holly M. Lyons

April 17, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
