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FISCAL IMPACT REPORT

SPONSOR: Maes DATE TYPED: 3/13/03 HB _____
SHORT TITLE: Amend Incorporation Procedures SB 379/aSCORC/aSJC
ANALYST: Maloy

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	Minimal Increase		Recurring	General Fund

SOURCES OF INFORMATION

Responses Received From
Public Regulatory Commission, Legal Division

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee amended SB 379 to include a penalty provision for those corporations that fail to appoint and/or maintain a registered agent in this state. The provision provides for the administrative revocation of the corporation.

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment adds a new subsection regarding the process through which a registered agent may change the street address of the registered office.

The amendment also makes minor changes to further simplify the regulatory laws pertaining to the filing of documents, such as not requiring "duplicate" originals. These amendments are not significant substantively.

Finally, the amendment reinstates a \$250 fee for filing an application for a foreign business trust for a certificate of authority to transact business in New Mexico.

Each of these amendments were recommended by the PRC in its analysis of the original bill.

Synopsis of Original Bill

SB 379 proposes to continue a process initiated two years ago streamlining and simplifying regulatory laws pertaining to businesses and nonprofits. The bill proposes generally easing regulatory burdens associated with the filing of corporate documents with the Public Regulation Commission, Corporations Bureau.

Please see Attachment 1 to this FIR for a detailed, Section-by-Section breakdown of SB 379's effects on existing law.

In summary, the bill amends New Mexico's laws governing the registration and regulation of corporations as follows:

- 1) Establish a certification statement that is to be attached to the "Certification of Association", such statement being intended to acknowledge the acceptance of the appointment as the registered agent of the filing entity.
- 2) Addition of a \$25.00 fee for adding an agent's statement of change of address of the registered agent.
- 3) A change from \$100 to \$200 for issuing a letter of reinstatement of a domestic or foreign corporation.
- 4) A change from \$100 to \$200 as a penalty for a domestic Corporation's failure to submit Corporate Reports on a timely basis.
- 5) A change from \$100 to \$200 as a penalty for a foreign Corporation's failure to submit Corporate Reports on a timely basis.
- 6) A change from \$100 to \$200 as a penalty for a domestic or foreign Corporation that is not exempt from filing a supplemental report and that fails to file its report on a timely basis.
- 7) Establish that the bylaws in effect for the corporation shall be maintained at the *corporation's* principal office in New Mexico, and shall be subject to inspection and copying at the request of any member of the public.

However, if the most recently adopted bylaws are not so maintained, they shall not be void, notwithstanding any requirements of prior law.

The corporation may charge a reasonable fee for copying its bylaws, not to exceed one dollar (\$1.00) per page.

FISCAL IMPLICATIONS

The bill may result in a minimal increase in revenues generated to the general fund. The amount of the increase is unknown at this time. The increase will be recurring.

ADMINISTRATIVE IMPLICATIONS

SB 379 would make the Corporations Bureau more productive, because fewer public inquiries would be made and fewer documents would be required.

AMENDMENTS

1. The PRC recommends addition of a new Subsection D at Section 8 of the bill. This new subsection would read as follows:

D. If a registered agent changes the street address of such registered agent's business office, such registered agent may change the street address of the registered office of any corporation for which such registered agent is the registered agent by notifying the corporation in writing of the change and signing, either manually or in facsimile, and delivering to the public regulation commission for filing a statement that complies with the requirements of subsection A, and recites that the corporation has been notified of the change.

2. The PRC also recommends the following technical amendments:
 - a. Section 9, page 21, line 25, delete the first, "not."
 - b. Section 16, page 32, line 2, delete the word, "duplicate."
 - c. Section 21, page 39, line 13, delete the word, "duplicate."
 - d. Section 53, page 89, line 20, delete the word, "affidavit" and replace with the word, "statement."
 - e. Section 62, page 104, lines 23 through 25, to page 105, line 1, omit strikeout of subsection B, and move and renumber this subsection C, and renumber subsections C, D, E, and F, on the following page, subsections D, E, F, and G, respectively.

SJM/njw:pr:yr