

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: CS/SB 1490

INTRODUCER: Governmental Oversight and Accountability Committee and Senator Latvala

SUBJECT: Business Entity Filing Fees

DATE: April 3, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McKay	McVaney	GO	Fav/CS
2.	_____	_____	AFT	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

CS/SB 1490 amends provisions related to corporations for profit, limited liability companies, corporations not for profit, and partnerships, by changing and standardizing filing fees across entity types.

This bill amends sections 607.0122, 608.452, 617.0122, 620.1109, and 620.81055 of the Florida Statutes, and repeals section 607.193 of the Florida Statutes.

II. Present Situation:

Florida law requires certain documents to be filed with the Division of Corporations (division) of the Department of State in order for a business to be organized as a corporation, partnership, or other commercial entity. Each registered business must submit an annual report to the division detailing updated contact information, identities of key persons related to the business, etc., along with a fee for filing the annual report. There are additional fees for other filings with the division which must be submitted in some circumstances (e.g., changing a designated agent,

dissolving the entity, articles of merger).¹ There is a great deal of variation in the cost associated with filing these forms depending on the type of business entity filing the form. For example, the cost to file a form changing a designated agent costs \$35 for a corporation and \$25 for a limited liability company (LLC). According to the division, there is no additional work or cost associated with processing this form if it comes from a corporation as compared to an LLC.

Corporations for Profit (Chapter 607)

In order to organize as a corporation for profit, the person wishing to organize must file articles of incorporation at a cost of \$35, and registration of a designated agent (recipient of service of process) at a cost of \$35, for a total of \$70 in startup fees. Each year the corporation must file an annual report by May 1; the annual report fee is \$61.25. In addition to the annual report fee, the corporation must remit annually a supplemental corporate fee in the amount of \$88.75.² The annual fees total \$150. In calendar year 2012, there were 109,107 filings to organize a new corporation, and 634,248 annual filings from existing corporations.³

Section 607.0122, F.S., specifies fees for filing documents and issuing certificates as follows:

Document	Fee
Articles of incorporation	\$35.00
Application for registered name	\$87.50
Application for renewal of registered name	\$87.50
Statement of change of registered agent or registered office or both if not included on annual report	\$35.00
Designation of and acceptance by registered agent	\$35.00
Agent's statement of resignation from active corporation	\$87.50
Agent's statement of resignation from inactive corporation	\$35.00
Amendment of articles of incorporation	\$35.00
Restatement of articles of incorporation with amendment of articles	\$35.00
Articles of merger or share exchange for each party thereto	\$35.00
Articles of dissolution	\$35.00
Articles of dissolution	\$35.00
Articles of revocation of dissolution	\$35.00
Application for reinstatement following administrative dissolution	\$600.00
Application for certificate of authority to transact business in this state by a foreign corporation	\$35.00
Application for amended certificate of authority	\$35.00
Application for certificate of withdrawal by a foreign corporation	\$35.00

¹ Sections 607.0122, 608.452, 617.0122, 620.81055, & 620.1109, F.S.

² Section 607.193, F.S.

³ Figures from Division of Corporations email on file with House Finance & Tax Subcommittee

Annual report	\$61.25
Articles of correction	\$35.00
Application for certificate of status	\$8.75
Certificate of domestication of a foreign corporation	\$50.00
Certified copy of document	\$52.50
Serving as agent for substitute service of process	\$87.50
Supplemental corporate fee	\$88.75
Any other document required or permitted to be filed by this act	\$35.00

Limited Liability Companies (Chapter 608)

In order to organize as an LLC, the person wishing to organize must file articles of organization at a cost of \$100 and registration of a designated agent at a cost of \$25, for a total of \$125 in startup costs. The cost for the annual report is \$50. The total annual fees, including the supplemental corporate fee, are \$138.75. In calendar year 2012, there were 169,450 new LLCs, and 495,418 annual reports filed by existing LLCs.

Section 608.452, F.S., specifies the fees in this chapter as follows:

Document	Fee
Furnishing a certified copy	\$30.00
Articles of corporation, articles of revocation of dissolution, or a foreign limited liability company's application for a certificate of authority to transact business	\$100.00
Certificate of merger of limited liability companies or other business entities per party (unless a specific fee is required in other applicable law)	\$25.00
Annual report	\$50.00
Application for reinstatement after an administrative or judicial dissolution or a revocation of authority to transact business	\$100.00
Certificate designating a registered agent or changing a registered agent	\$25.00
Registered agent's statement of resignation from active LLC	\$85.00
Registered agent's statement of resignation from dissolved LLC	\$25.00
Certificate of conversion of a LLC	\$25.00
Any other LLC document	\$25.00
Certificate of status	\$5.00

Corporations Not for Profit (Chapter 617)

In order to organize as a corporation not for profit, the person wishing to organize must file articles of incorporation at a cost of \$35 and registration of a designated agent at a cost of \$35, for a total of \$70 in startup costs. The cost of the annual report is \$61.25. Corporations not for

profit are not subject to the supplemental corporate fee. In calendar year 2012, there were 12,538 new corporations not for profit, and 137,858 annual reports by existing corporations not for profit.

Section 617.0122, F.S., specifies the fees in this chapter as follows:

Document	Fee
Articles of incorporation	\$35.00
Application for registered name	\$87.50
Application for renewal of registered name	\$87.50
Statement of change of registered agent or registered office or both if not included on annual report	\$35.00
Designation of and acceptance by registered agent	\$35.00
Agent's statement of resignation from active corporation	\$87.50
Agent's statement of resignation from inactive corporation	\$35.00
Amendment of articles of incorporation	\$35.00
Restatement of articles of incorporation with amendment of articles	\$35.00
Articles of merger or share exchange for each party thereto	\$35.00
Articles of dissolution	\$35.00
Articles of dissolution	\$35.00
Articles of revocation of dissolution	\$35.00
Application for reinstatement following administrative dissolution	\$175.00
Application for certificate of authority to transact business in this state by a foreign corporation	\$35.00
Application for amended certificate of authority	\$35.00
Application for certificate of withdrawal by a foreign corporation	\$35.00
Annual report	\$61.25
Articles of correction	\$35.00
Application for certificate of status	\$8.75
Certified copy of document	\$52.50
Serving as agent for substitute service of process	\$87.50
Certificate of conversion of a limited agricultural association to be a domestic corporation	\$35.00
Any other document required or permitted to be filed by this act	\$35.00

Limited Partnerships (Chapter 620, Part I)

In order to organize as a limited partnership, the people wishing to organize must file a certificate of limited partnership at a cost of \$965 and designation of a registered agent at a cost

of \$35 for total startup costs of \$1,000. The annual report fee is \$411.25. The total annual fee, including the supplemental corporate fee, is \$500. In calendar year 2012, there were 1,312 new limited partnerships and 19,308 annual filings by existing limited partnerships.

Section 620.1109, F.S., specifies the fees for limited partnerships as follows:

Document	Fee
Certified copy up to 50 pages (\$1.00 for each page over 50)	\$52.50
Original certificate of limited partnership	\$965.00
Original certificate for registration as a foreign limited partnership	\$965.00
Certificate of conversion	\$52.50
Certificate of merger	\$52.50
Reinstatement; for each calendar year the limited partnership was dissolved	\$500.00
Annual report	\$411.25
Certificate designating a registered agent	\$35.00
Certificate changing a registered agent or registered office address	\$35.00
Certificate resigning as a registered agent	\$87.50
Certificate of amendment or restatement of the certificate of limited partnership	\$52.50
Statement of termination	\$52.50
Notice of cancellation for foreign limited partnership	\$52.50
Certificate of status or authorization	\$8.75
Certificate of dissolution	\$52.50
Certificate of revocation of dissolution	\$52.50
Any other domestic or foreign limited partnership document	\$52.50

General Partnerships (Chapter 620, Part II)

In order to organize as a general partnership, the people wishing to organize must file a partnership registration statement at a cost of \$50. They do not need to register a designated agent. In the event that it is organized as a limited liability partnership, it must file an annual report at a cost of \$25. General partnerships are not subject to the supplemental corporate fee. In calendar year 2012, there were 23 filings for new general partnerships and 3,034 annual filings by existing limited liability partnerships.

Section 620.81055, F.S., specifies the fees for general partnerships as follows:

Document	Fee
Partnership registration statement	\$50.00
Statement of partnership authority	\$25.00

Statement of denial	\$25.00
Statement of dissociation	\$25.00
Statement of dissolution	\$25.00
Statement of qualification	\$25.00
Limited liability partnership annual report	\$25.00
Certificate of merger for each party thereto	\$25.00
Amendment to any statement or registration	\$25.00
Cancellation of any statement or registration	\$25.00
Certified copy of any recording or part thereof	\$52.50
Certificate of status	\$8.75
Certificate of conversion	\$25.00

Supplemental Corporate Fee, Late Fees, and Disposition of Revenues

When originally imposed, all of the fees discussed in this analysis were deposited into the Corporations Trust Fund, which was used to fund the operations of the division along with some cultural programs. In 1990, the Legislature added the supplemental corporate fee for some entity types and directed those revenues to be deposited into the General Revenue Fund. All filing fees were increased at that time, and a portion of the filing fees were directed into the General Revenue Fund. Late fees were also imposed (currently \$400), if the supplemental corporate fee was not remitted by May 1. When the Corporations Trust Fund was eliminated in 2003, all revenues collected pursuant to these chapters were redirected into the General Revenue Fund.

III. Effect of Proposed Changes:

The bill makes the fees for various filings uniform across all entity types. It combines the required initial filings, including the articles of incorporation, into one fee of \$70 for all entity types. It eliminates the supplemental corporate fee, and sets the annual report fee at \$150 for all entity types. The late fee, which previously only applied to corporations for profit, LLCs, and limited partnerships, would now apply to all entity types at a rate of \$400. The fee for seeking reinstatement after administrative dissolution is standardized at \$400. The fees for certified copies of documents and certificates of status are set at \$8.75, which mirrors the division’s current practice (though not current statute, which authorizes higher fees for certified copies). Certificates of domestication for foreign corporations are set at \$50. Other fees are set to \$35.

The bill sets fees as follows:

Document	Fee
Initial filing	\$70.00
Application for registered name	\$35.00
Application for renewal of registered name	\$35.00

Corporation's statement of change of registered agent or registered office or both if not included on the annual report	\$35.00
Agent's statement of resignation from active corporation	\$85.00
Agent's statement of resignation from inactive corporation	\$35.00
Amendment of articles of incorporation	\$35.00
Restatement of articles of incorporation with amendment of articles	\$35.00
Articles of merger or share exchange for each party thereto	\$35.00
Articles of dissolution	\$35.00
Articles of revocation of dissolution	\$35.00
Application for reinstatement following administrative dissolution	\$400.00
Application for amended certificate of authority	\$35.00
Application for certificate of withdrawal by a foreign corporation	\$35.00
Annual report	\$150.00
Articles of correction	\$35.00
Application for certificate of status	\$8.75
Certificate of domestication of a foreign corporation	\$50.00
Certified copy of document	\$8.75
Serving as agent for substitute service of process	\$35.00
Any other document required or permitted to be filed	\$35.00
Late Fee	\$400.00

Section 1 amends s. 607.1022, F.S. to change filing fees for corporations for profit.

Section 2 repeals s. 607.193, F.S., which authorizes the supplemental corporate fee.

Section 3 amends s. 608.452, F.S., to change filing fees for limited liability companies.

Section 4 amends s. 617.0122, F.S., to change filing fees for corporations not for profit.

Section 5 amends s. 620.1109, F.S., to change filing fees for limited partnerships.

Section 6 amends s. 620.81055, F.S., to change filing fees for general partnerships.

Section 7 provides an effective date of July 1, 2014.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

Indeterminate at this time. The Revenue Estimating Conference has not considered the fiscal impact of this legislation.

Limited Partnerships: decrease in initial filing fees and annual report filing fees.

LLCs: increase in most filing fees, annual report fees, and reinstatement fees.

Corporations for profit: decrease in reinstatement fees.

Corporations not for profit: increase in annual report fees, late fees (assessed for the first time), and reinstatement fees.

B. Private Sector Impact:

See *Tax/Fee Issues*, above.

C. Government Sector Impact:

The Department of State (department) advises that revenues are projected to be reduced by \$2,113,578, which is an estimate based on the actual filing activities from calendar year 2012. The estimate is the net result of the decreases in revenue for corporations for profit, limited liability companies, and partnerships, against increases resulting from the entities' filing fee more than doubling, their reinstatement fee more than doubling, and not for profits made subject to the \$400 late fee.⁴

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

⁴ Department of State bill analysis of SB 1490, dated March 28, 2013.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Governmental Oversight and Accountability on April 2, 2013:

The CS removes from the bill the change from annual to biennial reporting, the early filing discount, and the demonstrated hardship waiver.

- B. **Amendments:**

None.