

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1261 Annual Corporate Reports and Fees

SPONSOR(S): Grant

TIED BILLS: **IDEN./SIM. BILLS:** SB 1698

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Administration Subcommittee	14 Y, 0 N	Grosso	Harrington
2) Ways & Means Committee			
3) Government Accountability Committee			

SUMMARY ANALYSIS

The Florida Business Corporation Act governs domestic and foreign corporations doing business in Florida. The act requires each domestic and foreign corporation in the state to file necessary documents with the Department of State (DOS), including articles of incorporation, bylaws, and shareholder agreements in order to be authorized to conduct business in the state. Currently, all corporations authorized to conduct business in the state are required to submit an annual report to DOS. Upon filing the annual report, a corporation must also submit certain fees.

The bill amends s. 607.1622, F.S., to permit corporations to file the required report with DOS biennially instead of annually, and sets the cost for fees of filing biennially as double the cost of filing annually. The bill also revises other provisions to conform to the changes made by the act.

The bill may have an indeterminate fiscal impact on the state and does not appear to have a fiscal impact on local governments. See Fiscal Comments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Florida Business Corporation Act

Chapter 607, F.S. also known as the “Florida Business Corporation Act” governs domestic and foreign corporations doing business in Florida.¹ The act provides various requirements and provisions pertaining to necessary business documents such as shareholder agreements,² articles of incorporation,³ bylaws,⁴ mergers,⁵ and conversions.⁶ The Legislature reserves the power to amend the act at any time, and all domestic and foreign corporations subject to the act must adhere to any amendments.⁷

Under the act, the Department of State (DOS) is responsible for authorizing corporations to conduct business in the state, collecting fees, and filing forms. DOS may prescribe and furnish on request forms for certificate of status, certificate of authority to transact business in the state, certificate of withdrawal, and the annual report.⁸ The fees for filing documents and issuing certificates are set by the act. Currently, the annual report fee is \$61.25 and the annual supplemental corporate fee is \$88.75.⁹

Annual Report

Each domestic and foreign corporation authorized to do business in the state is required to submit an annual report to DOS stating the name of the corporation, the state or country of incorporation, the date of incorporation, the address of its principal office, the mailing address, federal employer identification number, and any additional information DOS may deem necessary or appropriate.¹⁰ DOS is responsible for prescribing the forms on which the annual report must be made and may use the uniform business report to satisfy the requirements of the statute.¹¹ The annual report is due no later than May 1.¹² The annual report fee and supplemental corporate fee are due at the time of filing, and a late fee of \$400 must be imposed if the supplemental corporate fee is remitted after May 1, unless extenuating circumstances exist.¹³ Failure to file an annual report can result in dissolution or cancellation of the corporation’s certificate of authority to do business as well as a freeze on legal protection in any state court until the report is filed and all fees are paid.¹⁴

Effect of the Bill

The bill amends s. 607.1622, F.S., to permit biennial reports as an alternative to annual reports. The bill does not appear to specify who determines the frequency of the reports. As such, it appears that the

¹ s. 607.0101, F.S.

² s. 607.0731, F.S.

³ s. 607.0202, F.S.

⁴ s. 607.0206, F.S.

⁵ s. 607.1109, F.S.

⁶ s. 607.1112, F.S.

⁷ s. 607.0102, F.S.

⁸ s. 607.0121, F.S.

⁹ s. 607.0122, F.S.

¹⁰ s. 607.1622, F.S.

¹¹ s. 607.1622(9), F.S.

¹² s. 607.1622(5), F.S.

¹³ s. 607.193(2)(b), F.S. The late charge may be waived if the business entity was administratively dissolved or its certificate of authority was revoked due to its failure to file an annual report and the entity subsequently applied for reinstatement and paid the applicable reinstatement fee.

¹⁴ s. 607.1622(8), F.S.

corporation may decide whether to file annually or biennially. The bill sets the cost of the fees for biennial reports as exactly double the annual fee costs, and amends other sections relating to reports to conform to the changes made by the bill.

B. SECTION DIRECTORY:

Section 1 amends s. 607.1622, F.S., to permit biennial reports as an alternative to annual reports.

Section 2 amends s. 607.0122, F.S., to provide the fee value for biennial reports and biennial supplemental corporate fees.

Sections 3 through 18 amend ss. 606.06, 607.0121, 607.0128, 607.01401, 607.0141, 607.0502, 607.0705, 607.1420, 607.1421, 607.1509, 607.15101, 607.1530, 607.1531, 607.15315, 607.1601, and 607.193, F.S., conforming provisions to changes made by the bill.

Section 19 provides an effective date of January 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The fiscal impact of this bill is indeterminate. Some corporations may elect to submit the report every other year, and some may elect to submit the report annually. As such, revenues generated from the filings may fluctuate every year. In addition, DOS may have costs associated with adjusting its internal processes, forms, and websites to allow for the receipt of the alternative reporting cycles.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.