

**STATE
FISCAL IMPACT**

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Prime Sponsor(s): Sen. Renfroe
Rep. Brown

Bill Status: Senate SVMA

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TITLE: CONCERNING THE SECRETARY OF STATE'S ON-LINE BUSINESS FILING SYSTEM, AND, IN CONNECTION THEREWITH, AUTHORIZING ENHANCEMENTS TO THE SYSTEM, THE DESIGNATION OF COMMERCIAL REGISTERED AGENTS, AND CHANGES TO A REPORTING ENTITY'S ANNIVERSARY MONTH.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	FY 2014-15
State Revenue			
Cash Funds			
Department of State Cash Fund			\$10,000
State Expenditures			
Cash Funds			
Department of State Cash Fund	\$525,788	\$983,275	\$490,195
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature, except that Sections 2 through 7 take place effect 90 days after the Secretary of State certifies in writing to the Revisor of Statutes that the computer system changes necessary to implement these sections have been completed.			
Appropriation Summary for FY 2012-2013: See State Appropriations section.			
Local Government Impact: None.			

Summary of Legislation

The bill requires the Secretary of State to develop and implement enhancements to the online business filing systems. Specifically, the enhancements should allow users to:

- associate multiple business records in one account;
- file multiple documents at one time;
- pay for multiple filings at the same time; and
- at the discretion of the Secretary, store payment information, view balances, view transaction history, and add money to accounts.

Other system enhancements include:

- allowing registered agents to quickly identify businesses and charitable organizations for which they are listed and to determine when reports are due;
- allowing users to obtain certified documents, certificates of fact, and other similar authentications deemed necessary by the Secretary;
- creating a system for the online filing of documents that guides users through the filing process;
- allowing for the integration of any documents filed pursuant to Title 7, C.R.S. (Corporations), and Article 16 of Title 6, C.R.S. (Charitable Solicitations), as well as any other changes the Secretary deems necessary to implement such integration, including changes to the filing of registration statements, amendments, and renewals, and changes to the search function; and
- allowing improved search functionality and system usability.

Further, the bill authorizes a registered agent to become a "commercial registered agent," which allows the registered agent to file documents relating to multiple entities. The bill also allows a reporting entity to change its anniversary date when filing certain reports and documents.

State Revenue

The bill will increase revenue to the Department of State Cash Fund from filing fees for commercial registered agents. This revenue will not be received until after the required computer system changes have been implemented, which is expected to be during FY 2014-15. There are currently about 100 registered agents representing 100 or more business entities that would likely register as a commercial registered agent as allowed under the bill. Assuming a filing fee of \$100, **\$10,000 in new revenue is expected in FY 2014-15.** After these initial registrations, it is assumed that the number of new commercial registered agents and changes to existing commercial registered agents will be minimal, and **less than \$1,000 per year in revenue is expected in FY 2015-16 and beyond.**

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals and Business from Initial Registration of Commercial Registered Agents in FY 2014-15			
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Commercial Registered Agent Filing Fee	\$100	100	\$10,000

State Expenditures

The bill increases cash fund expenses in the Department of State by **a total of \$2.0 million over the next three fiscal years**. Specifically, the estimated costs are:

- \$525,788 in FY 2012-13;
- \$983,275 in FY 2013-14; and
- \$490,195 in FY 2014-15.

These costs are for 27,017 hours of contracted computer programming to implement the required enhancements to the Secretary of State's online business filing systems at a rate of \$74 per hour. Existing staff in the Department of State will be responsible for project management and planning. Table 2 provides a breakdown of the number of programming hours needed for the various online systems.

Table 2. Total Programming Costs Under SB12-123		
Cost Components	Hours	Cost
Online Prepaid Account Access	320	\$23,680
Online Certifications	1,916	141,784
Coordinated Filings	200	14,800
Business Filing System Enhancements	7,890	583,860
Charitable System Redesign	5,995	443,630
Bingo-Raffle Electronic Filing System	2,234	165,316
Web-enablement of documents	1,918	141,932
Business Search Enhancements	480	35,520
Registered Agent and Record Management	1,596	118,104
Commercial Registered Agents	638	47,212
Business Association Tool	3,830	283,420
TOTAL	27,017	\$1,999,258

State Appropriations

The bill requires an appropriation to the Department of State of \$525,788 from the Department of State Cash Fund in FY 2012-13.

Departments Contacted

State