

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2038

As Recommended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2038 would exempt Kansas residents who are “veterans” or current members of the “armed forces,” as those terms are defined by existing law, from paying fees charged by the Secretary of State for the initial incorporation of:

- A for-profit or foreign corporation;
- A nonprofit organization;
- A limited liability company;
- A limited partnership; or
- A limited liability partnership.

To claim the exemption, an individual would be required to be a majority shareholder, in the case of a corporation; an officer or director, in the case of a nonprofit organization; a member, in the case of a limited liability company; or a general partner, in the case of a partnership. The Secretary of State would determine the documentation necessary to show residency and military status. Subsequent filing fees would continue to be charged.

Background

At the hearing before the House Committee on Commerce and Economic Development, former Representative Bruchman spoke in favor of the bill, stating

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

the waiver of business fees would be a way to honor those who have served the country, giving an extra incentive to pursue new ideas, launch companies, and create jobs. The bill would provide additional assistance to veterans as they transition to the private sector. The conferee stated Missouri, Texas, and Pennsylvania have passed similar legislation. The conferee also noted the current filing fees collected by the Secretary of State for forming a business or other organization are \$90 for a corporation; \$20 for a nonprofit organization; and \$165 for a limited liability company, limited liability partnership, or limited partnership.

No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget, in consultation with the Secretary of State, the bill would reduce revenues by \$207,000 (including \$180,000 to the State General Fund) in both FY 2018 and FY 2019.