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STATE OF KANSAS

Testimony: SB251 (Proponent)
House Commerce, Labor & Economic Development Committee
Monday, March 16, 2020

Chairman Tarwater and members of the Committee:

The Kansas Secretary of State appreciates the opportunity to testify in support of SB251. The bill was introduced by Senator Olson and he graciously worked with our office to ensure the legislation before you today remained revenue neutral as we are a fee funded agency.

Currently, business entities are required to file their annual report on a yearly basis. SB251 would permit business entities to file this report with the Secretary of State on a biennial basis beginning July 1, 2022. Under the bill, business incorporated in an even number year will file their biennial report in an even numbered year, and those incorporated in an odd numbered year will file their biennial report in an odd numbered year.

The bill also updates the reinstatement process to make it easier for Kansas businesses and nonprofits to reinstate. Under current law, businesses must file all past due annual reports and pay fees for each of those reports. SB251 sets a maximum requirement of up to five biennial reports and the requisite fees to reinstate a business in Kansas. Based on figures from 2015 to 2019, this provision would capture approximately 98 percent of business reinstatements in Kansas.

SB251 also updates the reinstatement requirements for nonprofits. State law currently requires nonprofits to submit three years of annual reports and all annual report fees. The bill simplifies the process to require nonprofits to submit their most recent biennial report and related biennial report fees.

Approximately 3,000 to 4,000 reinstatements are filed by paper each year. The updates contained in SB251 for business and nonprofit reinstatements will allow our office to move reinstatements to our new online filing system in 2022 because of the simplified process for calculating reinstatement fees. SB251 makes it easier for Kansas businesses to file their required reports and provides for reduced paperwork and better efficiencies in the Secretary of State's office.

As previously mentioned, SB251 would go into effect July 1, 2022. The reasoning for this delayed effective date is to allow ample time to communicate the changes to Kansas businesses and nonprofits. The date will also ensure our office has completed migration off the current, antiquated AS400 system and onto a new and more secure filing system.

Thank you for your consideration of this testimony. On behalf of the Secretary of State, we respectfully ask for your support of SB251.

Respectfully Submitted,

Katie Koupal
Deputy Assistant Secretary of State
Communications & Policy