

Legislative Analysis



EXTENSION OF SUNSETS ON FEES RELATED TO CORPORATE FILINGS

Phone: (517) 373-8080
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House Bill 4384 (H-1)
Sponsor: Rep. Afendoulis
Committee: Appropriations

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4397 (H-1)
Sponsor: Rep. Darany
Committee: Appropriations

House Bill 4399 (H-1)
Sponsor: Rep. Love
Committee: Appropriations

Complete to April 13, 2015

SUMMARY:

The bills would amend the various statutes pertaining to the formation and regulation of business and nonprofit corporations and limited liability companies to maintain the FY 2014-15 fee amounts by extending past fee increases which would otherwise expire (a.k.a. "sunset") on September 30, 2015 for an additional four years, to September 30, 2019. The fee increases were initially enacted in 2003 and the sunsets were last extended in 2012. The State Budget Office (SBO) assumed the elimination or extension of these fee sunsets in the creation of the FY 2015-16 Executive Budget Recommendation as did the House Appropriations Subcommittee in the drafting of the FY 2015-16 appropriation act for the Department of Licensing and Regulatory Affairs (LARA).

See the attached table for detailed information concerning the fees affected by the bill.

FISCAL IMPACT:

The bills would maintain current revenue levels collected by the Corporations, Securities, and Commercial Licensing Bureau (CSCLB), within LARA, to the extent that the CSCLB would continue to collect the revenue generated by the fee increases initially enacted in 2003. Revenue generated by these fees is deposited into the Corporation Fees Fund and expended for administration of the duties of various agencies within LARA in as required by law. LARA estimates that the total annualized revenue maintained by the elimination or extension of fee sunsets under the bills would be approximately **\$7.2 million**. This revenue is not an increase over FY 2014-15. Rather, the bills would maintain the FY 2014-15 level of revenue through FY 2018-19. The SBO and House Appropriation Subcommittee assumed the collection of this revenue in the drafting of the FY 2015-16 Executive Recommendation and the FY 2015-16 appropriation act for LARA, respectively.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

**Extension of Sunsets on Fees Related to Corporate Filings
Deposited into the Corporation Fees Fund**

Bill	Fee	Est. Number of Instances Fee is Levied (Annualized)	Most Recent Year Fee was Adjusted by Legislature	Current Law						Subcommittee Recommendation					
				FY 14-15 Fee Amount (Annualized)	FY 14-15 Revenue (Annualized)	Sunset	FY 15-16 Fee Amount (Annualized)	Est. FY 15-16 Revenue (Annualized)	Change in Revenue (cf. FY 14-15)	Percent Change in Revenue (cf. FY 14-15)	FY 15-16 Fee Amount (Annualized)	Est. FY 15-16 Revenue (Annualized)	Change in Revenue (cf. FY 14-15)	Percent Change in Revenue (cf. FY 14-15)	Sunset
HB 4397	Business Corporation Annual Report Filing Fee	210,166	2003 PA 106	\$25.00	\$5,254,150	09/30/15	\$15.00	\$3,152,490	(\$2,101,660)	-40.0%	\$25.00	\$5,254,150	\$0	0.0%	09/30/19
HB 4384	Nonprofit Corporation Annual Report Filing Fee	72,749	2003 PA 107	\$20.00	\$1,454,980	09/30/15	\$10.00	\$727,490	(\$727,490)	-50.0%	\$20.00	\$1,454,980	\$0	0.0%	09/30/19
HB 4399	LLC Annual Statement of Resident Agent & Registered Office Filing Fee	438,705	2003 PA 81	\$25.00	\$10,967,625	09/30/15	\$15.00	\$6,580,575	(\$4,387,050)	-40.0%	\$25.00	\$10,967,625	\$0	0.0%	09/30/19
TOTAL					\$17,676,755			\$10,460,555	(\$7,216,200)	-40.8%		\$17,676,755	\$0	0.0%	