

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 490

SHORT TITLE: Corporate Filings

SPONSOR(S): Committee Substitute #4

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( )  
Revenues: Increase (X) Decrease (X)  
No Impact ( )  
No Estimate Available ( )

FUND AFFECTED: General Fund (X) Highway Fund ( ) Local Govt. ( )  
Other Funds ( )

**BILL SUMMARY:** The bill exempts nonprofit corporations from the requirement to submit an annual report to the Secretary of State and pay the \$10 filing fee. In addition, the bill allows the Secretary of State to maintain any documents filed related to corporations in non-paper form. The bill also creates a system for the expedited filing of documents. Under this system, corporations could pay an additional fee of \$200.00 to guarantee that documents would be filed on the same day they are received, or \$100.00 to have them filed within 24 hours of when they are received. Fees collected under these provisions would be credited to the General Fund.

**EFFECTIVE DATE:** The portions of the bill affecting expedited filings and nonprofit corporation annual reports are effective upon ratification. The portion of the bill allowing the Secretary of State to maintain documents in a non-paper form is effective October 1, 1995.

FISCAL IMPACT

	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>
	<u>98-99</u>	<u>99-00</u>	
<b>GENERAL FUND</b>			
REVENUES: (in \$millions)			
Annual Report Fees			Loss of
\$300,000-\$350,000 annually			
Expedited Filing Fees			Gain of \$375,000
annually			

ASSUMPTIONS AND METHODOLOGY:

Annual Report Fees

Based on the number of nonprofit corporations registered and the percentage of corporations that actually file an annual report, it is estimated that between 30,000 and 35,000 nonprofit corporations will no

longer file annual reports. At \$10 per report, the produces a revenue loss of \$300,000-\$350,000 annually.

Expedited Filing Fees

The Secretary of State's office indicates that approximately 50 filings are currently made in person each day, for which one-day filing is requested. It is not expected that each of these fillers would be willing to pay the additional fee. It is expected that an average of 10 filing per day will be made under the expedited filing fee system. For 250 business days each year, this equates to 2,500 filings per year. Assuming that these filings will be split evenly between the same day and 24-hour categories, it is assumed an average of \$150.00 will be generated per filing. As a result, \$375,000 would be generated by the expedited filing fees each year.

Secretary of State

Although the bill allows the Secretary of State to store records in non-paper form, the Secretary is not required to do so by the bill. Because the storage of records in non-paper form is not mandatory, no estimate of the cost of this provision is included in the fiscal note.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:**

**[FRD#001]**



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