

Fiscal Estimate Narratives

DFI 2/8/2016

LRB Number	15-4229/1	Introduction Number	SB-657	Estimate Type	Original
Description Adopting revisions to the state's uniform partnership law, providing an exemption from emergency rule procedures, granting rule-making authority, and providing a criminal penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts the updated Revised Uniform Partnership Act (RUPA) as drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) with some state modifications.

Generally, the Department of Financial Institutions is the ministerial filing office for business filings in the state. Changes included in this bill include the voluntary filing of partnership documents with the Department and changes to laws governing limited liability partnerships.

Partnerships

Currently, a partnership may file a partnership agreement with the register of deeds in the county where the partnership is located. This bill permits voluntary filing of partnership documents with the Department. These documents include the Statement of Partnership Authority which is effective for five years, amendments to the Statement of Partnership Authority, a Denial of Authority, a Statement of Dissociation, a Statement of Dissolution, and a Statement of Termination.

This is a new business type not currently filed with the Department. To make these filings available on-line and provide for status updates, the Corporate Registration Information System and on-line filing systems will need to be updated. Based on similar projects, to add an entity type, update the on-line applications with new document types, and manage renewal dates, it is estimated the technology costs associated with this change will be approximately \$300,000.

The fee for filing partnership agreement at the County Register of Deeds is \$30. As this is a voluntary filing, revenue associated with these filings is indeterminate.

Limited Liability Partnership (LLP)

Currently, to become a Limited Liability Partnership (LLP), both domestic and foreign partnerships must file documents with the Department. This bill provides procedures for changes to the business structure of an LLP, including mergers, conversions, domestications, and interest exchanges. The bill also requires the filing of an annual report by LLP's, similar to that filed by other entity types.

Providing for the recording of mergers, conversions, domestications and interest exchanges will require updates to the Corporate Registration Information System and on-line filing systems. The on-line applications will need to be updated to enable LLP's to easily change business structure as included in the legislation. The systems will also need to be updated to include annual reporting by LLP's. Based on similar projects, it is estimated the technology costs associated with implementing these changes will be approximately \$250,000.

There are currently 5,700 Domestic LLP's and 200 Foreign LLP's on record at DFI. Assuming annual report fees of \$25 for domestic and \$65 for foreign LLP's, the annual increase to revenue would be \$155,500. There would be additional revenue associated with fees paid for changes to business structures. It is estimated this revenue will not exceed \$5,000.

In addition to the technology costs, there will be costs associated with form creation, processing of filings, responding to inquiries, annual report notices, administrative rule creation and other administrative costs.

Long-Range Fiscal Implications