



The bill sets out the procedures for filing a first and biennial report. There is also a procedure in this bill for revoking a limited liability company.

### **FISCAL IMPLICATIONS**

The PRC claims there will be no significant fiscal impact to the general fund since the decreases in late filing fees will offset the increase in the additional filing fee for biennial reports and civil penalty for failure to timely file such report

### **SIGNIFICANT ISSUES**

The PRC provided the following:

- Current statutes impose a civil penalty of \$200 for late filing of biennial or supplemental reports. Entities can pay this amount or re-incorporate under a different name for a lower cost. The bill will assess a smaller business friendly late fee that is lower than the total cost to re-incorporate under another name given all costs associated with the transaction from the corporation to the PRC. The net effect of the bill will be to encourage business to maintain their corporate status within the State of New Mexico.
- The reason for requiring limited liability companies to file biennial reports is keep track of their existence. Keeping track of their existence has many implications. Currently, there is no method of knowing whether these entities are still in existence. Without information provided directly to the PRC that a limited liability company is no longer in existence, the name of the limited liability company cannot be used by another entity. More generally, the public has an interest in knowing that the database of a state agency is updated regularly and therefore reasonably accurate.

### **ADMINISTRATIVE IMPLICATIONS**

The PRC will continue to assess and collect fees and applications. The current staff level is sufficient to perform these transactions.

DW/mt