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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/13

SPONSOR Taylor/Keller LAST UPDATED 02/25/13 HB 46

SHORT TITLE Transfer Corporations from PRC to SOS SB _____

ANALYST Weber/Soderquist

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	Recurring or Nonrecurring	Fund Affected
PRC		(\$859.9)	Recurring	General Fund
SOS	\$350.0		Nonrecurring	General Fund
SOS		\$1,059.9	Recurring	General Fund
Difference		\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Secretary of State (SOS)

SUMMARY

Synopsis of Bill

House Bill 46 (HB 46) responds to the constitutional amendment transferring the corporation bureau function from the PRC to the SOS. The bulk of the bill identifies written references in the statutes to corporations and changes the name for authority and responsibility of chartering and subsequent administration from the PRC to the SOS. In addition, general language changes that do not change the intent or interpretation of the statute are corrected or updated.

In addition, section 52 identifies the following temporary provisions related to the transfer:

- A. On July 1, 2013, all personnel and all money, appropriations, records, furniture, equipment, supplies and other property belonging to or used by the Corporations Bureau of the Public Regulation Commission are transferred to the Secretary of State.

- B. On and after July 1, 2013, all existing contracts, agreements and other obligations in effect for the Corporations Bureau of the Public Regulation Commission shall be binding on the Secretary of State.
- C. On and after July 1, 2013, all pending cases, legal actions, appeals and other legal proceedings of every description and all pending administrative proceedings that involve the Corporations Bureau of the Public Regulation Commission shall be unaffected and shall continue in the name of the Secretary of State.
- D. On and after July 1, 2013, all rules, tariffs, orders and other official acts of the Corporations Bureau of the Public Regulation Commission or of the Public Regulation Commission on behalf of the Corporations Bureau shall continue in effect until amended, replaced or repealed by the Secretary of State.
- E. On and after July 1, 2013, all references in law, rules, tariffs, orders and other official acts to the Corporations Bureau of the Public Regulation Commission or to the Public Regulation Commission in regard to matters performed by the Corporations Bureau shall be construed to be references to the Secretary of State.

FISCAL IMPLICATIONS

The SOS indicates the necessity of requesting an appropriation for recurring and nonrecurring expenses that will be incurred for relocating the current operations and staff of the Corporations' Bureau. The SOS is currently analyzing the costs associated with this transition are being finalized, and the estimate is included in the table above. Appropriations are contingent on the passage and enactment of HB 46 or equivalent legislation responding to the constitutional amendment passed in the 2012 general election.

In FY13, nonrecurring appropriations of \$350.0 thousand will be included for the SOS in Section 5 of House Bill 2 to allow the agency to pursue activities necessary for the transfer, including upgrading their information technology and phone systems, hiring contractors to assist in the upgrade, and moving office equipment, records, furniture and other items from the PRC to the new SOS office site.

In FY14, the PRC will transfer approximately \$859.9 thousand in appropriations to the SOS required for agency operations, including personal services and employee benefits, document management software licenses, credit card fees, postage and postage machines, printers/scanners/copiers, office supplies, and other items to pursue activities required by statute.

Also in FY14, additional recurring appropriations of \$200.1 thousand will be provided to the SOS to support an increase in personal services and employee benefits for the reclassification of FTE positions, additional credit card fees, records management costs, education and training, and other items to pursue activities required by statute.

The current location of the Corporations' Bureau is at the PERA building. The SOS is currently working on locating an office space suitable for the Corporation's Bureau, which will include all personnel, equipment, IT servers, records, furniture, etc. in order for the public to conduct business. The current office space of the SOS cannot accommodate the Corporation's Bureau.