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FISCAL IMPACT REPORT

SPONSOR Padilla LAST UPDATED _____
ORIGINAL DATE 2/14/23
BILL
SHORT TITLE LLC Member Names and Addresses NUMBER Senate Bill 209
ANALYST J. Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

Relates to House Bill 281

Sources of Information

LFC Files

Responses Received From
Secretary of State (SOS)

SUMMARY

Synopsis of Senate Bill 209

Senate Bill 209 amends Section 53-19-8 NMSA 1978 by requiring that the name and address of each member of a limited liability company (LLC) be included in the company's articles of organization. The bill also requires that amended articles of organization, including the name and address of each LLC member, be provided to the SOS if not previously provided.

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

SOS states:

SB209 does not contain an appropriation. The Secretary of State (SOS) notes the passage of SB209 would create a need to update forms and the functionality of online business filing system to correspond with the change. However, the SOS does not anticipate this cost to be significant.

SIGNIFICANT ISSUES

SOS states:

SB209 requires members and contact information to be named. [This] will allow the SOS to have a constant point of contact with the LLC.

Under the current law, LLCs can be created merely by listing a registered agent within the state of New Mexico, who may or may not be a member of the organization. This is problematic because if the registered agent ceases, at any point, to serve in that capacity (and a new registered agent is not named), the SOS is not able to contact the company. And if a registered agent resigns, and they do not appoint a new one within 30 days, the LLC is not in good standing and could be revoked. Contact information would allow the SOS to contact the members or managers to advise of the resignation.

It is also noteworthy that the proposed changes in SB209 are prospective and do not require member information with any currently registered LLCs. Further, these disclosure changes would align LLC registration requirements with the requirements for every other business entity registering in the state, who are currently required to disclose their principal members.

This bill relates to House Bill 281, which repeals the current LLC Act, and amends related statutes, for the purpose of implementing the Revised Uniform LLC Act.

JT/al/ne