SECRETARY OF THE STATE
30 TRINITY STREET
POST OFFICE BOX 150470
HARTFORD, CT 06115-0470

Commerce Committee
Public Hearing February 15, 2011

Testimony in Support of HB 6316: AAC A Single Point of Entry for Business at the Office of the Secretary of the State

Chairman LeBeau, Chairman Berger, Good morning, My name is Densie Merrill, I'm Secretary of the State of Connecticut. Thank you for inviting me here to testify in front of this important committee. I am here today to testify in favor of House Bill 6316, "AN ACT CONCERNING A SINGLE POINT OF ENTRY FOR BUSINESSES AT THE OFFICE OF THE SECRETARY OF THE STATE"

Many people think about elections when they think of the Secretary of the State's office, and we are involved with elections just a little. But the majority of the work that we do actually has to do with the more than 300,000 businesses who register with our office every year.

Rather than just being known as just the business registry in Connecticut – or as some would say the state's file cabinet – I actually think there are ways the Secretary of the State's office can be a real asset for businesses and entrepreneurs.

There is so much we can do to facilitate the transmission of data and information so entrepreneurs can have the tools they need to succeed, grow their business, and create jobs. HB 6316 would go a long way towards accomplishing that goal by creating a single point of entry for new businesses that register with the state.

I like to call it an e-business portal.

Before I speak in greater specifics about the actual legislation, I want to actually turn things over to Seth Klaskin, the Managing Attorney of our Commercial Recording Division, who will give an overview of where we are now and where we hope this legislation will take us.

Thank you Seth.

[Presentation of attached Power Point Slides]

As you can see, HB 6316 envisions the Office of the Secretary of the State serving as a <u>Single Point of Entry for business entities</u> in Connecticut

That means the Secretary of the State's office would direct businesses new to the state, through a revamped web platform, to all of the agencies of cognizance for their registration, licensure and permitting. This legislation would allow the SOTS office to direct businesses to state programs intended to support and nurture businesses.

As part of the Single Point of Entry, we would provide information on organizations and programs that exist to assist with business growth, from start-up assistance through finance opportunities, trade assistance, assistance for veterans, educational opportunities, etc.

What we are after here is *not to recreate the wheel*, but will link businesses to *existing* state agencies and programs, such as Smart Start/CT-CLIC, CERC, DRS, DOL, DCP, DEP, DAS, SBA, SBDC, etc.

The eBusiness Portal would also include explanatory assistance to help new entrepreneurs make sense of the alphabet soup of state agencies related to business, as well as important news postings. HB 6316 also envisions the Office of the Secretary of the State collecting new, robust data on business entities, and sharing that data with the state's economic development engines

Under the proposal, the Commercial Recording Division will host a Commercial Data Collection Center in partnership with the UCONN School of Business, the CT Data Access Partnership, and other partners to collect information that is lacking at present. The dean of the UCONN school of Business has already pledged to support this project and supply our office with MBA graduate students to help with the new data collection – for free!

The Commercial Recording Division would compile the data and make it available to all state agencies, quasi-agencies and nonprofit organizations whose missions are to study, attract and nurture enterprise and industry within the state.

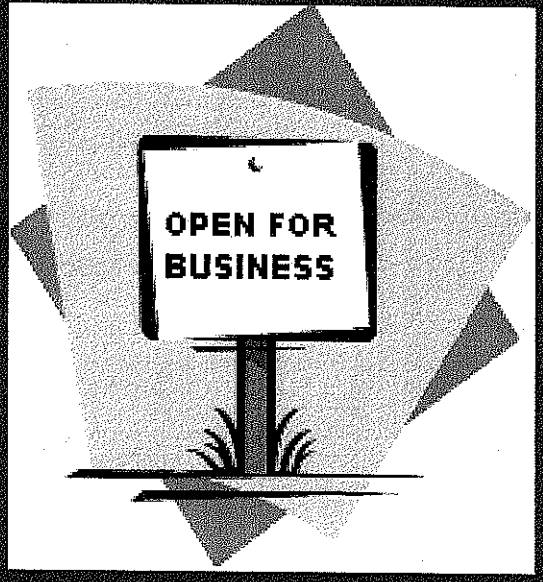
I can tell you that discussions already are underway to determine how additional information collected through this legislation could be useful to the DRS in carrying out its mission.

We propose that data collected through this initiative not only be collected upon formation or registration, but also at yearly intervals in conjunction with the continuing Annual Report filing requirement.

In terms of logistics, we would propose that the Commercial Recording Division manage this operation separate from the public registry, so that company formation and filing processes are not impeded and the pace of commerce will not be hampered.

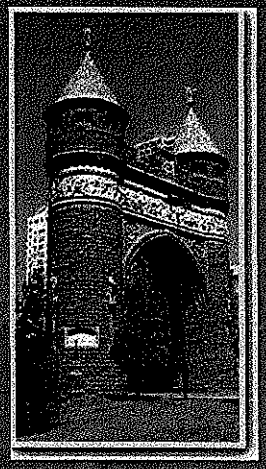
In sum, I think this proposal would go a long way towards helping different segments of our economy connect with each other to get the resources they need to succeed. I thank you for your time in considering this legislation and I urge passage. I am happy to answer any questions you have.

The Commercial Recording Division: Connecticut's Gateway is



Toward an eBusiness Portal and Commercial Data Collection Center at the Office of the Secretary of the State

HB 6316



Commercial Recording Division (CRD)

Connecticut's Business Gateway

- Located across the street at 30 Trinity
- Largest Division at the Office of the SOTS
- Employs a staff of 40
- Responsible for reviewing, processing and filing a huge volume of paperwork that comprises the Public Registry of Commercial Entities, as well as the Public Record of UCC Filings
- Entities = statutory forms of businesses or trusts that provide individual liability protection to their owners or members and that may survive across generations of ownership.
  - Business Corporations
  - Nonstock ("nonprofit") Corporations
  - LLC's
  - LLP's
  - Limited Partnerships
  - Statutory Trusts
- "The CRD" processes almost 300,000 Annual Reports annually, as well as several thousand other filings
- The CRD generates about $35 Million/year in fees and penalty revenue

Why keep a public registry of entities?

Entities are legal constructs created by statute. Statute allows them to act as individuals who can sue and be sued and who can contract for goods and services. However, these constructs are metaphysical beings with no ethereal existence.

To encourage stable markets and protect consumers, the law recognizes that there must be a way for these metaphysical beings to be identified and held accountable for commercial and legal purposes.

As a result, the law requires these entities to anchor themselves in the physical world by registering certain vital information on the public record. The record is comprised essentially of the following information, for both domestic entities (formed under the laws of CT) and foreign entities (formed under the laws of a jurisdiction outside CT):

- The type of entity
- The entity's official name
- For domestic entities, their "Born On" date; For foreign entities, Date of Authority
    - Their principal business address
- The entity's principals (officers/directors/members/managers/limited partners)
- The addresses where their principals can be found (business & residence)
- The name and addresses for an in-state appointee to serve as Agent for Service of Process
- Any mergers with or acquisitions by other entities
- Their Dissolution, Termination, Cancellation or Withdrawal
- In the case of the Uniform Commercial Code, we record the filing, existence, amendment, continuation and termination of liens, which is vital information for the commercial lending industry and for the assessment of creditworthiness

Public Registry = Ministerial Role

- The maintenance of the public registry is vitally important to the stability of commercial markets.
- Choking down the company formation process or the statutory filing process could pose major problems for the flow of commerce.
- As a result, the legislature directs that the role of the SOTS and the CRD is strictly ministerial.
  - We review filings only for compliance with statutory elements.
  - We are not authorized to evaluate the validity of a filing or the accuracy of any statements asserted within a filing.
  - Aggrieved parties have remedies against one another in civil court, rather than administrative avenues of recourse at the agency.
  - Many of our statutes are based on model acts so that filing offices around the country and around the world adhere to similar ministerial principles. GOAL: Predictability across jurisdictions foments market stability.
- The Courts have upheld this ministerial role consistently.

The Customer Experience – Sample LLC Registration

- Our forms are designed to capture just the statutory elements
  - One exception: Mailing Address – We allow customers to provide a mailing address so that we can interface with third party service providers when they handle filing requirements for their clients (for example: Law Offices, Accountants and Commercial Service Companies).
- Our forms are easy to understand, with statutory references and clear in-field instructions. Goal: Not necessary to hire a lawyer in order to register.
  - For further clarification there is a companion Instructions page for each form.
- Our contact number is clearly visible on each form, and many of our forms include helpful reminders and admonitions bulleted at the bottom.
  - Examples:
    - Formation forms remind entities of their duty to file Annual Reports
    - Many forms educate entities about their duty to file dissolution paperwork upon terminating in order to avoid unnecessary Business Entity Tax liability
    - Many Forms provide the DRS Taxpayer Service Center phone number.
- Upon formation, entities receive a BET Tax tri-fold informational pamphlet

Connecticut General Statutes §34-121 sets forth the 5 elements required to be present in an acceptable LLC Articles of Organization filing, as follows:

Sec. 34-121. Articles of organization. The articles of organization of a limited liability company...shall set forth: (1) a name for the limited liability company that satisfies the requirements of section 34-102; (2) if management of the limited liability company is vested in a manager or managers, a statement to that effect; (3) the nature of the business to be transacted or the purposes to be promoted or carried out, *except that it shall be sufficient to state*, either alone or with other business purposes, *that the purpose of the limited liability company is to engage in any lawful act or activity* for which limited liability companies may be formed...(4) the principal office address of the limited liability company; (5) an appointment of a statutory agent for service of process as required by section 34-104; and (6) any other matter the organizer or organizers determine to include.

It is actually just this easy to register a new Limited Liability Company ("LLC") at the CRD. Note on the next slide how the form is designed to lead customers through the statutory elements. If the *fee is paid*, the *name is not already taken* and the *elements are all included on the form*, the CRD is mandated by statute to file the document, without inquiring into the validity of the field responses.

LLC Articles of Organization – First Page

SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, P.O. BOX 150470, HARTFORD, CT 06115-0470
DELIVERY ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106
PHONE: 860-509-6003 WEBSITE: www.concord-sots.ct.gov

ARTICLES OF ORGANIZATION

LIMITED LIABILITY COMPANY - DOMESTIC

C.G.S. §§34-120; 34-121

USE INK. COMPLETE ALL SECTIONS. PRINT OR TYPE. ATTACH 81/2 X 11 SHEETS IF NECESSARY.

FILING PARTY *(CONFIRMATION WILL BE SENT TO THIS ADDRESS)*:	**FILING FEE: $120**
NAME: ADDRESS: CITY: STATE: ZIP:	*MAKE CHECKS PAYABLE TO "SECRETARY OF THE STATE"*

1. NAME OF LIMITED LIABILITY COMPANY - REQUIRED: (MUST INCLUDE BUSINESS DESIGNATION I.E. LLC, L.L.C., ETC.)

2. DESCRIPTION OF BUSINESS TO BE TRANSACTED OR PURPOSE TO BE PROMOTED - REQUIRED:
ATTACH 81/2 X 11 SHEETS IF NECESSARY.

3. LLC'S PRINCIPAL OFFICE ADDRESS - REQUIRED: *(NO P.O. BOX)* PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE.
ADDRESS:
CITY:
STATE: ZIP:

4. MAILING ADDRESS, IF DIFFERENT THAN #3: PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE.
ADDRESS:
CITY:
STATE: ZIP:

5. APPOINTMENT OF STATUTORY AGENT FOR SERVICE OF PROCESS - REQUIRED: *(COMPLETE A OR B NOT BOTH)*

☐ **A. IF AGENT IS AN INDIVIDUAL.**
PRINT OR TYPE FULL LEGAL NAME:

BUSINESS ADDRESS *(P.O. BOX NOT ACCEPTABLE) IF NONE, MUST STATE "NONE"*	**CONNECTICUT RESIDENCE ADDRESS** *(P.O. BOX NOT ACCEPTABLE)*
ADDRESS: CITY: STATE: ZIP:	ADDRESS: CITY: STATE: ZIP:

SIGNATURE ACCEPTING APPOINTMENT:

FORM LC-1-1.0
Rev. 1/11/2011

LLC Articles of Organization – Second Page

☐ **B. IF AGENT IS A BUSINESS:**
PRINT OR TYPE NAME OF BUSINESS AS IT APPEARS ON OUR RECORDS:

CT BUSINESS ADDRESS *(P.O.BOX UNACCEPTABLE)*

ADDRESS:

CITY:

STATE: ZIP:

SIGNATURE ACCEPTING APPOINTMENT ON BEHALF OF AGENT:

PRINT NAME & TITLE OF PERSON SIGNING:

6. MANAGER OR MEMBER INFORMATION-*REQUIRED:* *(MUST LIST AT LEAST ONE MANAGER OR MEMBER OF THE LLC) ATTACH 81/2 X 11 SHEETS IF NECESSARY.*

NAME	TITLE	BUSINESS ADDRESS (No. P.O Box) *IF NONE, MUST STATE "NONE"*	RESIDENCE ADDRESS: (No. P.O Box)

7. MANAGEMENT - PLACE A CHECK NEXT TO THE FOLLOWING STATEMENT ONLY IF IT APPLIES

☐ MANAGEMENT OF THE LIMITED LIABILITY COMPANY SHALL BE VESTED IN A MANAGER OR MANAGERS

8. EXECUTION: ***(SUBJECT TO PENALTY OF FALSE STATEMENT)***

DATED THIS _____ **DAY OF** _____ **, 20** _____

NAME OF ORGANIZER (PRINT OR TYPE)	SIGNATURE

AN ANNUAL REPORT WILL BE DUE YEARLY IN THE ANNIVERSARY MONTH THAT THE ENTITY WAS FORMED/REGISTERED AND CAN BE EASILY FILED ONLINE @ www.concord-sots.ct.gov
CONTACT YOUR TAX ADVISOR OR THE TAXPAYER SERVICE CENTER AT THE DEPARTMENT OF REVENUE SERVICES AS TO ANY POTENTIAL TAX LIABILITY RELATING TO YOUR BUSINESS, INCLUDING QUESTIONS ABOUT THE BUSINESS ENTITY TAX.
TAX PAYER SERVICE CENTER: (800) 382-9463 OR (860) 297-5962 OR GO TO www.ct.gov/drs

FORM LC-1-1.0
Rev. 1/11/2011

The Commercial Recording Division: Connecticut's Enterprise Gateway

√ The CRD is the first point of contact that a *new* business entity has with the State of Connecticut.

√ The CRD is the first point of contact that a *foreign* business entity has with the State of Connecticut.

For these reasons, it makes perfect sense to expand the CRD's role in fostering economic development!

The eBusiness Portal and Commercial Data Collection Center

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and sharing that data with the state's
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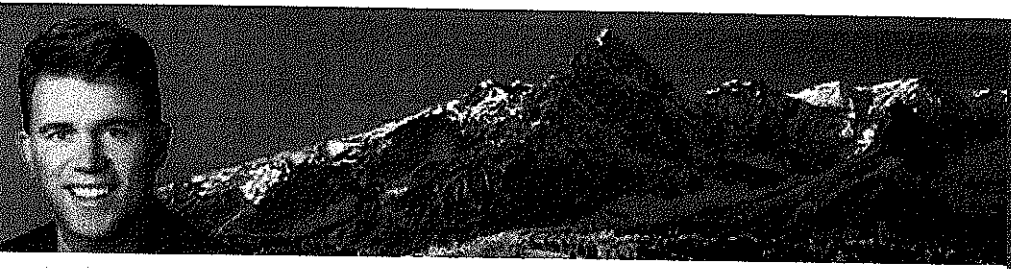
- **The CRD will compile robust data and make it available to all state agencies, quasi-agencies and nonprofit organizations whose missions are to study, attract and nurture enterprise and industry within the state.**
- **Discussions already are underway to determine how additional information could be useful to the DRS in carrying out its mission.**
- **Data can be collected not only upon formation or registration, but also at yearly intervals in conjunction with the continuing Annual Report filing requirement.**
- ***The CRD will manage this operation separate from the public registry, so that company formation and filing processes are not impeded and the pace of commerce will not be hampered.***

Colorado

Secretary of State
Scott Gessler



Current News

January 26, 2011 - Gessler recommends proof of citizenship to register to vote

January 11, 2011 - Gessler sworn in as Colorado Secretary of State

more

Let us help you . . .

Colorado
Secretary of State, Scott Gessler - Colorado

... file a business periodic report
... verify/update my voter registration
... sign up to receive mail-in ballots
... search or file campaign finance reports
... search or file lobbyist disclosures
... run for office
... become a notary or renew your notary commission
... obtain apostilles and authentications
... find fees
... file a business document
... search the business database
... obtain a certificate of good standing
... file a secured transactions record
... search the secured transactions database
... research or register a charity
... apply for a bingo-raffles license

view all

Divisions

Business -
Business organizations, trademarks, trade names, UCCs and EFS

Elections -
Elections, voter registration, campaign finance, petition entity licensing

Licensing -
Bingo/raffle, notary public, charities and fundraisers, administrative rules, lobbyist, address confidentiality program

General Information & Special Programs

- Office Overview
- Newsroom
- Rules & Notices of Rulemaking
- Code of Colorado Regulations (CCR)
- Fee Schedule
- Employment Opportunities
- Kid's page
- Colorado Business Express
- Transparency Online Project
- Employment of Unauthorized Aliens and E-Verify
- Certifications - Damages and Interest Rate on Judgments
- The Colorado State Seal

more

Colorado The Official State Web Portal

Colorado Business Express

Feedback

Explore

- Start a Business
- Information for Existing Business
- Partners

Colorado Business Express

Welcome to Colorado Business Express

Welcome to Colorado Business Express. To begin, select whether you are starting a new business and need information to form your business, or you are an existing business and would like a list of services and information.

New Business

Existing Business

Feedback

Explore

- Start a Business
- Information for Existing Business
- Partners

Starting a New Business

Custom Resource Guide
Learn how to assess your business idea, prepare a written business plan, and develop a structure for your business. The Custom Resource Guide also includes information on government business requirements, counseling, training, and other entrepreneurial resources.

Custom Resource Guide

New Business Toolbox
Thinking of starting a business but don't know where to begin? Use the links below to find the tools necessary to get your business up and running.

- Business Resource Library More
- Establish Business Entity with Secretary of State's Office More
- Obtain Federal Employer Identification Number (FEIN) More
- Employers Setup Your Unemployment Insurance Tax ID More
- Register Your Business for a Sales Tax ID More
- Business Licensing and Registration More

- Archives
- Commercial
  - Corporations
  - Administrative Services
  - Starting a Business
    - About GeauxBiz.com
    - Business Structures
    - Resource Organizations
    - Licenses / Issuing Agency
    - Business License Checklist
    - Small Business Development
  - Uniform Commercial Code
  - Department Contacts
- Commissions
- Elections
- Museums
- Notary
- Publications
- Other Services

CORPORATIONS

The Corporations Section is responsible for the receipt, filing and permanent maintenance and retention of documents that create or affect business organization and nonprofit entities, which are required by Louisiana Law to be filed with the Secretary of State. This Section also provides information by telephone and email regarding those documents and provides plain and certified copies upon request.

The Corporations Section files documents that create or affect business organizations and non-profit entities under the following statutes:

- Louisiana R.S. Title 12 Corporations and Associations
- Louisiana R.S. Title 3 Agriculture and Forestry
- Louisiana Civil Code 2801-2844 Partnerships
- Louisiana R.S. Title 9 Civil Code-ancillaries
- Louisiana R.S. Title 45 Public Utilities and Carriers
- Louisiana R.S. Title 51 Trade and Commerce

Before engaging in any business venture, it is advisable to seek both legal counsel and advice from an accountant. The information given here is not intended to replace the advice and assistance of a professional.

www.GEAUXBIZ.com

Time of Call:_____

TO RECEIVE A CUSTOMIZED CHECKLIST WHICH WILL INCLUDE THE LOCAL AND STATE LICENSING AGENCIES YOU SHOULD CONTACT TO START YOUR BUSINESS

PLEASE COMPLETE THE FOLLOWING QUESTIONNAIRE

TODAY'S DATE:

YOUR NAME:

MAILING ADDRESS:

DAYTIME TELEPHONE NUMBER:

DAYTIME FAX NUMBER:

EMAIL:

NAME TYPE OF BUSINESS AND GIVE A BRIEF DESCRIPTION:

LOCATION OF BUSINESS SPECIFY THE CITY, TOWN, AND PARISH:

IS LOCATION INSIDE OF CITY LIMITS? CHECK ONE: YES ☐ NO ☐

FAX:225-932-5319 OR MAIL TO:

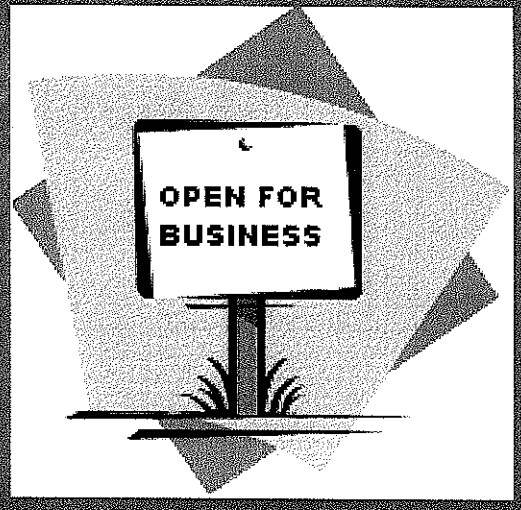
SECRETARY OF STATE'S OFFICE- GeauxBiz
P.O. BOX 94125
BATON ROUGE, LOUISIANA 70804-9125

Other states have recognized that the Secretary's unique gateway role provides an opportunity to perform these crucial outreach functions to benefit businesses.

We're not the first, but we can be the best!

With the eBusiness Portal and Commercial Data Collection Center At the Office of the Secretary of the State

Connecticut will be



Contact Information

For further information, contact:

Seth Klaskin, CRD Director

Seth.klaskin@ct.gov

(860)509-6059