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**Judiciary Committee  
Public Hearing Testimony  
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Good Morning Chairman Coleman, Chairman Fox, and members of the committee. For the Record my name is Denise Merrill and I am Secretary of the State of Connecticut. I am here this morning to testify in strong support of **HB 6565 "An Act Concerning Business Entity Filings"**

This is a concept that has been proposed in one way or another for each of the last two years, and this change is long past due. I would like to provide a brief overview of the bill and then I will be happy to answer any questions.

Simply put, this bill would mandate the electronic filing of annual reports for all business entities in Connecticut. This includes corporations, limited liability companies, limited liability partnerships and limited partnerships.

Currently, companies have the option to file online but the vast majority of the firms who are registered with the state submit paper copies by mail. This process is cumbersome, inefficient, and costly. Passing this bill would save taxpayers hundreds of thousands of dollars every year from printing and mailing costs. It would also be a green government bill, because we estimate we would need about two tons less paper every year.

The bill also requires an email address be provided in the annual report. It eliminates the requirement that the Secretary of the State send out paper annual report forms, and allows for email notification that an annual report is due.

There are also several waiver provisions to mandatory online filing that would create exemptions for customers that do not have:

- (1) capability to file electronically (no access to a computer) or
- (2) an authorized form of payment (Visa/MasterCard) or
- (3) for any other good cause (catch-all)

This bill would allow limited liability partnerships, limited partnerships and statutory trusts to file photostatic and facsimile copies of documents. This will also conform the definitions of "documents", "electronic transmission" and "sign or signature" for limited liability companies,

limited partnerships, limited liability partnerships and statutory trusts to the Connecticut Business Corporations Act.

If this bill is enacted, it will take effect on January 1, 2012 and we feel that is plenty of time to make sure our office is ready and will have the personnel and infrastructure in place to handle this transition smoothly. Overall, this will be a much more efficient system for our customers, who are more than 300,000 registered business entities in Connecticut.

Currently, if anything is wrong or incomplete with your paper filing, it needs to be reviewed by a staff member, rejected, and then sent back to you by regular mail. This is a waste of time and money.

Under the new online system, you will file your documents and if something is missing in any of the data fields, it will tell you instantly where information is incorrect or insufficient, and it will not permit you to file the annual report. That way, someone filing the report can correct the filing right away and submit instantaneously.

Before I conclude, I just wanted to draw your attention to the fact that a similar bill has been raised and heard in the GAE committee, SB 1059. There are several reasons why I support this bill as opposed to SB 1059, and I actually testified in front of GAE and suggested that they adopt this committee's language instead. Let me review those briefly and then I will be happy to answer questions.

- **EFFECTIVE: DATES:** SB 1059 employs effective dates of October 1, 2011, while HB 6565 – the bill before you – employs effective dates of January 1, 2012. With the passage of a year since the last attempt to pass this legislation (and a changed budgetary outlook), it would be difficult for the agency to be prepared to enact all of the specified changes by the October 1, 2011 effective date. We are comfortable with a January 1, 2012 effective date, as proposed in the Judiciary bill.
- **FILING WINDOW:** SB 1059 calls for a filing window wherein all entities would file their annual reports within a three-month span. The Judiciary version of the bill eliminates the three-month filing window for annual reports. The three-month window is no longer necessary due to the elimination of a late filing penalty provision that was removed at the request of some legislators in a previous legislative session. To keep the window filing period in place absent a late filing fee could create workflow problems by concentrating the receipt of annual reports into a three-month period rather than throughout the year as is now the case, and with no revenue benefit. We favor this bill that removes the filing window period and permits filing to occur throughout the year.
- **STATUTORY AGENTS FOR LLPs:** SB 1059 does not include a section that provides for the assignment/resignation of statutory agents for limited liability partnerships, while the Judiciary bill – HB 6565 – does. This provision would conform the LLP statute to the other entity statutes and thus cure a prior drafting oversight.

I would strongly urge passage of HB 6565, it means efficiency, savings for taxpayers, and a little bit of green government. Thank you very much and I will be happy to answer any questions you may have.