

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-154—sHB 5489

Judiciary Committee

Finance, Revenue and Bonding Committee

**AN ACT CONCERNING THE INTEGRITY OF THE BUSINESS
REGISTRY**

SUMMARY: This act:

1. subjects various business entities that fail to file annual reports to the secretary of the state's administrative procedures to dissolve or terminate the entity or revoke its authority to do business in Connecticut;
2. makes changes regarding the notice of final action the secretary sends about dissolution, termination, or revocation of authority and authorizes a limited liability partnership (LLP) to seek reinstatement;
3. makes changes to the secretary's procedures to revoke the certificate of authority to conduct business in Connecticut for foreign stock and nonstock corporations;
4. eliminates a number of fees for business entities filing documents with the secretary to terminate their existence or cease doing business in Connecticut; and
5. requires various business entities to include their email addresses on certain documents filed with the secretary.

The act also makes minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2015, except the fee provisions are effective July 1, 2015.

FAILING TO FILE ANNUAL REPORTS

When various business entities fail to file their annual reports with the secretary, the act allows her to take administrative action to (1) dissolve or terminate a Connecticut business entity's existence or (2) revoke an out-of-state business entity's authority to conduct business in Connecticut. Table 1 lists these entities and when the secretary can take action based on an overdue annual report.

The law already gives the secretary authority to take these actions for a number of reasons, which vary based on the type of entity. For example, the secretary can dissolve a Connecticut stock corporation for failing to maintain a registered agent as required by law or when the agent cannot be found.

Table 1: When the Secretary Can Take Administrative Action Under the Act

| Business Entity | Secretary Can Act When Annual Report is: |
|-----------------|--|
|-----------------|--|

OLR PUBLIC ACT SUMMARY

| | |
|---|------------------------------|
| Connecticut stock corporation | More than one year past due |
| Connecticut non-stock corporation | More than two years past due |
| Foreign stock corporation | Past its due date |
| Connecticut limited partnership (LP) | More than one year past due |
| Foreign LP | Past its due date |
| Connecticut limited liability company (LLC) | More than one year past due |
| Foreign LLC | Past its due date |

The act subjects the secretary's new authority regarding failure to file annual reports to the existing procedures for dissolving or terminating an entity or revoking its authority to conduct business in Connecticut or creates similar procedures to do so. These procedures require the secretary to notify the business entity, generally give the entity three months to fix the deficiency (less for some entities), and require the secretary to file a certificate dissolving or terminating the entity or revoking its authority.

For two entities, the act changes when they are subject to these administrative actions. For a foreign non-stock corporation, the act allows the secretary to act when an annual report is past due, instead of when it is 60 days past due. For a Connecticut LLP, the act allows the secretary to act when the annual report is more than a year past due, instead of when it is more than three months past due.

NOTICE OF ADMINISTRATIVE DISSOLUTION, TERMINATION, OR REVOCATION OF AUTHORITY

By law, if a business entity does not cure the deficiency that triggered a notice of dissolution, termination, or revocation of authority to conduct business, the secretary finalizes the administrative action. The act (1) makes a number of similar changes that apply to the notices the secretary must send to these businesses and (2) applies them to dissolutions, terminations, and revocations for failure to file an annual report. The changes vary depending on the type of entity (to the extent they were not already covered by prior law).

Various Entities

For certain business entities, the law requires the secretary to mail a copy of the certificate of dissolution, termination, or revocation to the entity's last known principal office. The act eliminates requirements that the secretary (1) use registered or certified mail and (2) publish notice of the dissolution in two successive issues of the *Connecticut Law Journal*. Instead, the act requires her to post the notices on her website for 60 days. This applies to administrative actions against a stock or nonstock corporation, LP, LLC, or LLP.

For foreign LPs, foreign LLCs, and foreign LLPs, the law already requires simply mailing the notice, and the act additionally requires posting it on the secretary's website for 60 days.

OLR PUBLIC ACT SUMMARY

Foreign Stock and Nonstock Corporations

By law, the secretary can revoke the certificate for these corporations if:

1. the corporation is 60 days past due on license fees, franchise taxes, or penalties;
2. the corporation does not have a registered agent or office in the state or does not inform the secretary of changes regarding its agent for at least 60 days;
3. an incorporator, director, officer, or agent signs a document for filing with the secretary knowing it is false in a material respect; or
4. the secretary receives an authenticated certificate from the corporation's state of incorporation indicating its dissolution or merger into another entity.

As described above, the act also allows the secretary to revoke a certificate for failing to file an annual report.

The act alters the procedures applicable to all of these revocations in the following ways.

1. Instead of serving written notice (which could be by a proper officer or other person lawfully empowered to do so, by registered or certified mail, return receipt requested), the act requires the secretary to send a notice by registered or certified mail to the corporation's principal office.
2. The act gives the corporation 90 days after mailing, rather than 60 days from service, as under prior law, to correct the problem.
3. After this period, instead of serving a copy of the revocation certificate, the act requires mailing a copy to the corporation's last known principal office address and posting a notice on the secretary's website for 60 days.

LLP REINSTATEMENT

The act allows a registered LLP whose status is revoked by the secretary as described above to file for reinstatement. The act requires changing the LLP's name through an amendment to the certificate of LLP if its name is no longer available. The LLP must (1) file a certificate of reinstatement with the secretary; (2) pay all penalties, forfeitures, and reinstatement fees; (3) file an annual report for the current year; and (4) appoint a statutory agent for service of process if required by law. The act makes reinstatement effective upon filing of the certificate, allows the status as an LLP to commence, and reinvests the LLP with its statutory rights and powers.

The act imposes a \$120 fee for a domestic or foreign LLP filing a certificate of reinstatement.

ELIMINATED FILING FEES

The act eliminates fees for filing certain documents with the secretary of the state, as shown in Table 2.

Table 2: Entity Filing Fees Eliminated by the Act

OLR PUBLIC ACT SUMMARY

| Act § | Entity | Document | Filing Fee Eliminated |
|--------------|------------------------------|---|------------------------------|
| 1 | Stock corporation | Certificate of dissolution | \$50 |
| 1 | Foreign stock corporation | Application for and certificate of withdrawal | 100 |
| 6 | Nonstock corporation | Certificate of dissolution | 20 |
| 6 | Foreign nonstock corporation | Application for and certificate of withdrawal | 40 |
| 14 | LP | Certificate of cancellation | 60 |
| 16 | LLC | Articles of dissolution by resolution or expiration or a judicial decree of dissolution | 50 |
| 16 | Foreign LLC | Application for and certificate of withdrawal | 120 |
| 21 | LLP | Renunciation of status | 50 |
| 21 | Foreign LLP | Withdrawal of certificate of authority | 120 |
| 26 | Statutory trust | Certificate of cancellation | 120 |

EMAIL ADDRESSES

The act requires business entities to include email addresses, if they have one, on the following documents filed with the secretary's office:

1. a foreign stock corporation's application for certificate of authority to transact business in Connecticut,
2. a foreign nonstock corporation's application for certificate of authority to conduct affairs in Connecticut,
3. an LP certificate,
4. a foreign LP's application for registration,
5. an LLC's articles of organization,
6. a foreign LLC's application to register to do business in Connecticut,
7. an LLP's certificate of registration, and
8. a foreign LLP's certificate of authority.

OLR Tracking: CR:KM:JKL:ro