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## **OLR Bill Analysis**

### **SB 1083**

#### ***AN ACT IMPROVING THE INTEGRITY OF THE CONNECTICUT BUSINESS REGISTRY.***

#### **SUMMARY**

This bill makes various changes to laws that govern certain business entities operating in the state. The bill primarily makes changes related to information that these entities must provide the secretary of the state that is used in the Connecticut Business Registry she maintains.

Specifically, the bill:

1. establishes new filing deadlines by which certain corporations must file their annual reports;
2. expands the information certain business entities must provide on each annual report to include, among other things, their North American Industry Classification System Code;
3. allows the secretary of the state to send default notices to specified business entities by regular mail instead of by registered or certified mail;
4. requires corporations or limited liability companies (LLCs) using a trade name to file the business name, identification number, and principal office address with the town clerk;
5. requires the secretary of the state to establish a trade name registry and collect trade name index information from town clerks; and
6. increases, from \$25 to \$50, the fee that an officer must leave with the secretary of the state when he or she serves process on the secretary on behalf of certain nonresident businesses against

whom a civil action is being brought.

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

EFFECTIVE DATE: January 1, 2020, except the sections on trade names (§ 13) and service of process upon the secretary of the state (§§ 14 & 15) are effective July 1, 2019.

### **§§ 1 & 2 — CORPORATIONS' ANNUAL REPORT DEADLINE**

Under current law, stock and nonstock domestic corporations, excluding banks, trust companies, insurance or surety companies, savings and loan associations, and public service companies, must file their first annual report within 30 days after their organizational meeting. The bill instead requires stock and nonstock corporations formed before January 1, 2020, to file their report within two years after filing their certificate of incorporation and, after that date, to file the annual report within 90 days after filing their certificates of incorporation.

The bill also requires domestic corporations and foreign corporations authorized to transact business in the state to file subsequent annual reports electronically on the first anniversary date of the filing of the first annual report. Under current law, such entities are required to file the reports electronically at times provided in regulations the secretary of the state adopts.

### **§§ 1-6 — BUSINESS ENTITIES' ANNUAL REPORT CONTENT**

The bill expands the information certain business entities must provide on each annual report by requiring them to include (1) the name and address of their registered or statutory agent (as applicable); (2) the entity's North American Industry Classification System Code; and (3) any additional information the secretary of state deems pertinent for determining the entities' principal purpose. Under existing law, such entities must report other information, such as the entity's name, office address, and email address.

The bill applies to certain Connecticut and foreign corporations (stock and nonstock) and LLCs, limited partnerships (LPs), limited

liability partnerships (LLPs), and foreign LLPs. It does not apply to banks, trust companies, insurance or surety companies, savings and loan associations, and public service companies, that are exempt from the annual report filing requirements under existing law.

### **§§ 7-12 — “IN DEFAULT” ENTITIES**

By law, the secretary of the state may administratively dissolve business entities that are in default for failure to file their annual report (i.e., in default entities). Under current law, she may begin such proceedings by mailing a notice of default to the entity by registered or certified mail. The bill instead allows her to do so by regular, first class mail.

The bill applies to Connecticut LLCs, Connecticut stock and nonstock corporations, Connecticut LLPs, and foreign LLPs.

### **§ 13 — TRADE NAMES (SOLE PROPRIETORSHIPS)**

#### ***Filing Trade Names with the Town Clerk***

The law generally prohibits anyone from conducting or transacting business in the state under an assumed name unless they filed, with the town clerk in the town in which the business is or will be conducted or transacted, a certificate stating the business' trade name.

Under current law, a corporation or LLC using a trade name must file its full name and principal post-office address. The bill instead requires the corporation or LLC to file the business name, business identification number, and principal office address as reflected on the records of the secretary of the state.

#### ***Trade Name Registry***

The bill requires the secretary of the state to create an electronic system to collect from each town clerk the trade name index information required by law (described above). The bill deems a town clerk compliant with the index information requirement if the secretary determines that the index information provided contains all active trade name records on file with such clerk.

**§§ 14 & 15 — SERVICE OF PROCESS UPON THE SECRETARY OF STATE**

By law, certain persons or entities doing business in the state are deemed to have appointed the secretary of the state as their agent for service of process in any civil action brought against such person or entity.

The bill increases, from \$25 to \$50, the fee that the officer serving such process must leave with the secretary of the state, at the time of service. (By law, this fee is taxed in favor of the plaintiff in his or her costs if the plaintiff prevails in the civil action.)

Under the bill, the fee increase applies to service of process in actions against a (1) nonresident individual, foreign partnership, or foreign voluntary association, or their executor or administrator over whom a court may exercise personal jurisdiction, and (2) voluntary association that does business, acts, or carries out its operations or its functions within the state but its presiding officer, secretary, or treasurer are not state residents.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable

Yea 38    Nay 0    (04/08/2019)