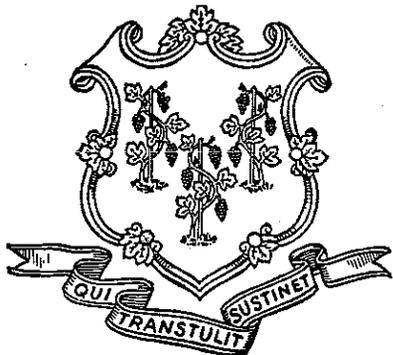


# OFFICE OF THE SECRETARY OF THE STATE

Connecticut  
General Assembly



LEGISLATIVE  
PROGRAM REVIEW  
AND  
INVESTIGATIONS  
COMMITTEE

DECEMBER 1994

**CONNECTICUT GENERAL ASSEMBLY  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "sunset" (automatic program termination) performance reviews. The committee was given authority to raise and report bills in 1985.

The program review committee is composed of 12 members. The president pro tempore of the senate, the senate minority leader, the speaker of the house, and the house minority leader each appoint three members.

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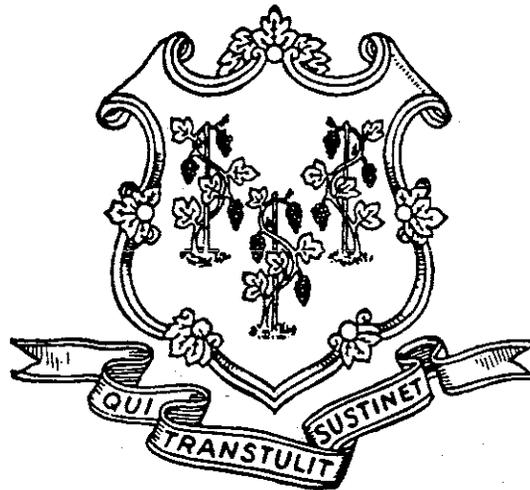
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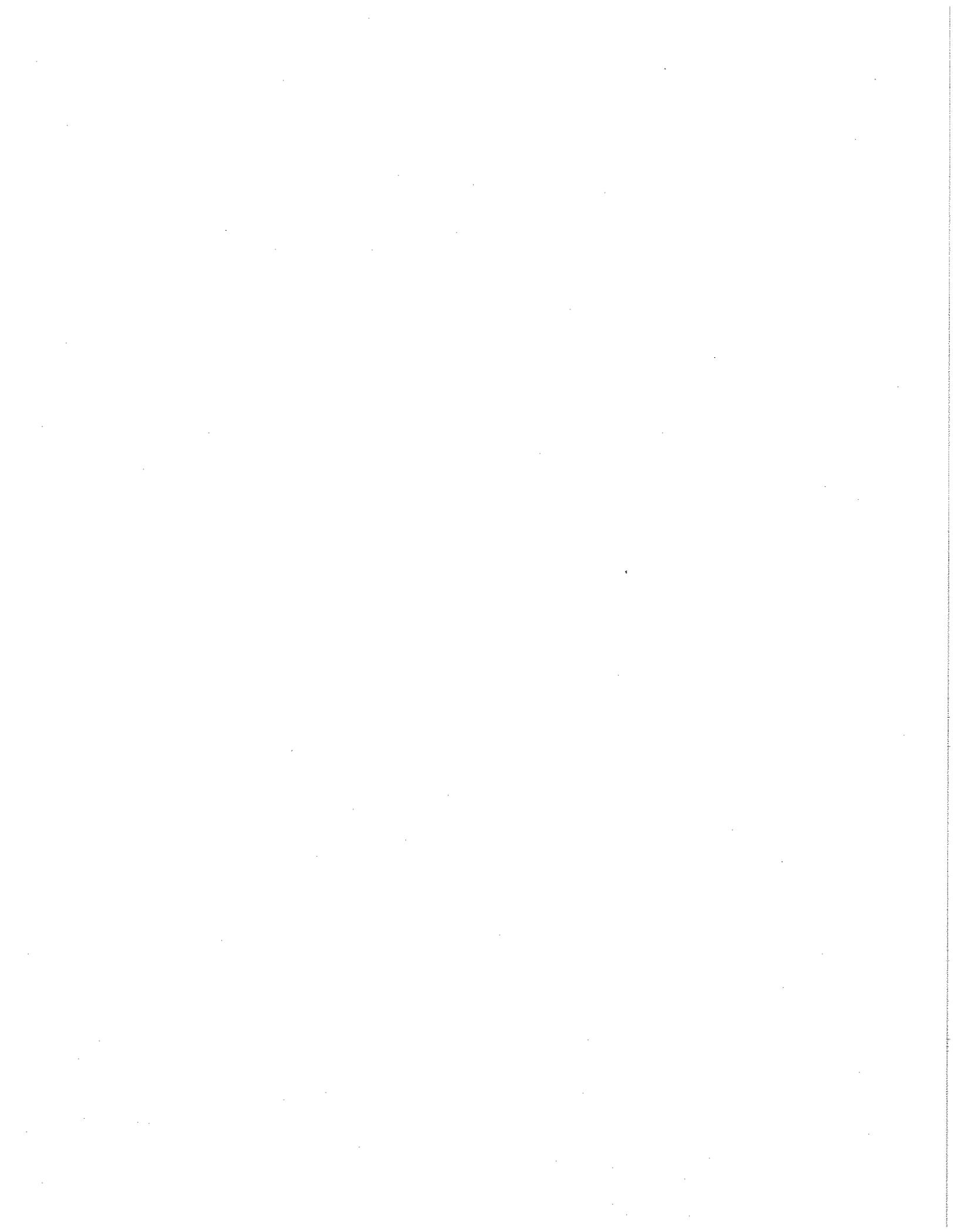
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OFFICE OF THE SECRETARY OF THE STATE



LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS  
COMMITTEE

DECEMBER 1994



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## EXECUTIVE SUMMARY

The Connecticut secretary of the state is responsible for keeping public records and performing certain election-related activities. The Office of the Secretary of the State serves two types of customers -- those required to file information with the agency and those wishing to access data on file.

To help with the administration of the office, a multi-million dollar upgrade and expansion of the agency's automation capabilities for data collection and record keeping has been underway for several years. The office recently implemented a major project to computerize uniform commercial code (UCC) records and enhance the corporations-related automation system already in use. Efforts are also underway to develop a system to allow electronic filing of campaign finance reports, while a pilot program to create a statewide database of registered voters is beginning.

In February 1994, the Legislative Program Review and Investigations Committee voted to study the administrative operations of the Office of the Secretary of the State, in particular those aspects that involve customer service. The primary focus of the committee's study was on the commercial recording and elections services divisions of the office, both of which have frequent contact with the public, and each of which is directly affected by the new automation efforts.

Specific responsibilities of the *Election Services Division* include preserving the integrity and ensuring the accuracy of Connecticut's elections. It administers state constitutional and statutory provisions concerning elections, primaries, nominating procedures, and voter registration and enrollment.

The *Commercial Recording Division* is responsible for accepting and filing documents that show the formation of and fundamental changes to a variety of entities, including corporations, foundations, limited partnerships, cooperatives, and ecclesiastical societies. It also grants out-of-state entities doing business in Connecticut authority to operate, and it receives filings related to security interests in personal property.

The program review committee believes the public's understanding of the role of the Office of the Secretary of the State may be limited. In addition to the two divisions of primary focus, the office has three other divisions that perform statutorily mandated functions and provide administrative support services. A lack of awareness about the full array of services the agency provides may mean entities required to comply with laws or needing access to particular information are not as well informed as they could be, and the number of people that could obtain services is smaller than necessary.

The secretary of the state's office is the repository for campaign finance reports. As part of that role, the Elections Services Division ensures reports are filed on time and properly signed. The Elections Enforcement Commission (EEC), a separate entity, is responsible for making sure the information provided in the reports is complete and accurate. The program review committee determined continuation of that system was the most practical. However, the committee believes the current law regarding notification is too broad in terms of when the secretary's office notifies campaign treasurers they will be referred to EEC for failure to file a particular report.

Regarding the automation project that will give candidate, party, and political committees the ability to automate their finances for the purpose of filing statutorily required reports, the program review committee believes full participation will not occur unless committees are somehow mandated to use the software. The result of nonparticipation will be a dual reporting system, with some reports filed on computer disks and the rest on paper forms.

The committee believes the secretary of the state should consider the shortcomings of the system as currently structured and work to solve them as quickly as possible. Likewise, there may be some general shortcomings with the centralized voter registry automation project. In both cases, the agency needs to examine the issues further.

Many fees charged by the Commercial Recording Division for filing documents are specified in statute. Since October 1, 1993, the division has been overcharging nonstock corporations \$5 and \$7 in two categories -- biennial reports and transfer of a reserved name respectively. The committee believes this action was inadvertent, and the statutes should be revised to reflect the fee structure in use by the division.

Connecticut corporations that have been dissolved, but subsequently wish to be reinstated, can file documents with the secretary of the state for that purpose. In recent years, a growing number of corporations have sought extensions of the three-year limit on filing for reinstatement. The committee believes corporations should be given additional time to obtain reinstatement.

Early in 1995, the Departments of Economic Development, Revenue Services, and Labor and the Office of the Secretary of the State will be participants in a pilot program to test a one-stop business registry system. Equipment will be set up within the public service area of the Commercial Recording Division to provide access to licensing, registration, permitting, and other regulatory services of the pilot agencies. The program review committee believes the secretary of the state's office should explore the use of satellite facilities in other program areas in order to allow the public to file and access additional types of data.

The findings and recommendations of the Legislative Program Review and Investigations Committee acknowledge steps already taken by the secretary of the state's office to improve customer service. The recommendations specify additional actions the committee believes will further improve service at the Office of the Secretary of the State.

## RECOMMENDATIONS

1. **The Office of the Secretary of the State should expand its public outreach efforts and inform the public about all aspects of its statutory role, including the range of services performed and the types of data collected.**
2. **C.G.S. Sec. 9-333y shall be amended to require the secretary of the state to notify within 7 days of the original report due date any campaign treasurer who failed to file the statements required by C.G.S. Sec. 9-333j. If such statements are not filed with the secretary within 21 days of the original report due date, the secretary shall notify the Elections Enforcement Commission within 7 days thereafter.**
3. **C.G.S. Sec. 9-333y shall be amended to specify that any person required to file a lobbyist disclosure report under Public Act 93-251 who does not file it by the specified deadline, be notified by the secretary of the state within 7 days of the original report due date. If such statement is not filed with the secretary within 21 days of the original due date, the secretary shall notify the Elections Enforcement Commission within 7 days thereafter.**
4. **The secretary of the state shall submit periodic reports to the General Assembly's Government Administration and Elections Committee concerning the progress of the campaign finance automation project. Such reports shall be made to the committee by April 1, 1995, and January 15, 1996.**
5. **The secretary of the state shall submit periodic reports to the General Assembly's Government Administration and Elections Committee concerning the progress of the centralized voter registry project. Such reports shall be made to the committee by January 15, 1996, and January 15, 1997.**
6. **The Office of the Secretary of the State should strengthen its planning and preparation efforts regarding the conferences conducted for town clerks and registrars of voters. The secretary's office should ensure that the information provided at such conferences is pertinent to either town clerks or registrars of voters, and is useful, timely, accurate, and comprehensive.**
7. **C.G.S. Sec. 33-440(a) shall be amended retroactively to October 1, 1993, to charge nonstock corporations \$25 for the filing of biennial reports.**
8. **C.G.S. Sec. 33-424(b) shall be amended retroactively to October 1, 1993, to charge \$30 for the transfer of a reserved corporate name by a nonstock corporation.**
9. **The Commercial Recording Division should develop clearer instructions for corporations about the importance of filing annual reports and keeping the secretary**

of the state informed of their current mailing address. This information should be distributed at the time an entity becomes incorporated. Further, when reports are returned to a corporation for correction, the division should emphasize that the document must be returned to the secretary's office or the corporation will be considered in default.

10. C.G.S. Sections 33-388(a) and 33-497(a) shall be amended to allow stock and nonstock corporations five years after dissolution to file for reinstatement.
11. The Commercial Recording Division should prepare information sheets answering some of the most commonly asked questions about document filings and have copies of these available for the public. The division should also establish a schedule to provide on-going training in customer service to all division employees who have contact with the public on the telephone or in person.
12. The Office of the Secretary of the State should explore further the use of satellite facilities for the collection and distribution of documents and data overseen by the agency. The office should identify services that could be offered electronically as well as services that would require placing agency personnel at the off-site location.
13. The Office of the Secretary of the State should wait until the end of the December following a General Assembly election to request information from legislative offices for the Connecticut State Register and Manual.

## INTRODUCTION

Under the Connecticut constitution, the secretary of the state is responsible for keeping public records and performing certain election-related activities. State statutes identify additional duties of the secretary and require the filing of certain information with the office.<sup>1</sup>

To help with the administration of its duties and responsibilities, the secretary of the state's office has received several million dollars in recent years to upgrade and expand the agency's automation capabilities for data collection and record keeping. The office recently implemented a major project to computerize uniform commercial code (UCC) records and to expand and enhance the corporations-related automation system already in use. Efforts to develop a system to allow electronic filing of campaign finance reports are also underway, and a pilot program to create a statewide database of registered voters is beginning.

### Scope

In February 1994, the Legislative Program Review and Investigations Committee (LPR&IC) voted to study the Office of the Secretary of the State. The study concentrated on the administrative operations of the office. The laws overseen by the agency were examined solely from the perspective of the administration of those areas by the office.

The primary focus of the study was on the commercial recording and elections services divisions of the office. Both divisions have frequent contact with the public, and each is directly affected by the new automation efforts. However, in order to understand the interrelationships between the various components of the agency, all divisions of the office were examined.

Specific areas of review included the processes for customers to file, update, or retrieve information from the office and the nature of the compliance activities carried out by agency staff. Work on the automation projects began before, and continued throughout, the program review committee's study. An aspect of the committee's study was the effect these projects are expected to have on improving agency operations and customer service. An important factor in the analysis was the timetable for full implementation of each project.

### Methodology

Extensive interviews were conducted with staff from the commercial recording and elections services divisions, and personnel from other divisions in the office were also interviewed. Detailed information about the automation systems was obtained through interviews and from documents prepared as part of the implementation process for the projects.

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<sup>1</sup> The terms "office of the secretary of the state" and "secretary of the state" are both used in the statutes to describe where specific documents must be filed or recorded. According to agency personnel, there is no legal difference between the two terms.

To obtain data on customer satisfaction with the Office of the Secretary of the State, the program review committee surveyed four groups of customers who deal with the two agency divisions that were the focus of the study. Surveys were distributed to all 169 town clerks, all 376 registrars of voters, a random sample of 126 treasurers of committees required to file campaign finance reports, and a random sample of 150 individuals and businesses that filed documents with the Commercial Recording Division (CRD).

The number of surveys returned varied among the four groups, but more than half of each group sent back the questionnaires. The specific response rates were: town clerks - 88 percent; registrars of voters - 63 percent; treasurers - 59 percent; and Commercial Recording Division filers - 53 percent.

In October 1994, the program review committee held a public hearing on the secretary of the state's office. Committee staff also attended one session of the fall 1994 conference for town clerks. Information about the structure and range of responsibilities of secretaries of state in other parts of the country was obtained from the National Association of Secretaries of State (NASS) and telephone conversations with offices in several states.<sup>2</sup>

### **Report Format**

This report is divided into four chapters. Chapter I presents descriptive information about the secretary of the state's office and summary information about secretaries of state in other states. Chapters II and III describe in detail the activities of the Elections Services Division and the Commercial Recording Division respectively. The committee's findings and recommendations regarding the Office of the Secretary of the State are presented in Chapter IV.

Appendices A, B, C, and D contain the results of the four questionnaires distributed by the program review committee. Appendix E contains more detailed information about secretary of state activities in other states.

### **Agency Comments**

It is the policy of the Legislative Program Review and Investigations Committee to provide agencies subject to a study with an opportunity to review and comment on the recommendations prior to the publication of the final report. The secretary of the state chose not to submit a formal response.

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<sup>2</sup> In many states, the title "secretary of state" is used rather than "secretary of the state."

# CHAPTER I

## BACKGROUND

Basic responsibilities for a secretary of the state in Connecticut can be traced back to the Fundamental Orders of 1638. The document outlined elemental duties of a secretary, primarily related to election matters. With the ratification of the state constitution of 1818, more defined responsibilities came to the secretary of the state in terms of elections and legislative matters. Among other things, the constitution requires the secretary to be the keeper of public records and documents, particularly with respect to acts, resolutions, and orders of the legislature, as well as keeper of the state seal.

Although the initial duties of the secretary of the state focused primarily on election and legislative matters, the role of the secretary has developed over the years. During the late 1800s and early 1900s, corporation law in Connecticut required various business entities to file with the secretary of the state such documents as articles of agreement and certificates of incorporation as well as franchise and annual license fees. Also during this period, the secretary of the state was charged with developing and publishing the Connecticut State Register and Manual, also known as the "blue book."

During 1950s, the role of the secretary of the state changed in two main areas. In 1957, the secretary became responsible for the appointment and certification of notaries public. Prior to that time, the governor was responsible for such decisions. In 1959, a major revamping of the state's corporation laws brought added responsibility to the secretary's office.

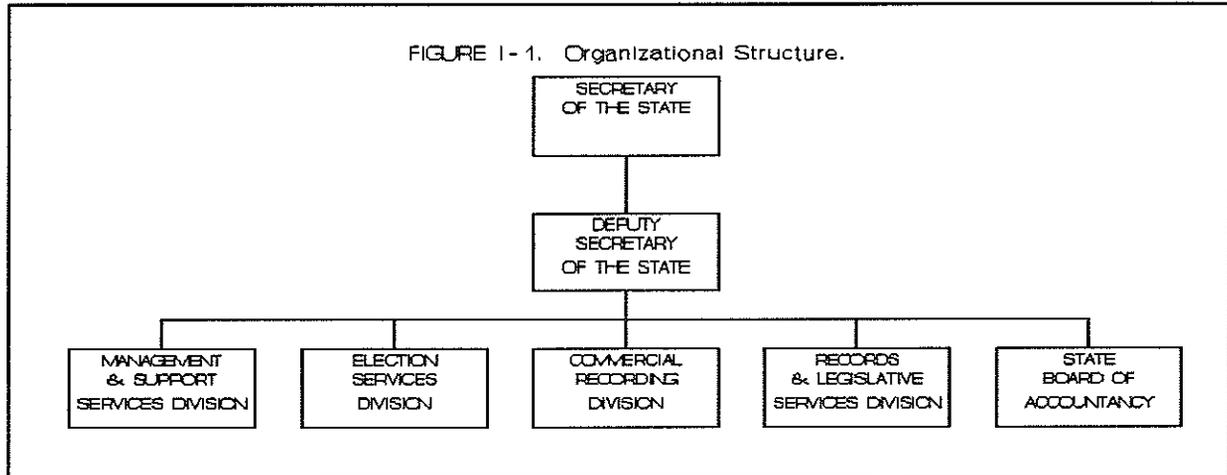
Campaign finance reform of the 1970s again changed the role of the secretary of the state in Connecticut. Candidates for public office were now required to file reports showing sources of campaign revenue and expenditures. The secretary's office was given responsibility for developing the format of the report and serving as the repository for such reports, which is still the case today.

In 1985, the State Board of Accountancy was placed under the direction of the secretary. The board had been under the purview of the Department of Consumer Protection previous to this change.

The most recent development affecting the responsibilities of the secretary of the state came in 1994 with the passage of Public Act 94-121. This act was in response to the National Voter Registration Act passed by Congress in 1993. Among other changes, the new state law, known as the "motor voter law," establishes new procedures for allowing prospective voters to register by mail or when they renew their driver's licenses with the Department of Motor Vehicles (DMV). The law also designates the secretary of the state as the official responsible for implementing the National Voter Registration Act, which becomes effective January 1, 1995.

## Organizational Structure

The Office of the Secretary of the State is organized into five divisions -- management and support services, commercial recording, election services, records and legislative services, and the board of accountancy. Figure I-1 presents the organizational chart for the agency.



The *Management and Support Services Division* handles all administrative support functions for the agency. Employees in this division compile the agency budget, process the payroll, coordinate affirmative action and training activities, sort and distribute mail, and handle agency procurement needs. All of these services are performed by staff in every executive branch agency. Management division employees also act as sales agents for agency publications, such as the state register and manual, and ensure that all money received by the agency in the form of fees and fines is deposited in the state treasury in a timely manner.

Agency staff working in the capitol are responsible for the secretary's schedule, legislative coordination, and community outreach activities. They and the deputy secretary of the state are included in the management division for budgeting purposes.

The focus of the *Election Services Division* is on preserving the integrity and ensuring the accuracy of Connecticut's elections. It administers state constitutional and statutory provisions concerning elections, primaries, nominating procedures, and voter registration and enrollment. The division contains three units: elections administration, campaign finance, and legal support. The division is described in greater detail in Chapter II of this report.

The *Commercial Recording Division* is responsible for accepting and filing documents that show the formation of and fundamental changes to a variety of entities, including, but not limited to, corporations, foundations, limited partnerships, cooperatives, and ecclesiastical societies. The division grants out-of-state entities doing business in Connecticut authority to

operate, and it receives filings related to security interests in personal property. It also accepts service of process for certain businesses. The division makes the information in its files available to the public by recording, copying, and certifying documents. The work of this division is described in detail in Chapter III of this report.

The *Records and Legislative Services Division* performs statutorily mandated functions and provides administrative support services for the agency. It has four units: administrative services, legislative services, notary services - authentication, and records preservation.

The administrative services unit compiles, publishes, and distributes various materials about the state's history and government, including the Connecticut State Register and Manual. It also produces assorted listings of state and municipal officials.

The legislative services unit is the official record keeper for all acts, orders, grants, and resolutions of the legislature and the regulations of all executive branch agencies. Staff transmits public and special acts to the governor for action, returns vetoed bills to the General Assembly, notifies legislators of special and trailer sessions, prints and distributes copies of all acts, prepares copies of documents filed with the division, and provides research assistance to the public about legislation and regulations.

The notary services - authentication unit administers the state's notary public system by reviewing applications, issuing certificates, and investigating complaints against existing notaries.<sup>3</sup> In state fiscal year 1993, the unit made 3,375 new appointments, prepared 10,125 renewal notices, and processed 6,353 renewal appointments; it maintained records for 49,283 notaries public. In its authentications role that year, the unit prepared 7,558 certificates.

The records preservation unit develops retention schedules for agency records, coordinates on-site record retention among the divisions, and oversees all off-site storage of agency records. The unit also handles requests for microfilming, and it must approve requests for the destruction of records to ensure compliance with state records management procedures.

The division is also responsible for accepting and filing a variety of documents, including extradition papers, municipal ordinances, and bond information for certain businesses and state officers. It also reviews requests to use the state arms and seal.

The division is the repository for annual meeting schedules that all executive branch agencies, commissions, and boards must file with the secretary of the state. In FY 93, 2,800 notices and schedules were filed. As of October 1, 1993, the division also receives the biennial

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<sup>3</sup> Anyone who is 18 years of age and a Connecticut resident may apply to the secretary of the state for an appointment as a notary public. Upon payment of a fee of \$60 and successful completion of an examination, a person can be appointed for a five-year term. Grounds for denial include a felony conviction involving dishonesty or moral turpitude, previous revocation of a commission, and previous official or notarial misconduct.

reports that Public Act 93-424 requires all state boards, commissions, committees, and councils to submit to the secretary of the state regarding the race and gender of their members.

The *State Board of Accountancy* oversees the regulation of licensed accountants. The Office of the Secretary of the State provides staff to the seven-member board, which evaluates the qualifications of applicants for the certified public accountants exam, provides for the written exam to be given, and investigates complaints.

### **Staffing**

The secretary's personal office is located in the state capitol. Four other agency employees also work there. All other agency personnel, including the deputy secretary of the state, are located at 30 Trinity Street.

For state FY 95, the Office of the Secretary of the State is authorized to employ 94 full-time equivalent (FTE) staff. This includes eight appointed positions -- the deputy secretary, four full-time executive assistants, two part-time executive assistants, and one executive secretary.

Table I-1 presents staffing data by division. Between FY 90 and FY 94, agency staff declined 19 percent. Most of the reduction occurred in FY 91, when the agency was reorganized; one level of managers was eliminated, and a number of vacancies were left unfilled.

The management and commercial recording divisions initially lost the greatest number of personnel. In FY 92, a reallocation of staff to reflect specific program responsibilities resulted in a further decrease in the size of the management division and an increase in the Commercial Recording Division.

### **Budget**

Generally, the Office of the Secretary of the State is bound by the same rules and procedures as any other executive branch agency, including personnel and purchasing requirements. In a few areas, such as the number of executive assistants allowed, the agency receives an exemption due to the status of the secretary of the state as a constitutional officer.

<b>TABLE I-1. FTE Staff by Division.</b>						
Division	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
Mgt Srvc	37	29	21	22	21	22
Comrc'l Recrdg	49	42	49	49	46	47
Elctns/ Cmpn Fin	10	10	11	11	12	12
Rcrdng/ Leg Srvc	14	11	10	9	10	10
Regula Acctncy	3	3	3	3	3	3
<b>TOTAL</b>	<b>113</b>	<b>95</b>	<b>94</b>	<b>94</b>	<b>92</b>	<b>94</b>
Source of data: <i>Connecticut State Budget, 1989-90 through 1993-95, Office of Fiscal Analysis.</i>						

The total annual budget of the agency is expected to exceed \$5 million for the first time in FY 95. A major change in the funding of the Office of the Secretary of the State occurred in FY 93 when a separate Commercial Recording Account was created by the legislature to pay the expenses of the Commercial Recording Division.

Public Act 92-200 authorized the state treasurer to establish this nonlapsing account. The money in the account is obtained from fees paid to the state by customers of the division. Effective July 1, 1993, the cost of fringe benefits for agency employees performing commercial recording duties is also charged to the Commercial Recording Account.

Table I-2 presents agency expenditures for the past five state fiscal years as well as its appropriation for FY 95. In the years leading to the creation of the Commercial Recording Account, the agency's expenditures were nearly flat or declining.

Since FY 93, the agency's budget has grown by nearly 42 percent. A large portion of the increase is due to the assessment against the Commercial Recording Account for the fringe benefit costs of the employees working for the Commercial Recording Division. (These costs would normally be paid out of the comptroller's budget, as they are for the rest of the employees in the agency.) The drop in "Personal Services" expenditures in FY 93 was a result of the transfer of CRD staff personal service expenses to "Other Funds" (i.e., the new Commercial Recording Account).

<b>TABLE I-2. Expenditures for Secretary of the State's Office, FY 90 - FY 95.</b>						
	FY 90	FY 91	FY 92	FY 93	FY 94 (Est.)	FY 95 (Approp.)
Personal Svcs	\$2,982,492	\$3,129,389	\$2,920,692	\$1,371,171	\$1,361,556	\$1,454,685
Other Expense	965,388	846,966	685,472	421,661	422,322	639,369
Equipment	76,997	219,187	207,700	0	0	0
<b>General Fund</b>	<b>\$4,024,877</b>	<b>\$4,195,542</b>	<b>\$3,813,864</b>	<b>\$1,792,832</b>	<b>\$1,783,878</b>	<b>\$2,094,054</b>
<b>Other Funds</b>	<b>130,756<sup>1</sup></b>	<b>0</b>	<b>0</b>	<b>1,810,500<sup>2</sup></b>	<b>2,763,351<sup>3</sup></b>	<b>3,168,515<sup>3</sup></b>
<b>TOTAL</b>	<b>\$4,155,633</b>	<b>\$4,195,542</b>	<b>\$3,813,864</b>	<b>\$3,603,332</b>	<b>\$4,547,229</b>	<b>\$5,262,569</b>
Percent Change		1.0%	(9.1%)	(5.5%)	26.2%	15.7%
<sup>1</sup> Capital equipment funds and special funds. <sup>2</sup> Commercial Recording Account established. <sup>3</sup> Includes charges for fringe benefit costs (nearly \$650,000 in FY 94 and nearly \$800,000 in FY 95).  Sources of data: <i>Connecticut State Budget</i> , 1989-90 through 1993-95, Office of Fiscal Analysis, and Office of the Secretary of the State.						

Table I-3 provides a breakdown of spending for each program area within the Office of the Secretary of the State. Resources allocated to activities performed by the Commercial Recording Division clearly consume the largest share of the agency's budget, even if fringe benefits are excluded from the CRD figures. The estimated breakdown of expenditures from the Commercial Recording Account for FY 94 was: \$2.26 million for personal services, including almost \$643,000 in fringe benefits; \$465,000 for other expenses; and approximately \$41,000 for equipment.

The reduction of the management services program area expenditures by more than half in FY 93 resulted from an internal agency change in the way expenses are allocated. Previously, general costs such as printing, postage, and telecommunications were charged to the management component of the agency regardless of which division incurred the expense. Starting in FY 93, all costs were assigned directly to the division that generated the cost.

TABLE I-3. Expenditures by Program Area, FY 90 - FY 94.					
	FY 90	FY 91	FY 92	FY 93	FY 94 (Est.)
Management Services	\$1,702,371	\$1,755,137	\$1,534,848	\$807,792	\$751,420
Commercial Recording	1,412,525	1,426,753	1,309,458	1,810,500	2,805,110*
Elections/Campaign Finance	339,810	408,009	437,561	462,854	454,155
Recording & Legis Services	592,548	489,822	406,547	380,723	385,152
Regulation of Accounting	108,379	115,821	125,450	143,190	151,392
TOTAL	\$4,155,633	\$4,195,542	\$3,813,864	\$3,605,059	\$4,547,229
* Includes nearly \$40,000 in General Fund money previously appropriated for the automation project currently in progress.					
Sources of data: <i>Connecticut State Budget</i> , 1989-90 through 1993-95, Office of Fiscal Analysis, and the Office of the Secretary of the State.					

Another source of limited funding for the secretary of the state's office that is not reflected in the agency's budget is the Connecticut Citizenship Fund. The fund is a tax-exempt foundation set up to promote community outreach efforts in areas such as voter registration and educating Connecticut's youths about the benefits of active citizenship. A member of the secretary's capitol office staff coordinates the programs and activities paid for by the fund, including the efforts of numerous volunteers statewide. All money in the fund comes from private contributions. Connecticut Citizenship Fund expenditures for FY 93 totaled \$9,455.

## Other States

The secretary of state is elected directly by the citizens in 36 states, while in Maine, New Hampshire, and Tennessee, the secretary is elected by the legislature. In Alaska, Hawaii, and Utah, the elected lieutenant governor performs the functions of the secretary of state. In eight states, the secretary is appointed by the governor.<sup>4</sup>

The major areas of responsibility for secretaries of state are elections, legislative, business registration and filing, and publishing. The specific qualifications for secretaries of state and the most common duties of the office are summarized in Appendix E.

Agency budgets for FY 91 ranged from \$587,000 in South Dakota to nearly \$244 million in Illinois (where the agency is responsible for motor vehicle licensing and registration). Full-time equivalent staff also varied considerably, ranging from 6 in Utah to 4,057 in Illinois.

These figures are not directly comparable, however, because many states assign duties to the secretary of state in addition to the elections and business related responsibilities outlined in Appendix E. For example, three states allocated millions of dollars for historic preservation and the arts through their offices of the secretary of state, while six states spent more than \$1 million on archival efforts.

The secretary's budget in Tennessee included nearly \$15 million for state and regional libraries; almost 90 percent of the \$26 million Maine budget was allocated to its Motor Vehicles Division. In two states, secretaries oversee athletic commissions, two others have ethics commissions in their agency, one oversees a drugs/narcotics agency, and another is responsible for fire prevention and code enforcement efforts.

Even looking only at the major program areas over which the Connecticut secretary of the state has jurisdiction, there are still wide variations in spending, attributable at least in part to the variations in physical size and population of the states. The range of expenditures for elections-related activities during FY 91 among the 18 states for which specific figures were available ranged from \$200,000 to \$15.6 million, with Florida (\$4.6 million) and California (\$15.6 million) the only states over \$2.5 million. Mean expenditures were \$1.9 million. (Connecticut expenditures totalled \$400,000.)

Business registration and filing activity expenditures, including uniform commercial code matters for the 24 states for which specific figures were available ranged from \$200,000 to \$15.2 million. Five states had costs over \$2.5 million, with California the leader in spending. Mean expenditures were \$2.6 million. (Connecticut expenditures totalled \$1.6 million.)

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<sup>4</sup> The National Association of Secretaries of State periodically publishes a book describing the major duties and functions of the secretaries on a state by state basis. The data in each book are based on the responses from the states to a detailed survey prepared by the association. The most recent edition of the book, prepared in 1991, was used as the source for the information in this section of the report.



## CHAPTER II

### ELECTIONS SERVICES DIVISION

The secretary of the state is the state's chief elections officer. The secretary is charged with administering laws governing elections and ensuring a fair and impartial elections system. The Elections Services Division is responsible for carrying out this function.

The elections division administers state law in areas such as primaries, general elections, nominating procedures, and voter registration. The division also serves as the repository for campaign finance reports periodically filed by various campaign committees including candidate, party, and political committees.

To fulfill its responsibilities, the division is organized into three main sections: elections administration; campaign finance; and legal support. It is headed by a director and has a staff of 12, with a budget of over \$450,000 for state fiscal year 1995.

Although the vast majority of the division's workload, as well as its staff and financial resources, involves election administration activities, the campaign finance reporting system also consumes staff time and effort. In addition, due to the nature of the elections division's work, it is in frequent contact with town clerks, registrars of voters, and campaign committees.

#### Elections Administration

The Elections Services Division is responsible for administering the myriad of state laws relating to elections. This includes responsibilities relating mainly to state elections, and in some cases local and federal elections as well.

The amount and type of work performed by the elections division depends upon the current election cycle. For example, its activities differ somewhat depending on whether the present year involves a statewide, municipal, or presidential election, or any combination of the three.

The vast majority of work performed by the division involves elections at the state level, such as constitutional officers conducting statewide campaigns or individual and multi-town elections for state representative or senator. As part of its elections administration duties, the division is also responsible for overseeing voter registration and enrollment on a statewide basis, as well as making sure campaign finance reports are submitted on time and properly signed. The division's responsibilities concerning elections administration are briefly summarized below.

**Prescribing forms.** One of the main duties of the Elections Services Division is developing and distributing forms used for a variety of election-related matters. There are over 100 such prescribed forms.

Examples of these forms include those used for tabulating election returns, registering voters and enrolling party members, administering absentee voting laws, collecting signatures for petitioning candidates, and certifying candidates elected to certain offices. The various forms developed and distributed by the division are an integral part of the overall elections process.

**Political parties.** In order to reserve a party designation and form a party designation committee, a written statement by prospective electors wanting to be members of the committee must be filed with the elections division. The division reviews the statement to ensure it complies with all applicable legal requirements. Following this review, the division either approves or disapproves the party designation.

Another responsibility of the elections division regarding political parties concerns the filing of party rules. Prior to any state or municipal candidate officially being placed on a ballot for election, the candidate's party must first file with the Elections Services Division a copy of its rules regulating the party and outlining its method for selecting party-endorsed or nominated candidates.

In cases where a local party does not have established rules, the party's town chairperson is responsible for filing a statement with the elections division indicating the absence of such rules. All parties are also required to refile their rules with the division any time such rules are amended.

The elections division may not accept a party's rules for various reasons, including an inadequate number of copies are filed, the sender is unidentified, or the rules received do not incorporate any amendments made by the party. When a party's rules are accepted, the division is responsible for keeping them on file and making sure the rules are open for public inspection. The division also provides copies to anyone making a request.

**Candidate nominations and primaries.** The secretary of the state's office, through the elections division, has certain responsibilities relating to the candidate nomination and primary election processes. These responsibilities do not directly affect the endorsement of candidates, however, they can affect a candidate's ability to participate in a primary, if certain requirements involving the secretary's office are not followed.

Whenever a convention is held by a party to endorse candidates for state or district offices and a roll call vote is taken, a copy of the names of the delegates voting and their votes must be recorded with the elections division. In addition, all party-endorsed candidates and those receiving at least 15 percent of the convention delegate votes, are required to file a signed certificate with the division specifying certain information about themselves. If a candidate's certificate does not reach the elections division by a certain time after the close of the convention, the party is deemed not to have made an endorsement for that particular office.

In cases where the elections division receives two or more candidate statements from the same party for the same *state* office, the division is responsible for notifying town clerks

throughout the state that a primary for that office is to be held. If multiple candidates are vying for a particular *district* office, the division notifies all the town clerks within that specific district.

Whenever a vacancy occurs prior to a state or district primary or general election, or when a person withdraws his or her candidacy, the elections division must be notified. If the vacancy or withdrawal occurs in a municipal election, the town clerk must be notified. The clerk is then responsible for informing the division. Candidates who withdraw from a state or district election are required to notify the division directly. When a candidate has either withdrawn or died, the division directs the town clerk to replace the official ballot with the name of any new candidate endorsed by the party.

The elections division also has final approval as to the order that offices will appear on the ballot labels for a state or district primary. Ballot labels are prepared by the clerk of the municipality where the primary is being held; they are printed at the expense of the municipality.

During times when paper ballots are used in state, district, special, or municipal elections, the elections division is responsible for printing the ballots. Individual towns, however, must cover the costs of paper ballots used in municipal office elections.

Prior to a primary, the elections division sends vote tally forms to each town clerk. These forms show the names of candidates for office and are used to record the total votes cast for each candidate. After the votes are recorded by the towns, the forms are returned to the division for review.

Once vote totals are reviewed, the division tabulates the totals for each candidate. The results are then publicly declared, and a certificate attesting to the results is entered into the secretary of the state's official records. The elections division is also responsible for developing a report of this information, which is presented to the next General Assembly.

When there is a need to recount close vote margins after the votes are tabulated, the elections division is responsible for notifying the appropriate town clerks, as well as the affected candidates, that a recount is necessary. Candidates have the option of waiving this right, but must file a written statement with the division indicating their intention. Further, in the case of a tie vote after a recount, the secretary breaks the tie by lot and then certifies the winner.

**Petitioning candidates.** The elections division is responsible for providing nominating petition forms to any person who makes such a request. The division also collects petition signature sheets, as do town clerks in the towns where the petitions were circulated. When petition forms are returned to the elections division, it must receive certification from the town clerk that the person circulating the petition is an elector of the town where signatures were collected and that the names on the signature sheets correspond with names on the town's official voter registry. The division has the final say in either approving or rejecting nomination petitions.

**Presidential preference primaries.** The division's responsibilities for presidential primaries are very similar to those it has for other state offices. For example, it is the division's function to determine and place candidates' names on ballots for party primaries, publicly announce the ballots, and notify candidates that their names are placed on a primary ballot.

Whenever a prospective presidential candidate petitions for nomination to be included on a ballot after the candidate list is announced, a process similar to when candidates petition for other elected offices occurs. After the order of candidate names on a primary ballot is determined, the division sends a notice of the primary to all town clerks in the state. The division is also charged with ensuring the overall integrity of presidential primaries.

**General elections.** The elections division has certain responsibilities for general elections. However, these duties relate mainly to state or district elections and are very similar to those performed during primaries, unless otherwise specified in the laws governing elections.

At the beginning of a general election year, the division creates and distributes a state elections calendar for use by town clerks and registrars of voters during that year. The calendar is an extensive chronological summary of all the important dates, times, and information required for the upcoming election year.

Other related functions of the division include preparing and distributing copies of election laws to all election officials and circulating instructions for moderators. Explanations of constitutional amendments and all forms and instructions coordinating special elections are circulated as well.

**Office and candidate lists.** The division maintains a file for each town throughout the state containing information specifying the elected offices of the town and the terms of such offices. In addition, at certain times during the year individual towns are required to file a list of offices to be filled at an upcoming primary or regular election with the elections division. These lists include, among other things, the individual offices up for election, the number of candidates each elector may choose for each office, and certification from the town that each candidate's name has been compared and verified as matching a name appearing on the town's official voter registry.

Following party primaries during state and district election years, the elections division is required to send a list of candidates eligible for the general election to town clerks. This list is used by the clerks to develop sample ballots, which must then be filed with and reviewed by the elections division prior to the general election.

**Referenda.** Referenda questions must be filed with the elections division prior to the vote taken at the municipal level. Following the vote, the results are to be filed with the division as well.

**Voting machines.** Before a municipality purchases or leases a voting machine, the Elections Services Division is responsible for examining the machine, determining if it meets standard requirements, and then approving its purchase or lease. When a machine is approved, the division provides the municipality with operating instructions and certification that the voting machine meets state requirements.

The elections division also ensures voting machines are inspected periodically and remain in proper working order after they have been purchased. (Voting machine inspections are conducted by the machine's manufacturer or mechanics trained by the division.) The division reviews information submitted from the towns to ensure the number of machines used conforms with statutory requirements.

**Instructional sessions and conferences.** Anyone wanting to become a moderator, assistant moderator, or voting machine mechanic must be certified by the elections division. Prior to certification, each person is required to attend at least six instructional sessions given by the division at various times throughout the year. In addition, following the instructional sessions, each person must successfully complete an examination administered by the division.

The division also conducts biannual conferences for town clerks and registrars of voters. The conferences are used to update clerks and registrars on new state or federal laws, explain changes in procedures, and communicate other information deemed necessary by the division.

**Voter registration and party enrollment.** The vast majority of voter registration and party enrollment functions are performed at the local level. However, the elections division is responsible for providing the appropriate forms and instructions to local registrars and town clerks for registering and enrolling voters.

Whenever a regular election is held, municipalities must file a certificate with the division indicating that a canvass of voters was conducted prior to the election. The certificates are reviewed to ensure their integrity and kept on file at the secretary of the state's office.

Before an election, municipalities must also file a statement with the Elections Services Division indicating the total number of electors, enrolled electors by party, unaffiliated electors, electors added or removed, and electors who have registered or enrolled in a party since the municipality's registry list was last submitted. A \$25 fee is assessed each registrar, if the information is not filed with the division on time.

The role of the elections division concerning voter registration is currently being modified, following the passage of a recent federal law. The law, which takes effect January 1, 1995, requires states to allow voter registration: 1) by mail; 2) when people apply for or renew their driver's license; or 3) when people visit particular government agencies.

Even though Connecticut's Department of Motor Vehicles already provides voter registration forms and assistance, the state recently passed Public Act 94-121 in anticipation of

the new federal requirements. This act makes certain changes to the state's mail-in voter registration forms and the procedures used by DMV to conform with federal requirements. The act also designates the secretary of the state's office (i.e., the Elections Services Division) as the agency responsible for coordinating and implementing the new federal requirements.

**Absentee voting.** The main responsibilities of the elections division regarding absentee voting are prescribing the legal form of absentee ballots, printing the ballot voting envelopes and the envelopes in which the ballots are collectively stored prior to and after being opened, and distributing the absentee voting materials. The division also reviews town ballots prior to an election for accuracy and completeness.

**Miscellaneous elections-related services.** Various voter guides, election handbooks, and other reference information are developed by the division as part of its elections administration function. It also provides daily advice to town clerks, registrars of voters, government officials, and the general public whenever questions or concerns are raised.

### **Campaign Finance**

A major thrust toward reforming campaign financing occurred in the mid- to late-1970s. With this reform came additional responsibilities and an increased role for the secretary of the state's Elections Services Division. One of the fundamental changes involved the increased disclosure of campaign expenditures and contributors. Candidates for office, party committees, and political action committees were now required to provide detailed finance reports concerning contribution amounts and the names of people or organizations making campaign contributions.

Responsibility for developing the reporting format used to collect campaign finance information was given to the elections division. The division also distributes the finance report forms when requested, and serves as the repository for all filed reports.

**Campaign finance reports.** Campaign finance reports are detailed statements of receipts and expenditures. The various requirements as to who must file a report, the income and expenditure thresholds used for reporting, the exemptions from filing, and when reports must be submitted are spelled out in state campaign finance laws.

The treasurers for more than a dozen different types of office holders or campaign committees must file reports with the elections division at various times throughout the year. Among the entities filing are:

- candidate committees (for governor, lieutenant governor, secretary of the state, treasurer, comptroller, attorney general, sheriff, state senator or representative, and probate judge);
- political committees established to support or defeat a candidate or constitutional amendment;

- town committees; and
- state central committees.

According to the elections division, the number of committees required to file campaign finance reports at a given time period usually ranges between 1,200 and 1,600, depending on different circumstances such as the time of year and the type of election held that particular year.

Specific committees or groups dealing with municipal candidates, elections, or referenda must file finance reports with individual town clerks. The elections division is required to provide town clerks with campaign finance report forms for distribution.

**Schedule.** The dates campaign finance reports must be filed are statutorily set. Most committees are required to file reports five times per year (January, April, July, October, and the seventh day preceding the election). The elections division sends out notices to treasurers prior to each reporting deadline. Additional reports are due from committees making contributions or expenditures in connection with a referendum or primary. Committees developed for individual candidates must also file reports 45 and 90 days after a general election.

**Enforcement.** Overall, the elections division's enforcement powers regarding campaign finance reports are limited. The division is responsible only for ensuring reports are submitted on time and properly signed. The Elections Enforcement Commission (EEC) is the entity responsible for enforcing campaign financing laws and making sure the information provided on the reports is complete and accurate.<sup>5</sup>

If a report is not filed by the due date, the elections division notifies the treasurer of the committee (who is personally responsible for submitting reports and liable for their content) by certified letter stating the report has not been submitted. Any treasurer not filing a report by the deadline is subject to a \$55 late fee.

The secretary of the state's office is statutorily required to notify the Elections Enforcement Commission any time a campaign finance report is not filed. Currently, the division notifies EEC about reports not filed if there is no response to the certified letter sent to the committee treasurer. If a treasurer submits a report in response to the letter but does not

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<sup>5</sup> The Elections Enforcement Commission is a five-member board, created in 1974 to enforce all provisions of state elections law. The commission has nine full-time staff -- an executive director, two auditors, three investigators (including two attorneys), one paralegal, and two secretaries.

With respect to campaign finance enforcement, the commission is responsible for making sure information supplied on campaign finance reports is complete and accurate. It responds to complaints and conducts random audits of the reports. About half of the 175 to 200 complaints EEC receives annually are related to campaign finance and investigated. Another 150 random audits of campaign finance reports are conducted by the commission.

pay the nonfiling fee, the division refers the case to the Department of Administrative Services' Bureau of Collection Services (BCS) for collection of the fee.

The elections division can collect late fees directly through the certified letter process without the assistance of the collections bureau or EEC. When a case is referred to the Bureau of Collections, the division receives an accounting of late fees collected. When a referral is made to EEC, the case becomes an enforcement issue and the commission has sole responsibility for ensuring the report is filed or it may levy penalties. No information on fines collected by EEC is sent to the elections division.

### **Legal Support**

The third section of the Elections Services Division is legal support. This section provides legal services and advice for the division relating to the state's election laws. It also assists town clerks, registrars of voters, and the general public. Currently, one full-time and one half-time attorney work in the legal support section.

The Elections Enforcement Commission also answers questions from the public concerning campaign finance reporting requirements and campaign related activities in general. The commission and its staff provide advisory opinions, offer workshops, and answer telephone inquiries.

### **Automation**

As part of an overall electronic elections management system, the secretary of the state's office is undertaking several key automation projects. These projects will upgrade and enhance the automation capabilities of both the Elections Services Division and elections-related functions.

Improvement of the elections division's overall automation capabilities has recently been made. The enhanced system now allows the division to design forms in-house, provide on-line access to laws and legal opinions, and automate and centralize mailings, thus reducing the division's reliance on paper records. Further enhancements are scheduled for completion and implementation in early- to mid-1995.

In terms of particular elections-related projects, electronic voting machines were used for the first time this past general election in three towns. The machines allowed for an automated method of voting and electronic tallying of vote totals. The performance of these machines is still being evaluated.

Progress is also being made in developing a system that electronically transmits forms to town clerks and registrars of voters. Such a system is being tested on a limited basis.

On-line access to the Federal Elections Commission's (FEC) campaign finance database has also been re-established. The setup provides direct access via modem to FEC's database, allowing the user to examine the campaign finance records maintained in the database. This service was discontinued for a period of time several years ago, but is now available and can be used by the general public.

The two main elections-related automation projects being undertaken by the secretary of the state's office are an automated campaign finance reporting system and a centralized voter registry system. Campaign finance reports are presently filed with the elections division on paper and reviewed manually by anyone wishing to examine them. When operational, the new system will provide computer software that mirrors the current report format.

The software will allow income and expenditure information to be entered in an automated form, and reports can then be filed with the elections division on computer disk. Ultimately, the division will be able to make the information available in an automated format to anyone wanting to examine it.

Another project being developed by the secretary of the state's office is an automated centralized voter registry list. Towns throughout the state will be provided with computers creating a link between the towns and a master database maintained at the state's primary data center. Certain voter registration information will be tracked by each town, and entered onto the centralized system allowing the elections division and other towns access to the information. The division eventually hopes to use the system for elections management activities, including improvement of its ability to promptly respond to changes in elections law.



## CHAPTER III

### COMMERCIAL RECORDING DIVISION

The Commercial Recording Division is responsible for filing and maintaining records concerning the formation of and changes in corporations and other entities. The division serves two groups of customers -- those required to file information and those who want access to information on file. At the end of 1993, the division had nearly 104,000 active and 153,000 inactive corporations-related records. That year, it processed almost 70,000 uniform commercial code financing statements, and it received nearly 10,000 service of process documents.

#### Staffing

The division is headed by a managing attorney. Administrative staff includes an assistant manager, a staff attorney, a computer programmer, a data processing technical analyst, and a secretary.

An intake/review unit processes corporations-related documents. It has 19 staff -- 13 paralegals and 6 data entry operators. A research/response unit handles uniform commercial code filings and requests for information about documents on file. It has 16 people -- 1 paralegal, 1 process technician, 12 office assistants, 1 clerk typist, and 1 clerk.

Staff generally work within their assigned unit, but they may rotate among several functions. Some paralegals are trained to perform both corporations and UCC work in order to serve as back-ups during absences; several UCC clerical staff retrieve and copy corporate documents.

Some employees in other divisions, such as the financial clerks who process fee payments, perform work for the division. They are funded from the Commercial Recording Account.

#### Who Must File

Almost two dozen types of entities are statutorily required to file information with the secretary of the state in order to operate within Connecticut. The major categories of filers are listed in Table III-1. Trade or service marks,

**TABLE III-1. Entities Filing with Secretary of the State.**

Corporations
Domestic With Stock
Foreign With Stock
Domestic Without Stock
Foreign Without Stock
Professional Association
Bank With Capital Stock
Bank Without Stock
Bank and Trust
Credit Union With Stock
Credit Union Without Stock
Savings and Loan
Insurance With Stock
Insurance Without Stock
Specially Chartered With Stock
Specially Chartered Without Stock
Religious
Cemetery
Limited Partnership
Foreign Limited Partnership
Cooperative Association
Marketing Cooperative Assoc.
Limited Liability Company

collective marks indicating membership in an organization, and certification marks related to product characteristics also may be registered with the secretary.

Entities established as corporations under the laws of another state or country are called foreign corporations. Any such entity "transacting business" or "conducting affairs" in Connecticut must obtain a certificate of authority from the secretary of the state in order to legally operate. This requirement applies to both for-profit and not-for-profit organizations.<sup>6</sup>

Uniform commercial code matters comprise the other major group of filings handled by the division. The UCC governs commercial transactions throughout the United States, including the sale of goods, the negotiation of checks, and the sale of securities, stocks, and bonds. In Connecticut, Article 9 of the code, concerning secured transactions, is handled by the secretary of the state's office. Except for a few limited categories of collateral, anyone wishing to establish a security interest against an item must file the claim (i.e., a lien) with the secretary of the state.

Another category of filings handled by the division involves service of process. State law allows a foreign corporation to designate the secretary of the state as its appointed agent for service. The secretary also may be served, if a corporation's designated agent cannot be found.

### **When Information Must Be Filed**

State statutes specify when an entity must file information with the secretary of the state. Among the most common instances when a business or organization must file documents under the corporations-related statutes are:

- reservation of a name or transfer of a reservation;
- incorporation as a business or application to transact business;
- appointment of an agent for service of process or change in the name or address of an agent;
- amendment of information previously filed (including address, names of officers/directors, shares of stock allowed);
- reinstatement of an organization with or without a name change;

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<sup>6</sup> C.G.S. Secs. 33-397 and 33-506 indirectly define "transacting business" or "conducting affairs" in Connecticut by specifying activities not considered as such. Among the exempted acts are: defense of a legal or administrative action; holding meetings of directors, shareholders, or members; maintaining bank accounts or borrowing money; soliciting or procuring orders when acceptance must occur outside the state to become a binding contract; transacting business in interstate commerce; and conducting an isolated transaction within a 30-day period.

- dissolution of a business or cancellation of a limited partnership; and
- merger or consolidation of two or more entities.

Certain organizations are also required to file annual or biennial reports. In the uniform commercial code area, information is filed with the secretary of the state when a lien is being established, modified, or released.

### **How Information Is Processed**

Most activities performed by Commercial Recording Division staff can be categorized as either uniform commercial code or corporations-related work. Different procedures guide each category of work, but generally information must be submitted on forms prescribed by the secretary of the state.

Documents can be mailed or hand delivered. Those brought to the agency are presented to CRD staff in the public service area. (If a fee is paid with cash, the customer must take the money to the revenue services unit of the Management and Support Services Division, located across the hall from the public room.)

**Corporations-related filings.** CRD paralegal staff makes a detailed examination of all incoming corporations-related documents to determine conformance with state law. Based on that review, a document is accepted or rejected. The reasons a filing might be rejected include, but are not limited to: addresses incomplete or insufficient, signatures missing, officers or directors not named, dates missing, and name selected for entity is not available or does not match name previously registered.

If a filing is rejected, the paperwork is returned to the customer with a letter explaining the reasons. Fees submitted with the original request are placed on account for the entity. The customer is asked to enclose the rejection letter when the filing is resubmitted in order to access the monies and ensure the new filing is not rejected for omission of fees.

Once a document is accepted for filing, the information is entered on a mainframe computer system. A receipt confirming the filing is sent to the customer. The document is then given a volume and page number for reference purposes, and it is sent to be microfilmed.

**UCC filings.** As part of the UCC function, agency employees establish new liens, maintain a separate listing of modifications to existing liens, and record the release of liens. The primary responsibility of agency staff in this area is to index documents. In particular, they must ensure all debtors listed on a lien are cross-referenced back to the original lien.

All liens must be accompanied by a fee. If a filing is rejected, the paperwork is returned to the customer with an explanation. Fees are held on account, and the customer must enclose the rejection letter upon resubmission in order to access the monies.

Each lien form has multiple copies. After all processing activity has been completed, the copies are separated and filed or indexed, microfilmed, or returned to the customer.

**Service of process.** State law allows certain businesses to designate the secretary of the state as its agent for service of process. The writs, summonses, and complaints served on the secretary in that capacity are maintained separately from corporations and UCC documents.

Documents can be served by mail or hand delivered. (A box is available in the CRD public service area where service of process can be dropped off.) Once a service has been received, CRD paralegal staff deposits the document, records the date and hour of receipt, and forwards a copy of it to the business named on the document. In instances where a firm's designated agent cannot be found after a diligent search, the secretary also may be served. In those cases, the document is filed, and a record is kept of the time of its receipt.

**Filing fees.** All filings with the secretary of the state must be accompanied by a fee. Many of the fees are specified in statute. Table III-2 lists the fees charged by CRD for the major types of filing activity.

If no fee is specified, the secretary is authorized to charge an amount that will cover the cost of the service being provided. Currently, the fee for filing or recording any document for which no statutory fee exists is \$25. The fee for service of process on the secretary is also \$25.

For an additional payment of \$25 per transaction, the Commercial Recording Division offers an expedited service option for certain corporate and limited partnership filings. The transaction will be completed within 24 hours of receipt of the request, excluding Saturdays, Sundays, and holidays. (If review of a document results in its rejection, the fee is forfeited.)

### **Retrieval of Information**

The Commercial Recording Division provides the public with access to most of the information contained in the various filings submitted to the office. The most frequent users of the data are law firms, banks, other state agencies, particularly the Department of Revenue Services, and filing service companies that perform research for others based out-of-state.

Among the most common requests for data in the corporations-related area are details about the structure of an entity, its address, its filing history, its agent, the history of any name changes, the principals in the organization and their addresses, the number and value of shares (if applicable), and the history of any successor entities. Other requests include corporate copies, certificates, and reports on domestic and foreign corporations and cooperatives.

In the UCC area, requests for information are generally to review liens filed against a person or business. Retrieving the statements can be difficult, however, because documents are filed by name. Spelling variations may occur, or a business may go under more than one name. The division provides customers with detailed instructions on how to submit a name for a search.

**TABLE III-2. Filing Fees Charged by Commercial Recording Division.**

TYPE OF FILING	Stock Corp.	Nonstock Corp.	Limited Prtnrship
Application to reserve/register/renew/transfer name	\$30	\$30	\$30
Certificate of incorporation/limited partnership, including appointment of statutory agent*	\$50	\$10	\$60
Change of address of statutory agent or change of agent	\$25	\$10	\$10
Notice of resignation of statutory agent	\$25	\$10	\$10
Amendment to certificate of incorporation/ltd partnership	\$50	\$10	\$60
Restated certificate of incorporation	\$50	\$10	NA
Certificate of merger/consolidation ( <i>each corp/ltd partner</i> )	\$30	\$10	\$30
Certificate of dissolution by resolution or expiration	\$25	\$10	NA
Judicial decree of dissolution	\$25	\$10	NA
Certificate of cancellation	NA	NA	\$30
Certificate of registration	NA	NA	\$60
Biennial report	\$150	\$25	NA
Corrected biennial report	\$50	\$25	NA
Application of foreign corporation for certificate of authority to transact business/conduct affairs	\$50 + \$450 license fee	\$20	NA
Application for amended certificate of authority to transact business/conduct affairs	\$50	\$20	NA
Application for withdrawal of foreign corporation	\$50	\$20	NA
Notice director/officer/both were elected/appointed	\$25	\$10	NA
Notice director/officer/both have ceased to be in office	\$25	\$10	NA
Certificate of reinstatement, including appointment of statutory agent	\$225	\$80	NA
<p>* State franchise taxes must also be paid upon incorporation by stock and nonstock corporations.</p> <p>NA = Not applicable</p> <p>Source of data: Office of the Secretary of the State.</p>			

With respect to writs, the only information the division provides is certification that service of process was made. A certificate can be obtained indicating: service was made, where the copy of the service document was mailed, and the manner in which the copy was mailed.

The Commercial Recording Division accepts requests for information in-person, over the telephone, or by mail, depending on the type of information sought. The telephone service is staffed full time by two people, and only specific information regarding a corporation may be obtained. An additional operator is assigned between 10 a.m. and 12 noon, the peak time of day for calls. The agency has a special telephone number that offers customers reduced-rate toll charges. Table III-3 summarizes information about the volume of requests from several different sources during calendar years 1992 and 1993.

<b>TABLE III-3. Requests for Information, Calendar Years 1992 and 1993.</b>						
	1992			1993		
	Total for the Year	Range Per Month	Monthly Average	Total for the Year	Range Per Month	Monthly Average
People served at counter	26,129	1,230 - 4,426	2,177	41,933	2,920 - 4,606	3,494
Tel.calls for corp. detail	104,790	5,696 - 11,419	8,733	106,816	7,535 - 10,513	8,901
Written requests for corp. detail	9,398	532 - 962	783	8,194	565 - 811	683
Forms requested by mail	7,605	503 - 826	634	7,429	404 - 1,038	619
<p>Note: The telephone calls and written requests categories above represent only those instances involving corporations-related data. CRD may also receive requests for general information, such as hours of operation.</p> <p>Source of data: Secretary of the State, Commercial Recording Division Weekly Reports.</p>						

**Preparation Fees.** Some data available from the Commercial Recording Division are free. For example, a person can obtain the names of officers of three different corporations per

telephone call without charge. (There is a cost to the caller, if he or she has made a toll call.) Other requests that require a search of paper records or certification by the secretary of the state can be obtained upon payment of a fee. Table III-4 lists the major statutory preparation fees.

**Compliance Activity**

The secretary of the state’s office is responsible for contacting entities that fail to file mandated documents or obtain authority to operate in the state. Depending on the violation, an organization can be fined, and Connecticut based organizations can be dissolved by the secretary.

<b>TABLE III-4. Preparation Fees.</b>	
<b>Document Prepared or Furnished</b>	<b>Fee</b>
Copy of document/instrument/paper for corporation/limited partnership (regardless of number of pages)	\$20
Certificate of good standing (reflecting changes of corporate names and date(s) of filing)	\$40
Certificate of good standing (reflecting changes to certificate of incorporation and date(s) of filing)	\$60
Certificate of good standing	\$20
Certified copy of document	\$25
Source: C.G.S. Secs. 33-304, 33-440, 34-38n; P.A. 93-363.	

Corporations that are three months behind in filing statutorily required biennial reports are sent default notices. If the organization fails to respond by the time the report is six months late, the secretary of the state’s office prepares and files a certificate of dissolution by forfeiture, which is effective upon being filed in the Commercial Recording Division. (The commissioners of labor and revenue services are notified of the dissolution, but a business must file a final return with revenue services before it ceases to be a corporation for tax purposes.)

When an out-of-state company is identified as operating in Connecticut without a certificate of authority, the firm is sent a questionnaire to help agency staff determine whether a violation has occurred. If the secretary of the state’s office believes the company should have obtained a certificate of authority, a letter demanding they do so is sent. If the company does not respond, a second letter is sent.

If there is no response at that point, the matter is turned over to the attorney general. That office will either try to reach a settlement with the company regarding outstanding fees, taxes, and fines owed to the state, or it will file a lawsuit in superior court.

**Complaint Process**

Dissatisfied customers of the Commercial Recording Division are asked to submit complaints in writing. The most common area of complaints is from entities threatened with dissolution, who allege they have filed the proper paperwork and should not be terminated. The office reviews all complaints and sends back a written response.



## CHAPTER IV

### FINDINGS AND RECOMMENDATIONS

The program review committee's study of the Office of the Secretary of the State concentrated on those aspects of the office that involved customer service. The findings and recommendations in this chapter acknowledge steps already taken by the agency to improve service and suggest additional agencywide and division specific actions that should further improve service.

#### *CUSTOMER SERVICE*

The Office of the Secretary of the State serves two types of customers -- those required to file information with the agency and those wishing to access data on file. The speed and efficiency with which customers are served as well as the temperament of the employees who serve them are important factors in assessing agency operations.

The frequency with which customers contact the secretary of the state's office and the urgency of the contact vary, depending on the division. For example, the Management and Support Services Division deals with the general public on a limited basis, primarily when it accepts payments for services obtained from other divisions. The State Board of Accountancy principally serves a specific group of interested parties, but it may be contacted by anyone from the public who has a question or complaint about the practice of accountancy.

The Elections Services Division primarily interacts with individuals and groups directly involved in the election process, either as administrators of the system on the local level or as candidates for office. Members of the general public and the media also seek information from the division, including access to campaign finance reports. Since elections are held at various times, the volume of the forms and documents prepared and processed by the elections division as well as the questions they receive about elections procedures fluctuate, depending on the proximity of an election day and the type of election to be held in a particular year (e.g., presidential, gubernatorial, municipal, etc.).

The Commercial Recording Division has a more diverse range of customers than the other divisions. It processes documents from individuals, businesses, research companies, and law firms. Some customers are dealing with Connecticut filing requirements for the first time, while others have contact with CRD on a regular basis. The division also handles many requests from the public for information on file. While some of those people also file information, others have only a general knowledge of the data available from the division. The level of familiarity customers have with CRD information resources affects the amount of assistance they require from division staff.

The Records and Legislative Services Division also deals with a variety of customers, but the volume of its contact differs depending on the area of responsibility. For example, the division processes new and renewal notary public appointments, requiring correspondence with over 13,000 individuals annually. Alternatively, the historical records of all state regulations, which are on file with the division, are only accessed by a few people per year.

Responses to the program review committee surveys sent to customers of the secretary of the state's office were generally positive and are described in detail later in this chapter. However, the level of satisfaction varied noticeably between the customers of the different divisions and to a lesser degree among the customers of the same division.

In response to a similarly worded question regarding overall satisfaction with service received, between 89 percent and 99 percent of each of the three customer groups of the Elections Services Division rated the service concerning election matters as good or excellent. Fifty-eight percent of the Commercial Recording Division customers rated overall satisfaction with filing documents as good or excellent. (See Table IV-1.) Two major issues that distinguished the satisfaction expressed by survey respondents were the length of time needed to obtain services and the helpfulness of the employees providing service.

<b>TABLE IV-1. Satisfaction With Service.</b>					
Group	No.	Ratings			
		Poor	Fair	Good	Exclnt
Town Clerks	144	0%	1%	25%	74%
Registrars of Voters	226	1%	3%	48%	48%
Treasurers	72	0%	11%	47%	42%
CRD filers	77	12%	30%	49%	9%
Source of data: Responses to LPR&IC surveys.					

One of the strategic objectives of the Office of the Secretary of the State is to improve customer relations. In the past few years, the agency has taken steps to enhance the services it provides and to reduce the time needed to obtain service.

In 1992, a variety of actions taken to reduce the filing backlog for UCC documents decreased the waiting time for copies of statements from a high of 142 business days to just a few days. Other recent achievements of the agency include:

- instituting the use of credit cards for the payment of fees;
- establishing an "800" telephone number for town officials to call in with elections-related questions;
- creating a computerized campaign finance report tracking system that includes basic information about campaign treasurers required to file finance reports;

- sponsoring an electronic voting demonstration project during the 1994 statewide election to assess alternative voting methods;
- publishing the 1994 State Register and Manual on the earliest date in the year in a decade;
- entering into an agreement to make the State Register and Manual available on CD-ROM; and
- developing subject-specific letters to respond to questions regarding certified copies, certificates, and authentications.

Other service enhancements are expected to result from the various automation efforts currently underway.

In the area of oversight, the secretary of the state's office has increased the resources assigned to identifying unauthorized businesses operating in Connecticut, which helps ensure all businesses operate on an equal basis. During 1995, the agency will oversee an amnesty program that will allow companies currently operating without certificates of authority to come forward voluntarily and pay reduced penalties. (Taxes will still have to be paid, but fees that are past due will be waived.)

### **Public Information Efforts**

The program review committee believes the role of the Office of the Secretary of the State is perceived of as more limited than it actually is. Many of the public activities of the secretary are directed toward citizenship and voter registration efforts. This is neither surprising nor inappropriate since the secretary is the chief elections official of the state. However, as previously described, the agency has many other responsibilities that may not be as well known to the public.

A lack of awareness about this full array of services may mean entities required to comply with laws or needing access to particular information are not as well informed as they could be, and the number of people that could obtain services is smaller than necessary. While the capacity of the agency to serve even more customers may have been a concern in the past, the enhanced processing and data retrieval capabilities of the new automation systems should resolve that issue. Indeed, the agency should strive to make use of those investments to the fullest extent possible.

**The Legislative Program Review and Investigations Committee recommends the Office of the Secretary of the State expand its public outreach efforts and inform the public about all aspects of its statutory role, including the range of services performed and the types of data collected.**

## *ELECTIONS SERVICES DIVISION*

### **Campaign Finance Reporting**

In its role as repository of campaign finance reports, the Elections Services Division is responsible for ensuring the reports are filed on time and properly signed. The Elections Enforcement Commission, which is a separate entity from the secretary of the state's office, is the agency responsible for making sure the information provided in the reports is complete and accurate.

As part of the review of the secretary of the state's office, it was necessary to consider whether the current system for collecting reports and enforcing state campaign finance law is actually the most effective and efficient. Although two different agencies are responsible for administering the reports and enforcing the law, the program review committee believes continuation of the present system is the most practical for several reasons.

First, public access to campaign finance information is facilitated and customer service is enhanced under the current system because all elections-related documents, other than those filed at the local level, are filed in a central location -- the secretary of the state's office. These documents not only include expenditure and receipt reports, but committee registration and termination forms, lobbyist contribution information, and campaign finance reporting exemption information as well.

Second, no additional staff resources are required if the current system is maintained since there is already an administrative process in place to collect, store, and monitor campaign finance reports. In addition, implementation of a new automated campaign finance reporting system being developed by the secretary of the state's office should enhance the exchange of information between the elections division and EEC, once a link is made between the two offices. This will increase EEC's access to campaign finance information, a problem sometimes expressed about the current system because the actual campaign finance reports are maintained at the secretary of the state's office.

Further, the secretary of the state has always been the official record keeper of documents relating to campaign financing even before the creation of EEC; maintaining the current system does not change this practice. Alternatively, changing the current system in terms of where campaign finance reports are filed would initiate confusion on the part of campaign treasurers.

**Late and nonfiled reports.** The elections division has two different procedures for dealing with treasurers who miss a campaign finance reporting deadline, depending on whether the report is filed late or not filed at all. In either case, the division waits approximately three working days after the due date, to allow reports mailed near the deadline to arrive, before it begins the process of notifying treasurers that they missed the reporting deadline.

Regardless of when a report is filed, it receives a date stamp. For reports received by mail after the deadline date, the division first checks to see if the envelope is postmarked on or before the due date. In keeping with the statutory provisions of the filing law, reports received in the office after the deadline but postmarked on time, are considered to be filed on time, and no further action is taken.

For reports received late and postmarked late, the division sends the committee treasurer a certified letter indicating the report was filed late along with a copy of the postmarked envelope as proof the report was mailed late. The letter states the treasurer is subject to a \$55 late fee payable to the secretary of the state within seven days from receipt of the letter.<sup>7</sup>

If a late fee is remitted by the specified time period, no further action is taken against the treasurer. However, if the fee is not paid on time, the division refers the matter to the Department of Administrative Services' Bureau of Collection Services. The details of this process are described in a written agreement between the two agencies.

The Bureau of Collection Services makes one collection attempt by letter for cases involving late fees of \$100 or less. The bureau has determined it is not an efficient use of resources to make additional collection attempts for such small amounts. If late fees total over \$100, BCS makes follow-up attempts at collection, including filing a lawsuit in small claims court, if necessary.

Fees collected by BCS are deposited in the secretary of the state's account through the comptroller's office. An accounting of the fees collected is sent to the secretary of the state's office allowing the elections division to reconcile its records. Similarly, BCS is notified whenever a late fee is submitted to the secretary of the state after the case has been referred to the Bureau of Collection Services.

The elections division's procedure for *treasurers who do not file reports at all* is similar to the process just described. The division sends the campaign treasurer a certified letter indicating the report has not been filed and further action will be taken if the report is not subsequently filed. The division also includes a blank copy of the report form.

The letter sent to the treasurer indicates the report must be returned to the division or postmarked within seven days following the treasurer's receipt of the letter. If the report is not filed, the case becomes an enforcement matter rather than an administrative one and is referred to the Elections Enforcement Commission. It is the commission's responsibility to ensure that all nonfiled campaign finance reports are ultimately filed with the elections division.

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<sup>7</sup> The Elections Enforcement Commission has determined that there are circumstances when a treasurer is not required to pay the late fee. For example, treasurers are exempt if their term of appointment expired prior to when the report was due or if the person acting as a campaign treasurer is not properly registered with the secretary of the state's office as such.

The Elections Enforcement Commission has the legal authority to levy fines up to \$1,000 against any campaign treasurer who fails to file a campaign finance report on time. Unlike late fees collected by the Bureau of Collection Services, EEC does not turn over the fines it collects enforcing campaign finance laws to the secretary of the state's office, nor is an accounting made to the secretary's office as to whether or not a fine is paid. Any money collected through EEC fines is deposited into the General Fund.

**Campaign finance report tracking system.** The elections division currently has a system to track campaign treasurers who file their finance reports late or not at all. This system has improved over the last several years, evolving from a totally manual and paper-driven system to one that utilizes a computer to help organize and maintain records.

Prior to April 1991, records tracking late-filers and nonfilers were kept on index cards. Since then, the system has been enhanced, and basic information about candidate and ongoing committees is entered into a computer, stored in individual files, and updated when necessary.

The division uses the computerized files to generate a status report listing the names of campaign treasurers who did not file their finance reports by the due date or who filed shortly after the deadline. One report is generated for each report date. This report, utilized since 1992, is the main tool used for tracking late-filers and nonfilers.

Written procedures developed by the division require the status report identifying late-filers and nonfilers be produced two weeks after each filing date. According to division staff, however, the information necessary to update the computerized filing system is usually entered shortly after the campaign finance report filing date, and the status report is typically generated within 10 days after the campaign finance report due date.

Division staff perform a manual check of the status report to ensure accuracy of the information. Although the check is a time and resource consuming process, it is done because a relatively small data entry error could mean the difference between records showing whether someone submitted a campaign finance report on time or not. Once the check is completed, late notices are mailed to campaign treasurers.

At the end of each calendar year, the division runs a complete list of all campaign treasurers in its computerized filing system, indicating the campaign finance report due dates and the dates when the reports were actually filed with the division. Besides the original campaign finance report, this list becomes the permanent record of the division allowing it to purge duplicate information from its system.

No permanent record exists for 1991 -- either on the computer printout or in the division's automated file system. Status reports for 1992 and most of 1993 do not exist either.

Further examination of the records also showed that during 1994, there were significant time lags between the campaign finance reporting due dates and when the status reports were

generated from the computerized file system, when the treasurers were notified, and when referrals were made to either the Elections Enforcement Commission or the Bureau of Collection Services. Table IV-2 shows the specific time periods for each reporting date.

<b>TABLE IV-2. Notification Time Frame for Campaign Finance Reports not Filed by Deadline -- 1994.</b>				
<b>1994 Report Due Date<sup>1</sup></b>	<b>Days to Generate Status Report</b>	<b>Days to Notify Treasurer</b>	<b>Days to Notify EEC</b>	<b>Days to Notify BCS</b>
January 13 <sup>2</sup>	117	75	123	144
April 14	26	35	56	53
July 14	5	22	48	110
October 13 <sup>3</sup>	14	48	--	--
November 1	20	29	--	--

EEC=Elections Enforcement Commission BCS=Bureau of Collection Services

Note: Number of days used in the table is calendar days from the report due date.

<sup>1</sup> Reporting data for the September 6 primary are not included because reports were not required from all committees -- only candidates participating in primaries.

<sup>2</sup> The elections division staff person who oversees the campaign finance report tracking system was on leave from August 1993 to April 1994. As a result, the status report for the January 13 filing date was not generated until after the staff person returned in April. Other records were used to identify which treasurers filed late or not at all.

<sup>3</sup> The division sent the notification letters to treasurers not filing reports for the October and November dates as a single mailing on November 30, 1994.

Source: LPR&IC staff analysis of Elections Services Division campaign finance report filing data.

As the table clearly illustrates, there was a significant time lag in generating most of the status reports for the 1994 campaign finance reporting dates and subsequently notifying campaign treasurers. Similarly, there were lengthy delays in notifying the Elections Enforcement Commission and the Bureau of Collection Services.

According to the division, part of the reason for the delays is that the person responsible for the bulk of the campaign finance report tracking system is also responsible for other duties besides campaign finance. Roughly half of this person's time is devoted to other responsibilities. In addition, this person was on leave from August 1993 to April 1994, meaning the division had to use other staff resources to cover for the absence.

It is obvious from Table IV-2 that the time needed to complete the various steps in the report tracking process has decreased somewhat since April when the primary staff person responsible for campaign finance returned from leave. Nonetheless, the program review committee believes the delays in the tracking process were excessive and caused in large part by the division's lack of cross-training other staff to ensure against such procedural lapses, although insufficient staff resources may also have been a factor. The division notes it has two more elections officers and one more clerical person now than it did at the beginning of 1994.

Given the demand on staff resources in general, the program review committee believes it is imperative as a management tool that elections division employees be cross-trained should the need arise for employees to cover for another's duties or responsibilities. Further, up-to-date policy and procedural guidelines should be available for each of the division's respective units in order to make it easier for employees to cover the duties of another employee when needed.

The Elections Services Division has indicated such cross-training is currently taking place. In fact, the back-up person for campaign finance issues is already fully trained, and other division employees are being trained as back-ups for other issue areas. By cross-training employees and developing current policies and procedural guidelines, the elections division should not experience future lapses in procedure as it did with the campaign finance tracking system.

The program review committee also believes the division needs to examine its workload and adjust staff resources according to peak demand periods. For example, the person cross-trained in campaign finance should assist the primary person around the time when reports are filed with the division. Combined, the extra training and adjustment of staff resources at heavy demand times should serve to enhance the level of customer service on the part of the division.

Although the time frames for completing the campaign finance report tracking system decreased somewhat over the course of the year, the committee believes the time lag from the reporting deadline to when campaign treasurers, EEC, and BCS are notified, needs to be shortened. Keeping in mind that the overriding objective of requiring campaign finance reports is to ensure timely public access to the information, the program review committee believes the notification process should occur as quickly as feasible after the deadline for filing the reports.

**Specifically, the Legislative Program Review and Investigations Committee recommends C.G.S. Sec. 9-333y be amended to require the secretary of the state to notify within 7 days of the original report due date any campaign treasurer who failed to file the statements required by C.G.S. Sec. 9-333j. If such statements are not filed with the secretary within 21 days of the original report due date, the secretary shall notify the Elections Enforcement Commission within 7 days thereafter.**

The program review committee believes the current law regarding notification is too broad in terms of when the secretary of the state's office notifies campaign treasurers they will be referred to EEC if they do not file a particular report. Under the proposed recommendation,

the secretary's office will be statutorily required to send out notices to nonfilers, and notify EEC, within specified time frames after each campaign finance reporting date.

The new deadline -- 21 days after the original date to file a report -- may mean treasurers have slightly more time for filing after notification than the current seven days from receipt of the letter from the secretary's office. However, the program review committee believes the specificity of the overall time frame will result in more prompt compliance with the reporting requirements and improve public access to the reports. Further, the proposed change will have no effect on the current \$55 late filing fee assessed against any treasurer who misses the original report filing due date.

The program review committee believes the new time frames are realistic for the elections division to complete its responsibilities. The recent upgrade in the campaign finance report tracking system will undoubtedly help the division complete the work required for the different steps in the tracking process. Also, the recommendation builds in enough time for the completion of procedures that are beyond the control of the division (e.g., certified letter process via U.S. mail).

**Lobbyist information.** As of July 1993, lobbyists must file a report with the secretary of the state's office when they and members of their immediate family either purchase from or contribute to a candidate, party, or political committee in excess of \$1,000 per year. Lobbyists under the limit must file a letter to that effect.

As with campaign finance reports, the elections division is required to notify the Elections Enforcement Commission if any lobbyist does not file a disclosure report by the due date. This year, the reporting deadline was July 14. The division notified EEC approximately six weeks after that.

Since the compliance provisions for these reports are covered by the same law as campaign finance reports, the program review committee believes the same notification time frames specified earlier for finance report nonfilers should be applied to lobbyists who fail to file their disclosure reports on time. Therefore, **the legislative program review committee recommends that C.G.S. Sec. 9-333y be amended to specify that any person required to file a lobbyist disclosure report under Public Act 93-251 who does not file it by the specified deadline, be notified by the secretary of the state within 7 days of the original report due date. If such statement is not filed with the secretary within 21 days of the original due date, the secretary shall notify the Elections Enforcement Commission within 7 days thereafter.**

The overall objective of the law requiring lobbyists to file disclosure statements by certain due dates is to provide the general public with information on a timely basis, similar to campaign finance reporting requirements. If such information is not available within a reasonably timely manner, then the intent of the law requiring such information by a specific date is not being met.

The procedural time frames imposed by this recommendation ensure the public has timely access to the disclosure information. Since the filing date for this report only occurs once a year, the elections division should be able to meet the proposed notification deadlines.

### **Elections Automation Efforts**

As mentioned in Chapter II, the secretary of the state's office is currently undertaking several automation projects relating to elections and the Elections Services Division. The two main projects include an automated campaign finance filer system and a centralized voter registry system.

These projects are an outgrowth of a task force initially created to examine electronic voting machines. The scope of the task force grew to examine automation possibilities regarding campaign finance reporting, creating a centralized voter registry system, and an overall effort to automate the functions of the elections division. Upon presentation of a report to the General Assembly in 1992, approval for \$1.25 million in bonding money to finance the various elections-related automation projects was given.

The task force began by inviting persons representing groups from around the state who either would be directly involved with the implementation of the automation projects, such as the Department of Administrative Services, or affected by the functions that were eventually to be automated, such as registrars of voters, to participate in discussions about the projects. The task force held two sessions to discuss the different types of systems to be developed and their components.

A consultant was ultimately chosen as a design facilitator who drafted two reports, one dealing with campaign finance automation and the other with developing a centralized voter registry system. The reports served as the basis for two bid solicitation proposals prepared by the secretary's office and the Department of Administrative Services, one for each of the main projects.

**Campaign finance filer system.** The campaign finance filer system is a project initiated by the secretary of the state's office and currently being designed by a private vendor. Bid solicitation for the project was made in March 1994, and a contract was awarded in April. The vendor and the state finalized the contract in September 1994.

Simply stated, standardized computer software is being designed and developed in accordance with the current campaign finance report form and statutory requirements. This software will give candidate, party, and political committees the ability to automate their finances for the purpose of filing statutorily required reports as well as to facilitate the creation of lists and labels.

The software will also allow the elections division better record-keeping capability in terms of registering campaign treasurers responsible for filing reports, notifying treasurers as

filing dates approach, and facilitating administrative procedures. The software is scheduled to be completed by the end of March 1995, and will be offered for sale to campaign committees by the private vendor developing it, at an estimated initial cost of \$225 with a \$50 annual maintenance fee.

This project is also being designed to enhance the overall campaign finance reporting system by eliminating as much of the paper process as possible and improving the legibility of the finance reports. Campaign treasurers will have the ability to submit their reports on computer disk, possibly even by modem when certain security details and statutorily required date and time considerations can be worked out. Further, an automated system such as this will allow the Elections Enforcement Commission easier and greater access to the reported information, once an electronic link is created between the elections division and EEC.

The system should also ensure compliance with campaign finance laws and regulations, and provide for better preservation of original information than paper reports. The software is being designed to alert campaign treasurers when information being entered into the automated report form is not in compliance with current law (i.e., spending or contribution limits). Further, when the general public wants to examine report information, it will be done by computer rather than handling the original paper reports. This process should help preserve the physical condition of the original finance information.

The program review committee believes, however, there are several shortcomings with the proposed system. First, the secretary of the state's office does not know how many campaign treasurers will actually purchase and use the software. This detail is compounded by the following:

- there is a cost attached to the initial purchase and the yearly maintenance of the software; and
- smaller committees with limited financial and/or computer resources may find the purchase or operation of the new reporting software prohibitive.

Second, opinions and suggestions were not obtained from a broad sample of prospective users of the software during the planning stages, and the program review committee believes more input from campaign treasurers should have been sought. Individuals representing a variety of perspectives were invited to the planning sessions by the secretary of the state's office. However, only one or two people having prior direct experience with campaign finance reporting actually participated in the planning sessions, and none was actually serving as a campaign treasurer at the time.

Third, although an electronic link for the exchange of campaign finance information between the secretary of the state's office and the Elections Enforcement Commission can easily be made, EEC currently does not possess the basic computer equipment needed to make the

connection. The commission has requested equipment from the Office of Information Technology, which, if acquired, should allow for completion of the link when appropriate.

And last, no matter how well designed the software may be when implemented, there may be some committees that will not use it simply because the software opens the committee up to greater scrutiny by the secretary of the state's office, EEC, and the general public.

The program review committee believes that unless committees are somehow mandated to use the software, full participation on the part of those required to file reports will not occur. Moreover, without full use of the campaign finance software by all committees, there will most likely be a dual reporting system -- both computer disks and paper forms.

The committee believes the secretary of the state should strongly consider these shortcomings and work to solve them as quickly as possible. **The program review committee recommends, therefore, that the secretary of the state submit periodic reports to the General Assembly's Government Administration and Elections Committee concerning the progress of the campaign finance automation project. Such reports shall be made to the committee by April 1, 1995, and January 15, 1996.**

**Centralized voter registry system.** The other major elections-related automation project is the implementation of a centralized voter registry system. This project is also a result of the electronic elections management task force. It is expected to take two to three years to complete.

Implementation of the system will begin with a pilot project of 20 pre-selected towns.<sup>8</sup> Each town will be given a computer with a copy of the software developed by a private vendor chosen by the state. A summary of the goals of the software application include:

- automation of voter registration at the local level;
- creation of a local and central statewide voter registration database;
- compliance with the National Voter Registration Act;
- voter system security;
- instant access to timely information; and
- generation of specific reports for analytical purposes.

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<sup>8</sup> The 20 towns are: Berlin, Bethlehem, Brookfield, Cheshire, Cromwell, Fairfield, Farmington, Groton, Meriden, Middletown, Milford, New Hartford, Shelton, South Windsor, Southington, Stamford, Vernon, Wallingford, West Hartford, and West Haven.

The project is being designed to allow for certain, specified voter registration information to be entered at the local level. That information will automatically be transmitted to a central database maintained at the state's primary data processing center. Individual towns will have access to the database to read information provided by other towns. In addition, the secretary of the state's office will have the ability to transmit messages and information to individual municipalities. Moreover, municipalities will be able to correspond with the secretary's office as well as with other towns throughout the state via the main database.

An invitation to solicit bids was issued by the secretary's office in September 1994 for the first phase of the project. The bids received were opened at the beginning of November, and the agency anticipates the pilot towns will receive their computers by mid- to late-1995.

Once the pilot project is fully implemented, the state's other 149 towns and 10 voting districts will be equipped with computers and software. The final version of the project will also interface with other agencies such as the Department of Motor Vehicles. It is anticipated that funding for on-going maintenance of the centralized voter registry system will be generated from the sale of the data contained in the system. For example, voter lists may be sold to candidates wishing to use them at election time.

Given the type of system planned, the program review committee is concerned there may be some general shortcomings with the centralized voter registry automation project. First, the system will only be as good as the data entered into it at the local level. This means that short of a statutory provision requiring municipalities to enter the data within certain time frames, there is no guarantee the data will be entered at all, let alone on a consistent and timely basis. Even with a limited statutory provision, there is no guarantee of full compliance with data entry.

Second, this project is an ambitious one and will take several years to complete. Until then, deficiencies of the current, highly manual process of registering voters in the state, such as the possibility of multiple registrations in various towns for the same voter, will most likely continue if not addressed in another way prior to the complete implementation of the central voter registry system.

The program review committee believes the secretary of the state should strongly consider these shortcomings and work to solve them as quickly as possible. **The committee recommends, therefore, that the secretary of the state submit periodic reports to the General Assembly's Government Administration and Elections Committee concerning the progress of the centralized voter registry project. Such reports shall be made to the committee by January 15, 1996, and January 15, 1997.**

Overall, the Office of the Secretary of the State has made progress in the area of elections automation over the last several years. Although it will take time to complete some of the projects, and several projects have shortcomings that need to be addressed, the secretary of the state's office has already begun making the effort to upgrade and enhance its automation capabilities in the area of elections.

## **Customer Service Survey Results**

To gauge the views and opinions of the elections division's main customers, a survey was sent to each of the 169 town clerks and 376 registrars of voters, and to a random sample of 126 campaign committee treasurers. (See Appendices A-C for the full results.) Town clerks had the highest response rate at 88 percent, with 63 percent from registrars of voters, and 59 percent by campaign treasurers.

The survey questions were designed to measure satisfaction levels pertaining to the quality and timeliness of service when a customer had contact with the secretary of the state's office either by mail, telephone, or a direct personal visit. Customers were also asked to rate the secretary's office concerning election matters in such areas as clarity of written instructions, timeliness with which forms and voting materials are received from the secretary's office, and the time taken by the office to advise towns of election law changes directly affecting the town.

The survey results concerning customer satisfaction in all areas were very positive. The vast majority of the responses relating to the quality and timeliness of the service received from the secretary's office were either good or excellent.

Of the three groups surveyed, town clerks responded most favorably to each of the questions. There were no instances when at least 90 percent of the replies from town clerks did not rate the performance of the secretary's office as either excellent or good, and of these two categories most ratings were excellent. The replies from registrars of voters were similar in terms of satisfaction in most areas with nearly 90 percent rating service as good or excellent.

Treasurers had the lowest satisfaction rate of the three groups in several areas. For example, of those that responded they had contact with the secretary's office by telephone, 84 percent thought the quality of service was either good or excellent, compared to 91 percent of the registrars of voters and 94 percent of the town clerks.

Eighty percent of the treasurers thought the timeliness of telephone service was either good or excellent, while 93 percent and 96 percent of the registrars and town clerks respectively rated the service as good or excellent. As far as the clarity of written instructions on forms received from the secretary of the state's office, only 71 percent of the treasurers believed they were either good or excellent, compared to 89 percent of the registrars and 95 percent of the town clerks. However, nearly 90 percent of the treasurers thought the overall performance of the secretary's office was good or excellent.

**Conferences.** In addition to questions relating to the quality and timeliness of service, town clerks and registrars of voters were asked to rate the information presented at statewide conferences held biannually for each group by the secretary of the state's office. The conferences are mandated by law and are used to update town clerks and registrars of voters on new or revised election laws, explain changes in procedures, and communicate any other information considered necessary by the secretary's office.

Town clerks and registrars of voters were asked to rate the information presented at these conferences in terms of its usefulness, timeliness, clarity, and comprehensiveness. Survey results show that town clerks were more satisfied with the information presented than registrars of voters.

Ninety-three percent or more of the town clerks answered that the information presented was either good or excellent in each of the four categories. Registrars of voters, on the other hand, were somewhat less satisfied, particularly with the clarity and comprehensiveness of the information provided at their conferences. Eighty percent of the registrars thought the clarity of information was good or excellent, and 82 percent thought the comprehensiveness was either good or excellent.

The same sentiment about the conferences was also reflected in written comments made by registrars of voters and town clerks in an open-ended question provided in the survey. Almost all of the negative comments made by the two groups were associated with the conferences. Specifically, 18 registrars of voters noted the information presented at the conference was either conflicting, confusing, or lacked clarity. Five town clerks made similar comments.

Program review committee staff attended a session of the town clerks conference and observed several workshops. Conclusions made after the session about the information presented at the conference coincided with the survey comments made by town clerks and registrars of voters.

First, there were several occasions during one workshop when the elections division staff conducting the workshop gave conflicting answers to questions asked by town clerks. There was also some confusion on part of the division staff when asked by several town clerks to provide clear interpretations of specific changes in state election law. In addition, another workshop on a different topic seemed to be used more to fill time than provide substantive information to the town clerks.

**The program review committee recommends the Office of the Secretary of the State strengthen its planning and preparation efforts regarding the conferences conducted for town clerks and registrars of voters. The secretary's office should ensure that the information provided at such conferences is pertinent to either town clerks or registrars of voters, and is useful, timely, accurate, and comprehensive.**

The program review committee believes these conferences provide an effective forum for the secretary of the state's office to communicate with town clerks and registrars of voters on a statewide basis. Those two groups are the main customers of the elections division, and the division should take the necessary steps to maintain the satisfaction of their customers. Better planning and preparation for the conferences is one way to achieve such customer satisfaction.

## COMMERCIAL RECORDING DIVISION

### Update of Automation Project

Some corporations-related information has been available on computer in the Commercial Recording Division for several years, but all UCC records were kept in a paper-based file. In January 1992, the Commercial Recording Division began the major automation project known as CONCORD (Connecticut On-line Network Commercial Recording Data Base). The scope of the project is so comprehensive, all activities of the division are affected.

The Commercial Recording Division was working to complete tasks necessary to bring the system on-line throughout the program review committee's study of the Office of the Secretary of the State. The estimated cost of the project, which has two major components, is \$1.67 million. This amount includes development and testing of the new system, conversion from the existing system, and equipment.

The first component came on-line on August 29, 1994, when the Commercial Recording Division performed the first computer automated filing of a uniform commercial code document. UCC filings are now entered directly onto the system when they are received by the agency. Specific information available on the UCC-related system includes the name and address of the debtor, the name and address of the secured party, and the date and time of acceptance. Details about the collateral covered by a particular filing continue to be maintained in a paper format. This information is available to the public on microfilm.

Nearly 350,000 UCC records that predate the start-up of the automated system must be entered onto the new system. It is estimated CRD staff will take 18 months to complete this task. During that period, both the old, paper database and the new, electronic database will have to be searched to determine whether a person or business has any liens filed against them.

The second component of the project came on-line on November 18, 1994. The system for filing corporations-related documents was converted from an existing automated database to a new enhanced system capable of handling more information on a faster basis. Some components of the database, including trademarks, annual report filings, and limited liability filings, will be phased into the new automated system during 1995. A few records will continue to be available only on paper. These are primarily items filed infrequently by a few entities (e.g., appointments of agents for special purposes).<sup>9</sup>

In addition to serving as a repository of information about specific businesses and organizations, the new automation system will allow the agency to perform a number of

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<sup>9</sup> In January 1996, a new limited liability partnership law (P.A. 94-218) takes effect, and in January 1997, a revised Business Model Law (P.A. 94-186) becomes effective. An upgrade of the new system to handle the provisions of these laws is planned.

functions electronically. Examples of these functions include:

- confirming acceptance of a new filing, based on data entered into specific information fields;
- rejecting a new filing, based on data entered into specific information fields;
- updating information for entities already in the system (e.g., change of address or change of agent for service); and
- amending the composition of an entity (e.g., revise the total number of authorized shares for a stock corporation).

Also, in the case of documents filed for a new transaction, the system will generate an acceptance or rejection letter addressed to the customer. (The latter will specify the reasons for rejection.) In the case of filings submitted to change information previously filed, the system will generate a letter of acknowledgement.

Under the new system, when a document is rejected for filing, any data entered up to the point when the rejection decision is made will be stored in a temporary file. The information is updated when the transaction is resubmitted by the customer, and the file is reprocessed. If problems with the transaction continue, a new rejection letter is generated. If the filing is accepted, the data are entered permanently onto the system. Previously many of these tasks required division staff to spend considerable time handling the paper documents.

The system also provides additional functions accessible only to division supervisors or managers. These procedures include the ability to override information stored in the database in order to correct a filing (e.g., the merger or consolidation of the wrong company). The system keeps track of who has performed an override function, and that information is available to the agency.

Another important feature of the CRD automation system is the expanded access the public will have to the data on the system. For example, division employees responding to customer inquiries about corporate information will now be able to retrieve the information in multiple ways and display data on multiple computer screens. Requests for different types of certificates will also be expedited once the new system is fully implemented.

Under the previous corporations-related system, only customers within Hartford could be given on-line, "read only" access to the corporations-related database, allowing them to view information but precluding them from changing it. The new system will permit on-line, "read only" access beyond the borders of the state through the use of modems and a dial-up system. The details of this service are still being finalized and will not be implemented until the agency

has had an opportunity to operate the new system for several months. Eventually, the Office of the Secretary of the State expects to offer search capability through local libraries.

A separate activity undertaken by the division in conjunction with the automation project is the redesign of the division's public service area. The counter where customers used to stand for service has been replaced with tables and chairs, bringing the area into compliance with the Americans with Disabilities Act. Division staff serving the public now have direct access to computer terminals visible to both parties. Once the new system is fully operational, certain types of documents will be entered onto the system by division staff while the customer is present. This will allow the customer to know whether the transaction has been accepted or rejected at the time of the filing.

### Fees

Many of the fees charged by the Commercial Recording Division for filing documents are specified in statute. During the 1993 legislative session, the secretary of the state's office was involved in developing a list of fees to be increased. Believing all proposed changes were contained in Public Act 93-363, the division implemented its new fee schedule on October 1, 1993. In fact, two of the statutory fees for nonstock corporations were not changed by that law or any subsequent legislation.

The first fee is for biennial reports. The division has been charging nonstock corporations \$25, rather than \$20, for each such report filed since October 1, 1993. As many as 14,000 nonstock corporations may have been charged the incorrect fee. However, since the fee will become obsolete on January 1, 1995, when all corporations must start filing annual reports, the issue to be resolved concerns the extra funds collected.

The omission of the fee from the increases adopted in 1993 appears to have been inadvertent. It is also likely the administrative cost of identifying the specific corporations overcharged, preparing checks or crediting their accounts for the overage, and notifying them of the matter would cost more than the amount of the overcharges. Therefore, **the program review committee recommends C.G.S. Sec. 33-440(a) be amended retroactively to October 1, 1993, to charge nonstock corporations \$25 for the filing of biennial reports.**

Precedent exists for the statutory application of fees retroactively. When the legislature adopts changes in taxes that are income-related, the effective date is generally retroactive to the first day of the income year. In addition, under C.G.S. Sec. 3-99a(c), overpayments to the Commercial Recording Division of \$5 or less are to be placed in the state's General Fund rather than be refunded.

The second area where the CRD fee schedule differs from the statutes concerns the charge for the transfer of a reserved name for a nonstock corporation. Since October 1, 1993, the division has been charging all corporations \$30 for this transaction. However, under C.G.S. Sec. 33-424(b), the fee for nonstock corporations is \$23.

Agency staff indicated it would be impossible to charge different fees to different types of corporations for filings involving this transaction. When a person seeks to reserve a name for use by a business or organization that is to be created in the future, the division does not ask the person to specify the type of legal entity to be created. This is because the person may not have decided yet what type of corporation the entity will be. For this same reason, it is difficult to determine exactly which nonstock corporations have been charged the wrong fee.

As with the biennial report fee, the discrepancy relating to the fees in this area appears to have been inadvertent. Failing to change the fee now would mean the continuation of an unworkable fee structure. Further, the same precedent described above for applying the fee retroactively also applies to this change.

**The Legislative Program Review and Investigations Committee recommends C.G.S. Sec. 33-424(b) be amended retroactively to October 1, 1993, to charge \$30 for the transfer of a reserved corporate name by a nonstock corporation.**

### Corporate Dissolutions

The Office of the Secretary of the State sends each corporation required to file an annual or biennial report a blank report form eight weeks before the report is due. A cover letter included with the form reminds the corporation of the filing requirement.

The Commercial Recording Division will soon begin sending out a revised report form. When the new automated filing system for corporations-related documents is fully operational (expected to be within two years), the division plans to send corporations annual reports that are already filled out on the basis of the information on file for that entity. The specific corporation will then confirm the information is accurate or, if not, provide the correct information. It is expected this process will increase the timeliness of when the information is submitted and improve customer satisfaction by relieving filers of having to perform recurring, detail work.

By statute, the secretary of the state must notify any corporation that has failed to file a required report within three months of the due date that its corporate rights and powers are to be forfeited. Previously, twice a year, staff in the Commercial Recording Division would prepare a computer generated list of the corporations that were three months late filing their annual or biennial reports and send out notification letters.

Effective January 1995, the division will send out notices monthly to all nonfilers who are three months late. This change is possible because of the new automated system. After three more months (when a corporation is six months late), if there is no response, the secretary will file a certificate of dissolution by forfeiture.

It is not clear whether corporations realize how important it is to file annual/biennial reports and keep the secretary of the state's office informed of their current mailing address.

In the past, the time lag before corporations were notified they had not filed a biennial report increased the probability that many addresses were out-of-date, making the letters undeliverable.

Another problem the division encounters involves corporations that send in reports on time, but the reports do not conform with prescribed filing requirements. Such a report would be returned to the corporation for correction. However, sometimes the corporation mistakenly puts the report in its own files, rather than correcting it and returning to the secretary of the state. The corporation then becomes a nonfiler.

Beginning in 1995, the combination of requiring all corporations to file annual reports and the earlier notification timetable available from the new automation system should mean the division will be more successful in alerting corporations that they are in danger of being dissolved. Although these enhancements are positive, the program review committee believes additional administrative actions can be taken to reduce the number of corporations dissolved.

**The program review committee recommends the Commercial Recording Division develop clearer instructions for corporations about the importance of filing annual reports and keeping the secretary of the state informed of their current mailing address. This information should be distributed at the time an entity becomes incorporated. Further, when reports are returned to a corporation for correction, the division should emphasize that the document must be returned to the secretary's office or the corporation will be considered in default.**

A corporation that has been dissolved, but subsequently wishes to be reinstated, may file documents with the secretary of the state for that purpose. Under current law, the entity has three years from the date of dissolution to seek reinstatement.

In recent years, a growing number of corporations that missed the deadline for reinstatement have sought legislatively authorized extensions in order to acquire additional time to file the documents required. Table IV-3 indicates the number of entities granted extensions during each of the last seven legislative sessions.

While no one is completely sure why this dramatic increase has occurred, there is speculation the downturn in the Connecticut economy has been a major factor. In a poor economy, a business may want to sell assets or the company itself. When the owners attempt to complete the transaction, they discover belatedly that, although the company has remained in operation, legally it has been dissolved. They must then have the corporation reinstated.

Year	No. of entities
1994	201
1993	106
1992	107
1991	59
1990	27
1989	15
1988	10

The program review committee believes corporations that have been dissolved should be given sufficient time to obtain reinstatement using statutory procedures. Although three years is a considerable amount of time, recent experience suggests it may not be long enough. Although more and more dissolved corporations realize they can request extensions of the deadline from the legislature, it would be fairer and less time consuming to extend the deadline statutorily for all corporations in this situation.

Taking into consideration the benefits expected from the administrative changes described above, the committee believes it would be reasonable to give corporations an additional two years to seek reinstatement. Therefore, **the program review committee recommends C.G.S. Sections 33-388(a) and 33-497(a) be amended to allow stock and nonstock corporations five years after dissolution to file for reinstatement.**

### Customer Service Survey Results

To obtain customer perceptions of the service provided by the Commercial Recording Division, a random sample of 150 people who had documents accepted for filing during July 1994 were surveyed. Over three-quarters of the 80 respondents had filed documents on more than one occasion.

Respondents were asked to rate the quality of service, the timeliness of service, and the helpfulness of CRD staff for each of the three methods of obtaining service -- telephone, mail, and personal visit to the office. Almost all of the customers who replied to the survey had dealt with the division over the phone and by mail (89 and 94 percent respectively). Less than half (48 percent) of the respondents had visited the office.

Table IV-4 summarizes the percentage of respondents who rated the quality and timeliness of each method of obtaining service as good or excellent. Customers of the division had the most problems with its telephone service.

Besides receiving the smallest percentage of positive ratings, telephone service had the greatest number of poor ratings for both quality and timeliness (21 percent and 24 percent respectively). In comments added to the survey, 10 people noted the telephone is always busy or callers are placed on hold for long periods of time.

Method of service	Good and excellent ratings	
	Quality	Timeliness
Tel.	58 % (N=70)	44 % (N=71)
Mail	71 % (N=75)	59 % (N=74)
Visit	65 % (N=38)	68 % (N=40)
Source of data: Responses to LPR&IC survey of CRD customers.		

The agency as a whole is aware of the need to improve telephone service. One component of the secretary of the state's *Information Technology Plan for FY 95-97* is a

telephone system upgrade. However, the project is unfunded, and work on a detailed implementation plan will not begin until 1995.<sup>10</sup>

With respect to mail service, only 59 percent of the respondents rated the timeliness of service as good or excellent. In addition, several people indicated the reason they rated the timeliness and quality as excellent was because they always use expedited service. Similarly, five people indicated they believe expedited service is the only way to receive timely filings of documents.

It has been true that the amount of time the division needs to process customer requests received in the mail has fluctuated, making it difficult for a customer to know in advance how long it will take for a request submitted in the normal manner to be processed. However, the new automation system should enable the division to perform filing and information retrieval tasks more quickly. During the initial start-up of the UCC and corporations-related components, customers may experience longer delays as staff become familiar with all of the features of the system and existing records are added to the database, but this should be a short-term problem.

In terms of division staff demeanor toward the public, approximately two-thirds of the survey respondents rated the helpfulness of the staff as good or excellent for all three methods of service. However, mixed comments about staff performance were added to the surveys. Six respondents cited specific individuals who are always helpful, but an equal number indicated staff working at the office counter had poor attitudes or were rude. Similar comments were made about staff on the telephone.

In the past, Commercial Recording Division staff have been sent for training on how to deal with customers. However, with everyone in the division involved in learning the new automation system, the recent focus of training has been on using personal computers and learning the features of the new system.

Agency management also noted some of the public perception that CRD staff are not helpful may be due to confusion about the amount of assistance they can provide to a customer filling out a form. Due to the nature of the documents that are filed with the division, the answers to many questions require legal considerations beyond the filing of the particular document. Also, the division will eventually be required to evaluate the document being filed for compliance with agency requirements. As a result, the division's policy is to limit the amount of specific advice its staff gives customers to avoid conflicts among different representatives of the division.

It is true no business wants to be in the position of having different employees giving different information to the public. However, there are steps that can be taken to avoid the

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<sup>10</sup> The project would change the telephone system to one with automated features that will improve internal communication and enhance external service. It should reduce the number of callers cut off or getting busy signals.

tension that occurs when customers confused about what information to submit are met with discourteous answers to their questions.

**The program review committee recommends the Commercial Recording Division prepare information sheets answering some of the most commonly asked questions about document filings and have copies of these available for the public. The division should also establish a schedule to provide on-going training in customer service to all division employees who have contact with the public on the telephone or in person.**

The amount and scope of the training provided to employees will vary, depending on whether or not they are new to the division and how frequently they deal directly with the public. A key focus of the training should be on the importance of helping customers, including those who are difficult to deal with regardless of the treatment they receive.

### *OTHER AREAS*

#### Use of Satellite Facilities

Under Public Act 93-382, state bond funds were appropriated for the creation of a one-stop business registry system in the Department of Economic Development (DED). The goal of the program is to provide a single point of entry for new and existing businesses in Connecticut that want to obtain licensing, registration, permitting, and other regulatory services. The start-up date for the program is July 1, 1995.

Early in 1995, the Departments of Economic Development, Revenue Services, and Labor and the Office of the Secretary of the State will participate in a pilot program to test the new system. During the test phase, equipment will be set up within the public service area of the Commercial Recording Division.

When the new registry is fully operational, businesses in Connecticut will be able to access a computer network with all applicable forms related to the registration, regulation, licensing, permitting, and approval requirements of all state agencies. A person or company will be able to submit completed state forms to each agency via the computer network. The registry will also serve as a centralized collection point for required state fees and a vehicle for distributing the fees to the proper agency.

The number of sites where businesses will be able to access the system is still under discussion. Initially, DED hopes to have two locations, including the one in Hartford at the Office of the Secretary of the State. By the end of 1996, DED hopes to expand the service to 10 cities in different parts of the state.

Service at some of the sites may be provided by a group of staff that rotates among multiple sites on different days. Eventually, the system may become accessible in a number of locations statewide using interactive telecommunications equipment that allows program employees to remain in a central location but be seen and talk with business customers on a video screen. The program review committee believes the Office of the Secretary of the State should make greater use of satellite facilities in other program areas to allow the public to file and access data.

**The program review committee recommends the Office of the Secretary of the State explore further the use of satellite facilities for the collection and distribution of documents and data overseen by the agency. The office should identify services that could be offered electronically as well as services that would require placing agency personnel at the off-site location. The scope of this effort should include all divisions of the agency.**

In 1992, the secretary of the state's office did study the use of off-site locations for the filing of documents processed by the Commercial Recording Division. However, legal questions raised about the use of other governmental agency sites as drop-off locations for documents remain. Such issues need to be resolved and steps taken to offer additional customer service enhancements.

In the area of campaign finance reporting, several opportunities for off-site activities seem possible. The agency might consider allowing treasurers to bring their reports to the regional office of another state agency, such as the Department of Motor Vehicles, if they do so prior to the final day allowed for filing.

Likewise, by spring 1995, corporations-related information is going to be available on-line to customers statewide. The new campaign finance reporting system should be able to offer similar on-line "read only" access to interested parties at locations throughout the state.

### **State Register and Manual**

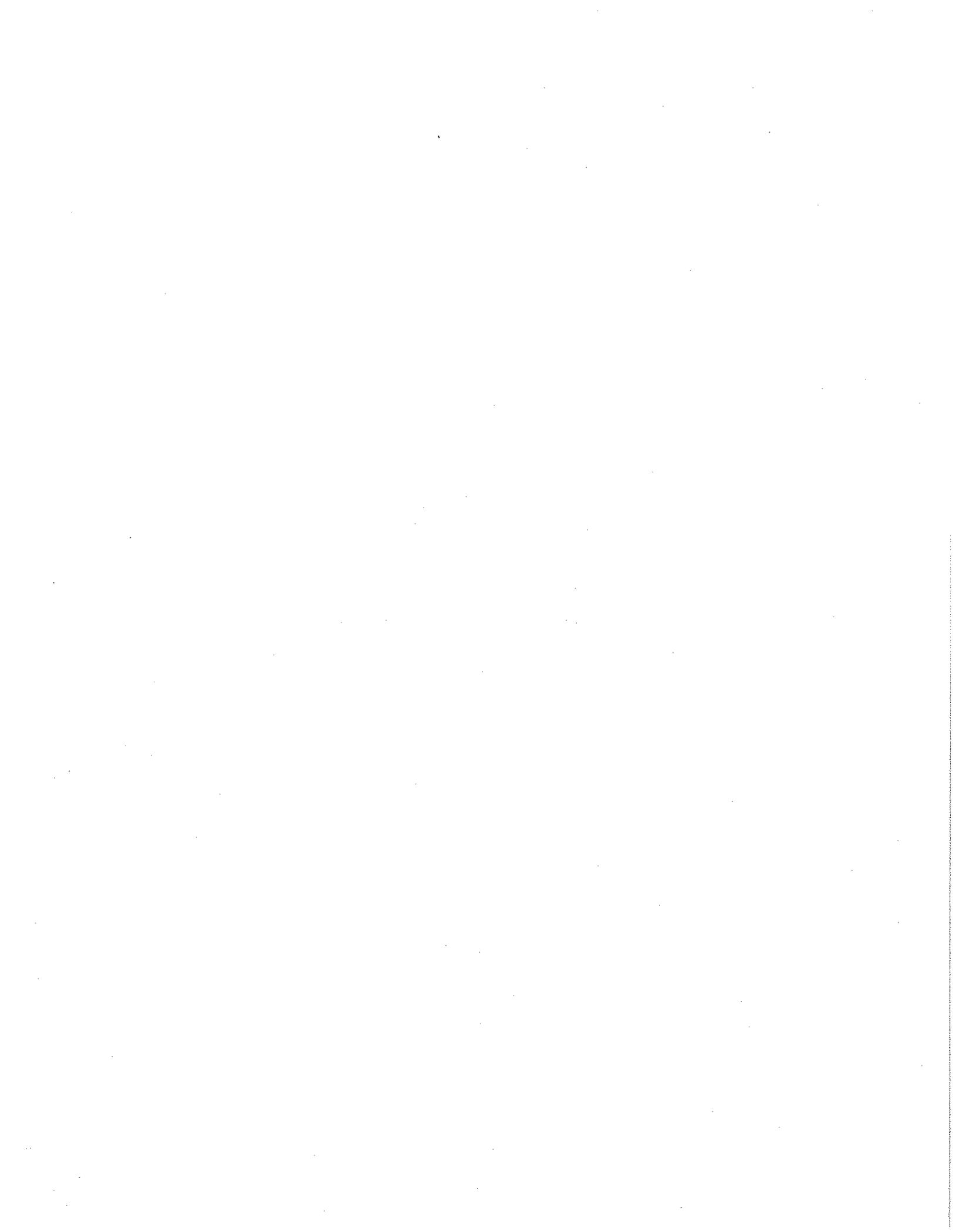
As noted earlier, one of the recent accomplishments of the Office of the Secretary of the State was accelerating the publication date of the Connecticut State Register and Manual. While this is commendable, program review committee is concerned that the timetable used to obtain information for the book may limit the value of the information.

Notices requesting updated information for the 1995 book were sent out to legislative offices on November 10, 1994, requesting responses by November 25, 1994. If the information sent back at that time is used in the book, it will not list assignments for legislators elected for the 1995 and 1996 sessions. Although the individual filling out the form for each office is asked to send subsequent changes to the Office of the Secretary of the State, that is not likely to happen.

**The program review committee recommends the Office of the Secretary of the State wait until the end of the December following a General Assembly election to request information from legislative offices for the Connecticut State Register and Manual. The agency should also consider using a delayed timetable for executive branch agencies during the year of a statewide election.**



## APPENDICES



**APPENDIX A  
SURVEY OF TOWN CLERKS**

(N= the number of respondents to each question)

1. Please indicate the population of your town. (N=147)

- 29% (a) 5,000 or less
- 19% (b) 5,001 to 10,000
- 26% (c) 10,001 to 20,000
- 11% (d) 20,001 to 30,000
- 3% (e) 30,001 to 40,000
- 4% (f) 40,001 to 50,000
- 8% (g) over 50,000

2. How many years have you served as a Registrar of Voters? (N=144)

- 37% (a) 5 years or less
- 19% (b) 6 to 10 years
- 17% (c) 11 to 15 years
- 13% (d) 16 to 20 years
- 14% (e) 21 years or more

3. During the past six months, have you as a town clerk initiated contact with the secretary of the state's office concerning elections related matters? 99% Yes 1% No (If no, please go to Question 4.) (N=147)

3a. What was the reason you contacted the secretary of the state's office? (Please check all that apply.) (N=148)

- 72% (a) to obtain forms
- 74% (b) to ask about general procedures
- 87% (c) to ask a question requiring an interpretation of a law or regulation
- 35% (d) to report information (e.g., election results)
- 8% (e) other (please specify) \_\_\_\_\_

3b. For each method listed below, how would you rate the quality of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=146)	1%	6%	14%	80%
(b) mail (N=129)	1%	2%	15%	83%
(c) personal visit to secretary of the state's office (N=25)	0%	4%	4%	92%

3c. For each method listed below, how would you rate the timeliness of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=146)	1%	3%	14%	82%
(b) mail (N=132)	1%	2%	17%	80%
(c) personal visit to secretary of the state's office (N=23)	0%	0%	9%	91%

4. Based on your experiences with the secretary of the state's office concerning election matters, how would you rate the office in each of the categories listed below, using a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) clarity of written instructions sent to your town (N=145)	0%	6%	25%	70%
(b) timeliness with which forms and voting materials the office is required to send to your town are received (N=146)	0%	3%	26%	71%
(c) timeliness with which town is advised of changes in state election laws that affect the town (N=148)	0%	4%	30%	66%
(d) overall satisfaction with service received (N=144)	0%	1%	25%	74%

5. During the past 12 months, have you attended a Town Clerks conference held by the secretary of the state's office? 94% Yes 6% No (If no, please go to Question 6.) (N=147)

5a. In terms of the categories listed below, how would you rate the information presented at the conference you attended? (Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.)

	Poor	Fair	Good	Excellent
(a) usefulness (N=133)	2%	4%	25%	69%
(b) timeliness (N=133)	1%	3%	29%	68%
(c) clarity (N=133)	1%	6%	32%	61%
(d) comprehensiveness (N=134)	1%	5%	34%	60%

6. If there are any additional comments you would like to make about election related activities of the secretary of the state's office, please use the space below.

94 surveys contained written comments, which are summarized below

(A number of the town clerks expressed views on more than one aspect of election related activities.)

staff helpful, knowledgeable, and courteous - 43

very satisfied with staff - 32

comments related to state elections laws and not secretary of the state's office - 21

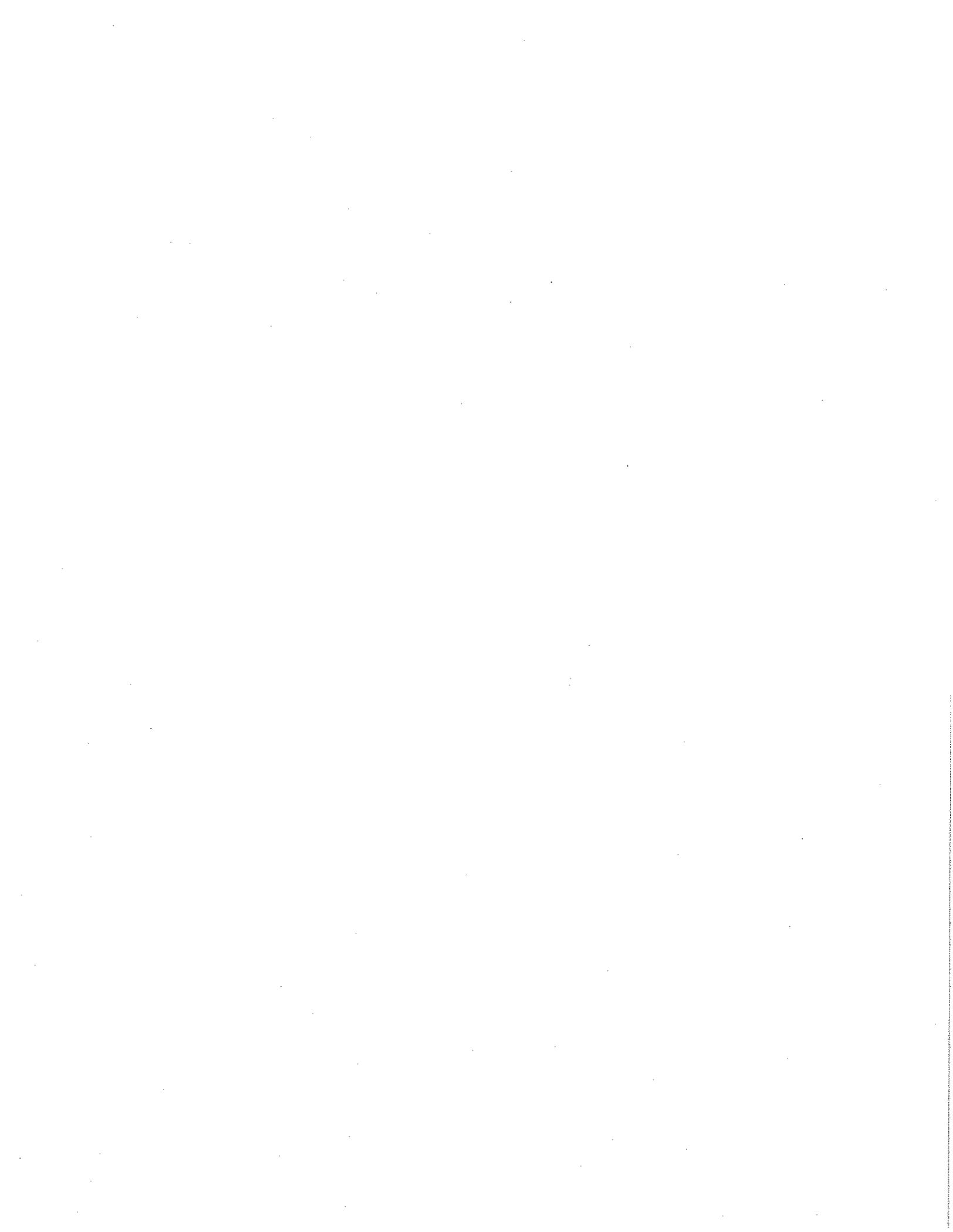
conflicting/confusing/clarity-lacking/repetitive information given at conference to same question--need to give uniform answers - 5

phone service needs to improve; person answering phone should have overall knowledge of office - 5

increased delay in response time - 5

simplify instructions - 2

need to expand types of seminars at conference - 1



**APPENDIX B  
SURVEY OF REGISTRARS OF VOTERS**

(N= number of respondents to each question)

1. Please indicate the population of your town. (N=228)

- 24% (a) 5,000 or less
- 20% (b) 5,001 to 10,000
- 24% (c) 10,001 to 20,000
- 14% (d) 20,001 to 30,000
- 4% (e) 30,001 to 40,000
- 2% (f) 40,001 to 50,000
- 12% (g) over 50,000

2. How many years have you served as a Registrar of Voters? (N=232)

- 38% (a) 5 years or less
- 25% (b) 6 to 10 years
- 13% (c) 11 to 15 years
- 11% (d) 16 to 20 years
- 13% (e) 21 years or more

3. During the past six months, have you as registrar of voters initiated contact with the secretary of the state's office concerning elections related matters? 89% Yes 12% No (If no, please go to Question 4.) (N=235)

3a. What was the reason you contacted the secretary of the state's office? (Please check all that apply.) (N=237)

- 47% (a) to obtain forms
- 56% (b) to ask about general procedures
- 77% (c) to ask a question requiring an interpretation of a law or regulation
- 11% (d) to report information (e.g., election results)
- 9% (e) other (please specify) \_\_\_\_\_

3b. For each method listed below, how would you rate the quality of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=203)	4%	5%	34%	57%
(b) mail (N=135)	1%	6%	39%	53%
(c) personal visit to secretary of the state's office (N=30)	0%	3%	40%	57%

3c. For each method listed below, how would you rate the timeliness of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=202)	1%	6%	33%	60%
(b) mail (N=140)	3%	6%	38%	54%
(c) personal visit to secretary of the state's office (N=28)	0%	4%	36%	61%

4. Based on your experiences with the secretary of the state's office concerning election matters, how would you rate the office in each of the categories listed below, using a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) clarity of written instructions sent to your town (N=231)	0%	11%	49%	40%
(b) timeliness with which forms and voting materials the office is required to send to your town are received (N=232)	2%	9%	44%	46%
(c) timeliness with which town is advised of changes in state election laws that affect the town (N=229)	1%	7%	48%	45%
(d) overall satisfaction with service received (N=226)	1%	3%	48%	48%

5. During the past 12 months, have you attended a Registrars of Voters conference held by the secretary of the state's office? **89%** Yes **11%** No (If no, please go to Question 6.) (N=236)

5a. In terms of the categories listed below, how would you rate the information presented at the conference you attended? (Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.)

	Poor	Fair	Good	Excellent
(a) usefulness (N=205)	1%	10%	47%	43%
(b) timeliness (N=203)	2%	10%	48%	40%
(c) clarity (N=202)	4%	16%	47%	33%
(d) comprehensiveness (N=199)	2%	16%	50%	32%

6. If there are any additional comments you would like to make about election related activities of the secretary of the state's office, please use the space below.

108 surveys contained written comments, which are summarized below

info given at conference is either conflicting, confusing, or lacks clarity; need to give uniform answers - 18

comments related to state elections laws and not secretary of the state's office - 18

staff helpful, knowledgeable, and courteous - 14

very satisfied with staff - 9

significant changes improving election activities made over last 4 yrs. - 8

need to clarify information for small towns vs. big cities - 7

some staff seem to give opinions instead of factual answers - 6

too many mailings/could be done cheaper - 6

phone service needs to improve: person answering phone should have overall knowledge of office - 4

refusal by division to reply to questions in writing - 3

conference should only be one day--too much "down" time with two days - 3

only secretary of the state staff should give workshops at conference - 2

training sessions for moderators should be held during evening as well as day - 2

film used to instruct moderators needs to be updated - 2

assorted miscellaneous (1 person each) - 6



**APPENDIX C  
SURVEY OF COMMITTEE TREASURERS**

(N= number of respondents to each question)

1. Please indicate the type of committee you are currently the treasurer for: (Check only one answer.) (N=72)

- |  |                                       |
|--|---------------------------------------|
| <u>28%</u> (a) candidate committee             | <u>3%</u> (d) women's club            |
| <u>36%</u> (b) state central or town committee | <u>6%</u> (e) district/ward committee |
| <u>28%</u> (c) political action committee      |                                       |

2. Is this the first time you have served as a committee treasurer? 37% Yes 63% No (N=71)

3. How did you find out that you were required to file committee receipt/expenditure reports with the secretary of the state's office? (Please check only one answer.) (N=70)

- 41% (a) knew from previous experience
- 10% (b) candidate or someone else on committee/campaign staff knew
- 3% (c) reviewed statutes
- 34% (d) received correspondence from the secretary of the state's office
- 11% (e) other (please specify) \_\_\_\_\_

4. During the past six months, have you as a committee treasurer initiated contact with the secretary of the state's office concerning elections related matters? 50% Yes 50% No (If no, please go to Question 5.) (N=74)

4a. What was the reason you contacted the secretary of the state's office? (Please check all that apply.) (N=74)

- 16% (a) to obtain forms
- 22% (b) to ask about general procedures
- 32% (c) to ask a question requiring an interpretation of a law or regulation
- 14% (d) to report information (e.g., committee receipt/expenditure data)
- 7% (e) other (please specify) \_\_\_\_\_

4b. For each method listed below, how would you rate the quality of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=36)	6%	11%	28%	56%
(b) mail (N=19)	11%	11%	32%	47%
(c) personal visit to secretary of the state's office (N=7)	14%	0%	29%	57%

4c. For each method listed below, how would you rate the timeliness of the service you received from the secretary of the state's office when you contacted the office. Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=36)	11%	8%	22%	58%
(b) mail (N=19)	16%	11%	32%	42%
(c) personal visit to secretary of the state's office (N=8)	13%	13%	13%	63%

5. Based on your experiences with the secretary of the state's office concerning election matters, how would you rate the office in each of the categories listed below, using a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) timeliness in getting required forms to you (N=72)	1%	6%	33%	60%
(b) clarity of written instructions provided with committee receipt/expenditure report (N=72)	4%	25%	40%	31%
(c) overall satisfaction with service received (N=72)	0%	11%	47%	42%

6. In terms of committee receipt/expenditure reporting, please choose the one answer below that best describes the roles of the secretary of the state's office and the Elections Enforcement Commission: (N=74)

- 26% (a) The secretary of the state's office handles all aspects of committee receipt/expenditure reporting.
- 1% (b) Elections Enforcement Commission handles all aspects of committee receipt/expenditure reporting.
- 64% (c) The secretary of the state's office collects committee receipt/expenditure reports, and the Elections Enforcement Commission administers campaign finance laws.
- 8% (d) The Elections Enforcement Commission collects committee receipt/expenditure reports, and the secretary of the state's office administers campaign finance laws.

7. If there are any additional comments you would like to make about election related activities of the secretary of the state's office, please use the space below.

17 surveys contained written comments, which are summarized below

comments related to state elections laws and not secretary of the state's office - 3

very satisfied with staff/service - 2

reports/instructions need to be simplified - 2

need to offer training/information on how to complete report - 2

finer too harsh - 2

assorted miscellaneous (1 person each) - 6

**APPENDIX D**  
**SURVEY OF COMMERCIAL RECORDING DIVISION CUSTOMERS**

(N= number of respondents to each question)

1. You received this survey because you are listed on documents submitted to the Connecticut Secretary of the State on behalf of the entity named in our cover letter. Which category listed below best describes you? (Please check only one answer.) (N=80)

- 6% (a) individual who filed document(s) on behalf of him/herself
- 8% (b) employee of business/organization that filed document(s) on behalf of the named business/organization
- 76% (c) employee of law firm that filed documents on behalf of the named business/organization
- 8% (d) employee of research or service business that filed documents on behalf of the named business/organization
- 3% (e) other (please specify) \_\_\_\_\_

2. Was the filing for the entity listed in our cover letter the first time you filed a document with the Connecticut Secretary of the State's Commercial Recording Division? 14% Yes 86% No (N=78)

3. Based on all of the experiences you have had filing documents with the Connecticut Secretary of the State's Commercial Recording Division, for each method listed below, how would you rate the quality of the service received when you contacted the office? Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=70)	21%	20%	41%	17%
(b) mail (N=75)	9%	20%	52%	19%
(c) personal visit to secretary of the state's office (N=38)	11%	24%	39%	26%

4. Based on all of the experiences you have had filing documents with the Connecticut Secretary of the State's Commercial Recording Division, for each method listed below, how would you rate the timeliness of the service received when you contacted the office? Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=71)	24%	32%	27%	17%
(b) mail (N=74)	15%	27%	45%	14%
(c) personal visit to secretary of the state's office (N=40)	18%	15%	43%	25%

5. Based on all of the experiences you have had filing documents with the Connecticut Secretary of the State's Commercial Recording Division, for each method listed below, how would you rate the helpfulness of division staff when you contacted the office? Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) telephone (N=72)	13%	19%	43%	25%
(b) mail (N=73)	10%	27%	49%	14%
(c) personal visit to secretary of the state's office (N=41)	17%	20%	32%	32%

6. Based on all of the experiences you have had filing documents with the Connecticut Secretary of the State's Commercial Recording Division, how would you rate the office in terms of each category listed below? Please use a scale of 1 to 4, with 1 = poor and 4 = excellent.

	Poor	Fair	Good	Excellent
(a) clarity of written instructions about what information has to be filed with the secretary of the state (N=78)	8%	26%	54%	13%
(b) clarity of the fee schedule for documents to be filed (N=79)	6%	19%	57%	18%
(c) overall satisfaction with service received (N=77)	12%	30%	49%	9%

7. If there are any additional comments you would like to make about the Connecticut Secretary of the State's Commercial Recording Division, please use the space below.

42 surveys contained written comments, which are summarized below  
(A number expressed views on more than one aspect of the system.)

phone always busy and/or have to wait on hold for long periods of time - 10 respondents

suggestions for various additional information/services that should be available - 7

descriptions of experiences with documents being rejected - 6

waiting times for acknowledgements/copies/service too long - 6

specific named individuals cited for helpfulness - 6

people on counter have poor attitudes and/or are rude to the public - 6

people on telephone are rude/unhelpful/argumentative/difficult to understand - 5

have to use expedited service (and pay extra fee) to get timely filing - 5

specific issues related to UCC filings - 5

need more information about fee schedule changes and/or specific services - 4

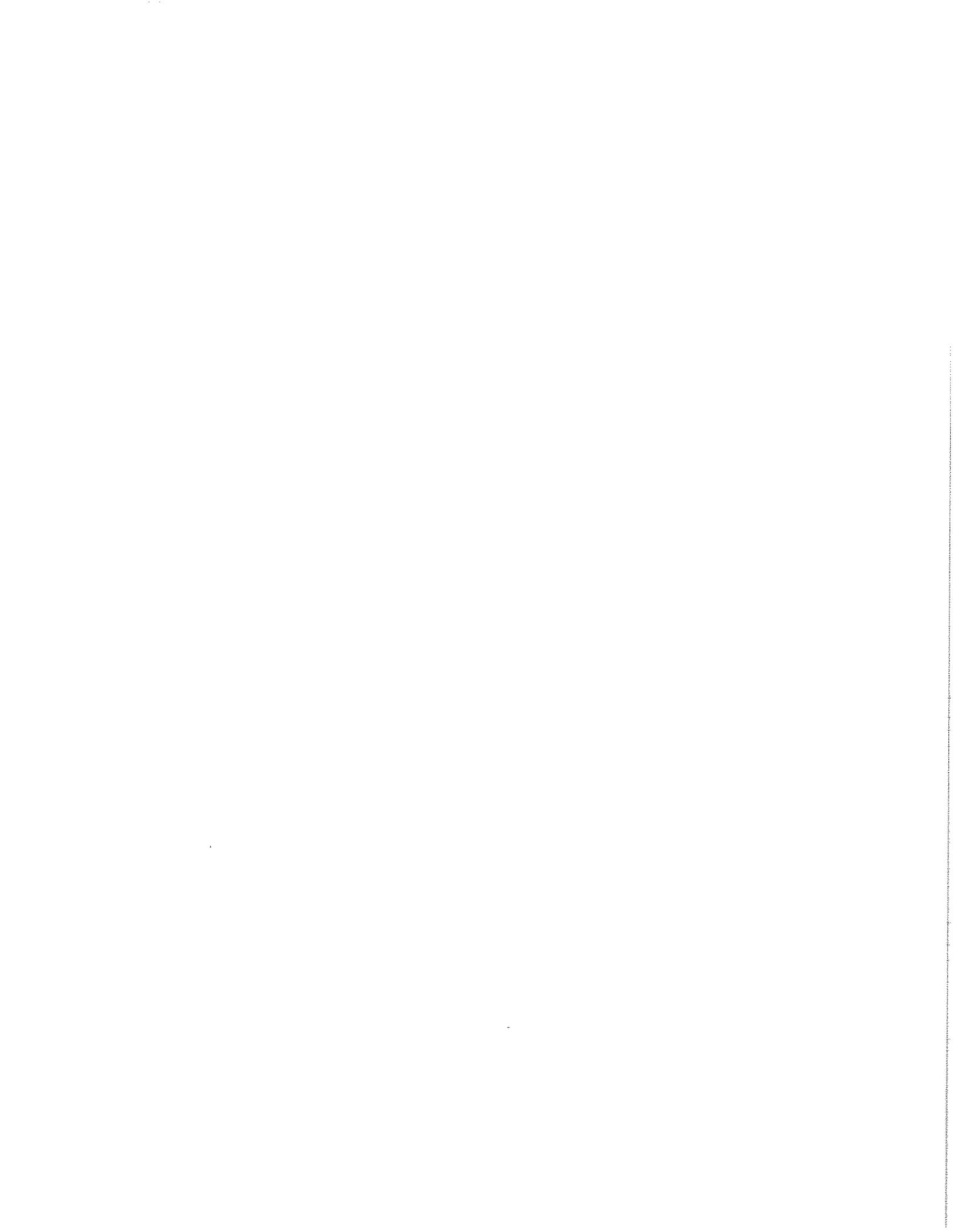
need to be able to get answers to questions - 3

need to be able to file limited liability corporation papers on expedited basis - 3

staff is efficient/works hard - 2

simplify fee schedules/forms - 2

assorted miscellaneous (1 person each) - 3



## APPENDIX E

Qualifications and Roles of Secretaries of State in the United States, 1991.		
Characteristic or Duty	No. States <sup>1</sup>	Notes Regarding Connecticut
<b>QUALIFICATIONS:</b>		
Age specified (range: 18 to 30 years old)	33 states*	must be 18 years old
Qualified voter specified (range: no defined length to 10 years)	32 states*	must be an elector
U.S. citizenship specified (range: no defined length to 10 years)	33 states	not specified, but to be an elector must be a citizen
State residency specified (range: no defined length to 7 years)	36 states	not specified, but to be an elector must reside in that town
<b>ELECTION RELATED RESPONSIBILITIES:<sup>2</sup></b>		
Prescribe voter registration forms	32 states*	
Determine ballot eligibility of parties	38 states*	
Approve new voting systems/devices	32 states*	
Advertise statewide ballot questions	39 states*	
Canvass election returns	37 states*	work done at local/state level
Provide demographic labels/mailling lists	17 states	
Receive candidacy declarations	40 states	candidates file when committee formed to raise/expend funds
Receive petitions by independents	39 states*	
Receive certificates of nomination	38 states*	
Receive certificates of election	37 states*	
Supply ballots to local officials	18 states*	presidential primary only; facsimile of absentee ballot
Supply code/law compilations to local officials	34 states*	
Supply election manuals to local officials	35 states*	
Supply voter registration forms to local officials	22 states*	
Prepare public service announcements	35 states*	

**Qualifications and Roles of Secretaries of State in the United States, 1991.**

Characteristic or Duty	No. States <sup>1</sup>	Notes Regarding Connecticut
Prepare voter information pamphlets	35 states*	
Prepare ballot question information	35 states*	constitutional amendments only
Conduct seminars for officials	36 states*	
Conduct voter registration drives	17 states*	
Receive campaign contribution/expenditure disclosure statements	31 states*	
Receive lobbyist contribution disclosure statements	19 states	as of July 1994, lobbyists report contributions over \$1,000/year
Receive lobbyist registration statements	22 states	filed w/State Ethics Commission
Use computer for election returns	31 states	
Use computer for voter registration lists	15 states	
Use computer for campaign finance reports	19 states	
<b>LEGISLATIVE RESPONSIBILITIES:</b>		
Retain copies of bills	36 states*	
Govern legislative sessions	13 states*	convene sessions in statutorily specified circumstances
<b>BUSINESS RELATED REGISTRATION AND FILING RESPONSIBILITIES:</b>		
Registration of corporations (domestic and foreign)	42 states*	
Registration of limited partnerships	41 states*	
Registration of charitable organizations	23 states*	Office of the Attorney General is also involved
Registration of notaries public	41 states*	
Registration of trademarks	45 states*	may file with secretary
Registration of trade names	2 states	file with clerk of town where business will be transacted
Registration of securities agents/dealers	11 states	handled by Dept. of Banking
Registration of corporate names	35 states*	
Filing of articles of incorporation	42 states*	

**Qualifications and Roles of Secretaries of State in the United States, 1991.**

Characteristic or Duty	No. States <sup>1</sup>	Notes Regarding Connecticut
Filing of articles of merger/consolidation	42 states*	
Filing of articles of dissolution	42 states*	
Filing of annual reports	37 states*	
Uniform Commercial Code (UCC) filings	42 states*	
<b>PUBLISHING RESPONSIBILITIES:</b>		
State Register and/or State Bluebook	30 states*	
State election laws	33 states*	
Election returns	37 states*	
Campaign practices instructions	25 states	
Corporation laws	19 states	
<b>OTHER RESPONSIBILITIES:</b>		
License one or more business or profession	25 states*	accountants <sup>3</sup>
Maintain files on state agency regulations	35 states*	
Serve as agent for service of process	45 states*	
Attest governor's signature on extradition papers	42 states*	
File bonds for state officers/employees	28 states*	

<sup>1</sup> Data are for all 50 states. If Connecticut included in number, it is followed by asterisk (\*).

<sup>2</sup> In Illinois, New York, South Carolina, Virginia, and Wisconsin, elections boards handle election duties.

<sup>3</sup> The secretaries in Georgia, Oregon, Pennsylvania, and Vermont are also responsible for licensing accountants.

Source of data: *Secretary of State: The Office and Duties*, National Association of Secretaries of State, Third Edition, 1991. (In a few instances, program review committee staff corrected Connecticut information to reflect the current situation.)