

FISCAL NOTE
Requested by Legislative Council
03/08/2019

Bill/Resolution No.: HB 1466

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$80,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$80,000	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Adding Public Benefit Corporation as a new business entity to be filed with the Secretary of State.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal impact to the agency is the cost of the software programming that must be done to accommodate the filing of this new business entity in the agency's FirstStop system based on the itemization in the attachment.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is unknown as to the number of businesses that will be created using this business entity structure. The fees are the same as they are for other business entities that already exist.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The required expenditures will be the cost of the software programming that be done to accommodate the filing of this new business entity in the agency's FirstStop system based on the itemization in the attachment.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

An appropriation is needed to cover the cost of the software programming that must be done to accommodate the filing of this new business entity in the agency's FirstStop system based on the itemization in the attachment.

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To allow Public Benefit Corporations (PBC) to be filed with the Secretary of State's software, FirstStop must be enhanced to accommodate the following filings and actions:

1. Original filing of articles
2. In addition to the requirements for a regular corporation, it must state:
 - a. If it will be a general benefit corporation;
 - b. If it will be a general benefit corporation with a specific benefit stated in its articles; or
 - c. If it will be a specific benefit corporation.
3. The name of the entity must contain either:
 - a. "General Benefit Corporation;" or
 - b. "Specific Benefit Corporation"
4. A regular corporation must be able to become a PBC by filing amended articles.
5. A new PBC must be able to be created by means of a merger, with the exception that a nonprofit corporation or nonprofit LLC may not be a part of a merger.
6. PBCs must be able to file:
 - a. Terminations or removing PBC requirements
 - b. Amendments, including an amendment to its stated benefit in its articles
7. Upon court order, we need to be able to remove the public benefit status
8. Annual report for a specific benefit corporation:
 - a. There must be a narrative description of:
 - i. How they pursued and created the specific benefit
 - ii. The extent to which the specific benefit was pursued and created
 - iii. Any circumstances that hindered efforts to pursue or create the specific benefit
 - b. There must be a certification that the report has been reviewed and approved by the board of directors.
9. Annual report for a general benefit corporation:
 - a. Certification from the board of directors that:
 - i. Determined a third-party standard for defining, reporting, and assessing the performance of the stated benefit
 - ii. The third-party standard is independent
 - iii. Approved the report
 - b. Regarding the period covered by the report:
 - i. Identification of the third-party standard
 - ii. The extent to which the general benefit was pursued and created
 - iii. Any circumstances that hindered efforts to pursue or create the general benefit
 - c. For the first report, how and why the third-party standard was selected.
 - d. **If** the third-party standard is the same as on the most recent annual report:
 - i. A statement as to whether the standard is being applied in a consistent manner.
 - ii. If not, a statement as to why not.
 - e. **If** the third-party standard is not the same as reported on the last annual report, there must be an explanation as to how and why the board chose a different one.
10. Foreign PBCs must file with the SOS all that a foreign corporation would need to file in order to transact business in this state.
11. Foreign PBCs may obtain trade names for use in this state if the name of the public benefit corporation in the state of incorporation is not available in ND or they want to operate in ND under a different name.
12. Fees would be the same as a business corporation.
13. Wizards – similar to business corporation; the information collected may differ.
14. Back office – same amendment types as a business corporation; the information collected for the filing may differ.
15. Certificates – same certificates as a business corporation; the text may differ.
16. Email templates – same as a business corporation
17. Automated jobs – same as those that apply to a business corporation; notices may need to be adjusted.