

SENATE STATE & LOCAL GOVERNMENT COMMITTEE
SENATOR KRISTEN ROERS, CHAIR

TESTIMONY PRESENTED BY

MICHAEL MONROE, BUSINESS SERVICES DIRECTOR

Chairman Roers and members of the committee, I'm Mike Monroe, Business Services Director for the Office of the Secretary of State. I'm here to provide neutral testimony and request a slight wording change and provide information regarding Section 6 that could impact our ability to administer this section as proposed.

Before I begin my testimony, I want to again provide some clarity with regards to the terms "Domestic" and "Foreign" entities as they are referred to in business statutes. Current statute refers to domestic entities as any entity formed within the state of North Dakota, and foreign entities as those formed outside of North Dakota's borders that may operate in another state, such as South Dakota, Minnesota, or even Delaware. Due to this, you will notice that the bill makes reference to "country of concern" or "foreign organization of concern" which is acceptable language for us to differentiate it from the meaning of "foreign" in our statutes.

We have one requested change in the proposed language in Section 6, subsection 2, found on page 7. The first line of subsection 2 on line 15 reads, "The secretary shall review each filing upon receipt," and then continues to provide language requiring us to forward any falsified information to the attorney general. Upon receipt of the initial filing, it would be almost impossible for us to know if any type of falsification of information had happened. Due to this we are requesting the first sentence be struck from the proposed language. If an individual comes forward to report a suspected falsification to us at any time, we could easily forward the filing information we've received to the attorney general for investigation as required by the remaining language in this section.

Please note that Section 6 may also be impacted by court cases that are currently in process challenging the beneficial ownership portion of the Corporate Transparency Act. If these requirements were to change or be removed, it would nullify or require changes to this section. This case is currently in the litigation process.

I ask that you consider our suggested language strikes for better administration and would be happy to stand for any questions.