



Oregon Secretary of State Testimony Supporting HB 2348

House Bill 2348 will provide the Secretary of State's Corporation Division with adequate resources to continue to maintain current operations and expand online services to the business community for better, faster, and more secure services. The \$20 Business Registration fee used to fund Corporation Division programs has not changed in over 20 years, and it is no longer adequate to support ongoing and future operational costs due to inflation and recent expansion of online services.

Although the Corporation Division has reduced staff from 45 FTE to 35 FTE, it has also added many functions requested by the legislature to provide better services to the state's business community, including expansion of online filing systems like the Oregon Business Registry, Business Xpress business portal, License Directory, the Office of Small Business Assistance, and enhanced computer security to protect state computer systems and customer information.

House Bill 2348 increases the Corporation Division's share of Business Registry revenue from \$20 per filing to \$25 per filing, which will increase funds available to the Division by \$2,921,220 (2017-19). In comparison, a \$1 increase from \$20 to \$21 per filing would result in an increase of \$584,244 (2017-19). The Corporation Division collects a processing fee for every business registration document submitted for filing. These fees range from \$50 for Assumed Business Name and Nonprofit filings (Oregon and out-of-state nonprofits), to \$100 for Oregon for-profit business filings (business corporations, LLCs, etc...), and \$275 for Out-of-state for-profit business filings (Foreign business corporations, LLCs, etc...).

The Corporation Division receives approximately 740,000 of these filings per biennium. The first \$20 collected is used to operate the state's business registry programs, pay for staff operations, and maintain and support computer systems. The amount collected over and above \$20 is transferred to the state General Fund for general government expenses. Under current law, these revenues will be \$15,579,839 (Corporation Division's share) and \$62,319,357 (General Fund share) in the 2017-19 biennium. Under HB 2348, the Division's share would be \$18,501,059 and the General Fund share would be \$59,398,137 in 2017-19.

In the 20 years that the Corporation Divisions \$20 share has remained unchanged, Business Registration fees have increased from \$20 per filing to \$50 per filing in 2004, and again to \$100 (Oregon for-profit entity) and \$275 (out-of-state for-profit entity) in 2010, contributing over \$300 million to the General Fund since 2004. At the same time, the division's workload has increased by 53 percent or 143,000 more businesses over the last 29-years, as the Business Registry program now supports over 425,000 registered businesses.

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