

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2191 - A6**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Theresa McHugh  
Reviewed by: John Borden, Steve Bender  
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**Measure Description:**

Authorizes Secretary of State to investigate alleged or potential violations of business entity statutes and to require business entity to provide list of shareholders and respond to interrogatories.

**Government Unit(s) Affected:**

Department of Justice, Department of Revenue(DOR), Secretary of State

**Summary of Expenditure Impact:**

**Secretary of State**

Other Funds	157,718	180,249
<b>Total Funds</b>	<b>\$157,718</b>	<b>\$180,249</b>
Positions	1	1
FTE	0.88	1.00

**Analysis:**

HB 2191 allows the Secretary of State (SOS) to order a corporation or limited liability company (LLC) to submit specified information upon request and to share this information with law enforcement. The measure also grants SOS civil penalty authority and the ability to dissolve a business if it fails to comply with an order. Authorizes the Director of the Department of Revenue, under specified circumstances, to recommend that the SOS dissolve a business for failure to comply with Oregon tax laws, and allows the court to dissolve a corporation or LLC if the Attorney General provides specified evidence. The SOS may not reinstate a dissolved business unless certain criteria are met. The measure also:

- Holds specified positions within a corporation or LLC liable for damages if the entity suffers as result of the creation of documents known to be false or deceptively altered.
- Prohibits incorporation or organization for any illegal purpose or with the intent to fraudulently conceal any business activity.
- Requires a person filing business entity documents to declare the documents do not fraudulently misrepresent the identity of the person or specified members of a corporation or LLC.
- Requires articles of incorporation/organization to include the initial physical street address of the principal office and the name and address of at least one director or controlling shareholder of the corporation or member or manager of the LLC.
- Specifies that the principal office of a business entity incorporated or organized in Oregon or authorized to transact business here, as well as for a registered agent of such a business entity, must have a physical street address that may not be a commercial mail receiving agency, mail forwarding business, or virtual office.
- Defines the relationship between the Department of Revenue and the SOS for the purpose of the measure.

The SOS indicates that if they receive authority to spend an additional \$157,718 Other Funds, and one Compliance Specialist 3 position (0.88 FTE), they will be able to fulfill the duties they would be

authorized to perform as a result of HB 2191-A6. The Department of Justice and the Department of Revenue are not anticipated to have more than a minimal increase in costs due to the measure.