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Measure Description:

Allows Secretary of State to order a corporation or a limited liability company to submit specified information and to share this information with law enforcement. Provides other authorities to the Secretary of State and the Department of Revenue regarding businesses failing to comply with specified laws and orders. Specifies liability for damages in certain circumstances and establishes prohibitions and requirements to prevent fraud.

Government Unit(s) Affected:

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

Summary of Expenditure Impact:

Other Funds	157,718	180,249
Total Funds	\$157,718	\$180,249
Positions	1	1
FTE	1.00	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 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 to the corporation, LLC, or a person if that entity suffers as result of the creation of documents known to be false or deceptively altered documents.
- 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 such documents do not fraudulently misrepresent the identity of the person or any of the 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.

The SOS indicates that if they receive funding in the amount of \$157,718 Other Funds and one Compliance Investigator 3 position (1.00 FTE), they will be able to fulfill the duties they would be authorized to perform as a result of HB 2191-5. 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.

The measure has a subsequent referral to the Joint Committee on Ways and Means where further review of the budgetary need to implement the measure will be assessed.