



Montana Legislative Services Division
Legal Services Office

TO: State Administration and Veterans' Affairs Interim Committee

FROM: K. Virginia Aldrich

DATE: April 26, 2022

RE: Legislative Administrative Rule Review Report

Pursuant to 5-5-228, MCA, the State Administration and Veterans' Affairs Interim Committee is responsible for reviewing administrative rules within its jurisdiction. Staff for the State Administration and Veterans' Affairs Interim Committee has prepared this report for informational purposes only. This report does not represent any action or opinion of the State Administration and Veterans' Affairs Interim Committee and does not preclude additional action that may be taken by the State Administration and Veterans' Affairs Interim Committee pursuant to its authority under the Montana Administrative Procedure Act (Title 2, chapter 4, MCA).

MAR NOTICE NUMBER: 44-2-257

AGENCY/BOARD: Secretary of State

RULE CLASSIFICATION: (e.g., substantive/interpretive/emergency/temporary): Substantive

SUBJECT: Business Services Filing Fees

NOTICE DESCRIPTION: (e.g., proposal notice/adoption notice): Notice of Public Hearing on Proposed Adoption and Amendment

SUMMARY OF RULE(S):

The Secretary of State proposes to amend five rules pertaining to Business Services' filing fees. The proposed changes reduce certain filing fees related to corporations, limited liability companies, limited liability partnerships, limited partnerships, cooperative associations, agricultural associations, cooperative agricultural authorities, and rural cooperative utilities. The Secretary of State proposes to reduce fees related to filing articles of incorporation and/or registration or certificates, articles of dissolution and/or termination, withdrawals and/or corrections or cancellations. Noting the record growth in new business filings and efficiencies provided by the online business filing system, the Secretary of State proposes to reduce these fees and "monitor the related impact." In addition, the proposed amendments eliminate fees for reprocessing paper documents because the fee "is no longer relevant and [is] unnecessary."

For fee increases or reductions, statute requires a fee impact statement. The impact statement provided by the Secretary of State follows, in full:

With regard to the requirements of 2-4-302(1)(c), MCA, it has been determined that these changes will have a fiscal impact. It is estimated that approximately 34,580 businesses will be impacted each year by the reduced or eliminated fees which will result in an estimated \$1,139,825 annual savings for those businesses based on a three-year average of the affected filings. The estimated impact for each fee is below.

44.5.114(1)(a)(i) – Domestic For-Profit Articles of Incorporation

Approximately 1,700 businesses will save \$59,500 through reduction of this fee.

44.5.114(1)(g) – Nonprofit Articles of Dissolution

Approximately 100 businesses will save \$1,500 through the elimination of this fee.

44.5.114(2)(c) – Foreign Corporation Filings Withdrawal

Approximately 400 businesses will save \$6,000 through elimination of this fee.

44.5.115(1)(a) – Domestic LLC Articles of Organization

Approximately 29,500 businesses will save \$1,032,500 through reduction of this fee.

44.5.115(1)(g) – Domestic LLC Articles of Termination

Approximately 2,000 businesses will save \$30,000 through elimination of this fee.

44.5.115(2)(c) – Foreign LLC Filings Withdrawal

Approximately 280 businesses will save \$4,200 through elimination of this fee.

44.5.116(1) – LLP Registration of Limited Liability Partnership

Approximately 200 businesses will save \$2,000 through reduction of this fee.

44.5.117(1)(a) – Domestic and Foreign Certificate of Limited Partnership

Approximately 375 businesses will save \$3,750 through reduction of this fee.

44.5.117(1)(g) – Correction or Cancellation of Limited Partnership

Approximately 25 businesses impacted with a [savings of] \$375 through elimination of this fee.

NOTES: A public hearing will be held on May 20, 2022, at 10:30 a.m., Secretary of State's Office Conference Room, Room 260, State Capitol Building, Helena, Montana. The public comment period ends on June 3, 2022.

FULL TEXT OF NOTICE: The full text of the proposal notice and the amended proposal may be found online at <https://rules.mt.gov> after it is officially published.