

SB 25 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 5/20

WHAT THE MEASURE DOES:

Increases amount of revenue from business registry filings that Secretary of State dedicates to operations of office of Secretary of State from \$20 per filing to \$25 per filing.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Transfers Money to the general Fund after deducting the expenses of carrying out the functions and duties of the Secretary of State relating to business registry, and an amount necessary to maintain a reasonable reserve.

BACKGROUND:

The secretary of State is given the authority to charge fees for business registry and keep \$20 of that fee to fund its operation. The rest of the revenue from the fees are transferred to the General Fund. The fees are specified in ORS 5656.140 and range from \$50 for Assumed Business name and non profits to \$100 for most Oregon for-profit registrations and renewals. All filing fees for Foreign for-profit businesses are \$275 annually.

in a biennial numbers there are about 200,000 non profit transactions, 550,000 Oregon for-profit filings, and 91,000 foreign for-profit filing transactions.

The gross revenue from the business registry comes to about \$88 million in an average biennium. The average amount allowed for the SOS to keep (out of the \$20 retention) is about \$20 million leaving \$68 million to be transferred to the General Fund. However, the costs incurred by the SOS is expected to fall short from the \$20 limit in the 2021-23 biennium by about \$2 million. This measure allows for the funding set-aside to increase to \$25 to cover future expected costs. That will leave about \$2 more millions extra allowance after paying for next biennium costs.

Alternatively the "-1" amendment takes a different funding approach. That model is based on deducting budget costs and a reasonable reserve (2 to 3 months) before the transfer to the general fund occurs.