

OFFICE OF THE SECRETARY OF STATE

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Corporation Division

ELOISA MILLER
Director

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Chair Nathanson, Vice-Chairs Pham and Reschke, Members of the Committee:

The Corporation Division in the Secretary of State's office is responsible for supporting Oregon's businesses, which includes registering new business and renewing existing ones, and housing the Small Business Advocate. SB 25 A would bring a long overdue update to the way the Corporation Division's budget functions and would also bring much needed stability to the Division's budget.

For context, a similar bill (HB 2348) was introduced in the 2017 Legislative Session by the Secretary of State's office. It was pulled that time around because the agency was able to make some budget adjustments which allowed the Division to operate as needed for the time being, but the intent was to come back to the Legislature in the future with a legislative proposal for a long-term solution. That proposal comes to you now in the form of SB 25 A.

Currently, when businesses register through our agency, the first \$20 of the business registry fee is used to support the Secretary of State's business registry programs and services. The majority of the fees are transferred to the General Fund, with over \$300,000,000 in business registry fees transferred to the General Fund since 2004. Inflation, legislatively mandated program growth, security requirements and expenses outside of the Secretary of State's control have eroded the Secretary's ability to maintain future operations and program growth out of the \$20 portion of the business registry fee which has been in place and unchanged since 2001. The current budget forecasts would have the Corporation Division with approximately \$147K ending cash balance if the packages are not approved in the 2021-2023 budget request; best practice recommendations are to have at least 2 months of operating funds on hand which would be approximately \$1.2M. If these packages are approved but SB 25-1 is not, the Corporation Division will have a projected cash shortfall of \$1,815,000 in the 2021-2023 biennium.

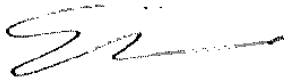
SB 25 A would amend the current governing statute (ORS 56.041) to allow the Corporation Division to retain two months of their legislatively adopted operating budget and then transfer the excess to the General Fund on a monthly basis. Not only would this create long-term budget stability, it would also reduce the workload for both the Corporation and Business Services Divisions since there would no longer be a monthly reconciliation. And, importantly, this change will increase the amount of money transferred to the General Fund.

Point of Contact:

Tony Lapiz, Legislative Director
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This bill is a thoughtful solution to an issue that has needed to be addressed for some time now and will be a sustainable, long-term fix. It will streamline the Corporation Division's budget process, while creating budget stability and decreasing the workload for two divisions in the Secretary of State's office, leaving more capacity to continue providing vital services to Oregonians. For these reasons and more, I strongly urge the committee to support SB 25 A.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eloisa Miller', with a long horizontal flourish extending to the right.

Eloisa Miller
Director
Corporation Division
Oregon Secretary of State

Point of Contact:
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