



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

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Bill Title: Relating to limited liability companies.

Government Unit(s) Affected: Department of Consumer and Business Services, Department of Revenue, Department of Justice, Secretary of State, Counties, Judicial Department

Summary of Fiscal Impact

| 2025-27 Biennium | General Fund | Lottery Funds | Other Funds | Federal Funds | Total Funds | Positions | FTE |
|----------------------------|--------------|---------------|-------------------|---------------|-------------------|-----------|-------------|
| Secretary of State | \$ - | \$ - | \$ 219,501 | \$ - | \$ 219,501 | 1 | 0.75 |
| Total Fiscal Impact | \$ - | \$ - | \$ 219,501 | \$ - | \$ 219,501 | 1 | 0.75 |

| 2027-29 Biennium | General Fund | Lottery Funds | Other Funds | Federal Funds | Total Funds | Positions | FTE |
|----------------------------|--------------|---------------|------------------|---------------|------------------|-----------|-------------|
| Secretary of State | \$ - | \$ - | \$ 64,174 | \$ - | \$ 64,174 | 1 | 0.25 |
| Total Fiscal Impact | \$ - | \$ - | \$ 64,174 | \$ - | \$ 64,174 | 1 | 0.25 |

Measure Description

The measure revises Oregon statutes related to limited liability companies (LLCs). The measure makes technical changes and clarifications to LLC guidelines and responsibilities. Modifications made by the measure are modeled after the Uniform Law Commission’s (ULC) Limited Liability Company Act. Twenty-three states have adopted versions of the ULC’s model LLC Act, which streamline state LLC laws to reduce difficulties and confusion experienced by business owners who operate in multiple states.

The measure allows the Secretary of State (SOS) to establish rules and enforce adherence to the LLC Act, including business registration, management, record reporting, etc. The measure permits the SOS to investigate alleged or potential violations, impose civil penalties, and revoke an LLC’s authority for noncompliance.

Fiscal Analysis

The total fiscal impact of this measure is estimated to be \$219,501 Other Funds for the 2025-27 biennium and \$64,174 Other Funds for the 2027-29 biennium.

Secretary of State

SOS costs are estimated to total \$219,501 Other Funds for the 2025-27 biennium and \$64,174 Other Funds for the 2027-29 biennium. The agency would hire one full-time limited duration Information Systems Specialist (ISS) 5 (0.75 FTE in 2025-27 and 0.25 FTE in 2027-29) that would complete the necessary work to satisfy the requirements of this measure. The estimates include one-time service and supply costs totaling \$26,979 Other Funds in the 2025-27 biennium that will phase out in the 2027-29 biennium. All remaining expenditures are

personal services costs for the ISS 5. This position would be funded by Business Registry revenue, as well as Archives and Audits Divisions assessment revenue.

The measure requires system changes, including the creation of new transactions for the Business Entity Registration Information (BERI) system and new forms. Any change to the BERI system initiates systemwide testing. The ISS 5 is estimated to spend 30% of its working hours identifying, resolving, and communicating software defects, project updates and risks. An additional 30% of working hours would be spent on drafting and implementing detailed test plans for all functions of the system. Testing and refining testing tools would each utilize 20% of working hours. To ensure quality system setup is completed by the January 1, 2028, operative date, the ISS 5 position would start January 2026. It is anticipated all necessary system work will be completed by the end of 2027.

Additional work for ongoing system maintenance can be absorbed within the Department's existing resources.

Judicial Department

The measure is estimated to have a minimal fiscal impact on the Oregon Judicial Department. The measure may result in a small increase of filed cases. The additional work due to additional caseload can be absorbed within current resources.

Counties

The Legislative Fiscal Office (LFO) has requested, but not yet received fiscal impact information, therefore the fiscal impact on counties is indeterminate. If additional fiscal impact information is provided by counties that will significantly change the fiscal, LFO will issue a revised fiscal impact statement.

Other Entities

The measure has no fiscal impact to the Department of Justice, Department of Consumer and Business Services, or Department of Revenue.

Relevant Dates

The measure takes effect on January 1, 2026.

The measure becomes operative on January 1, 2028.