

Date of Hearing: April 27, 2015

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Matthew Dababneh, Chair

AB 1471 (Perea) – As Amended April 14, 2015

SUBJECT: Business entities: filings

SUMMARY: Makes various technical, non-substantive, and clarifying changes in the Corporations Code in preparation for the Secretary of State (SOS) automated filing system. Specifically, **this bill:**

- 1) Specifies that any statement or certificate of conversion of a converting corporation, limited partnership, domestic limited partnership, or limited liability company (LLC) shall include the name, mailing address and street address of the converted entity's agent for service of the process.
- 2) Requires the managers to sign a certificate of cancelation of the articles of organization upon the completion of the winding up affairs of the LLC rather than the persons who filed the certificate of dissolution.

EXISTING LAW:

- 1) Provides that any statement or certificate of conversion must be executed and acknowledged by those officers of the converting corporation as would be required to sign an officers' certificate (i.e. a certificate signed and verified by the chairman of the board, the president or any vice president and by the secretary, the chief financial officer, the treasurer or any assistant secretary or assistant treasurer), and that the statement or certificate of conversion must state specified information, including the name and the Secretary of State's (SOS) file number of the converting corporation, among other things. (Corporations Code Section 1155(b))
- 2) Requires certain business entities, including, but not limited to, a corporation, a LP, a foreign corporation, a foreign LP, a LLP, a foreign LLP, a flexible purpose corporation, a LLC, an unincorporated association, and a credit union, to make various filings with the SOS.

FISCAL EFFECT: None.

COMMENTS:

Need for the bill:

According to the Author,

"AB 1471 improves the efficiency of existing and future SOS business filing procedures. This measure reduced statutory inconsistency within the Corporations Code, updates corporation filing statutes to reflect changes made by recent legislation, and standardizes the processing and handling of specified SOS business customer transactions. These small but meaningful changes will pave the way for improving the overall SOS filing experience."

The intent of this measure is to make the document filing process to convert into a limited partnership, domestic limited partnership, LLC or articles of incorporation filed by the converted entity and the cancellation of the articles of organization at the SOSs office more clear in statute, which ensures the paper or online filing forms are consistently user friendly across business types.

California Business Connect (CBC)

By June 30, 2016, the SOS must launch CBC. CBC will:

- Automate paper-based processes and allow businesses to file and request copies of records online 24 hours a day.
- Provide access to SOS records for the public and government agencies to perform functions in a more efficient manner.
- Allow fee payments to be processed within one business day.

CBC is a six-year project that aims to increase efficiency by eliminating paper-based manual transactions and associated risk of loss to vital state records. CBC will also minimize processing delays through the creation of a uniform data entry platform. Businesses that use CBC will be able to do many of their transactions online, without delay and without paying an additional fee.

Previous Legislation:

SB 1041 (Jackson, Chapter 834, Statutes of 2014) made various technical, non-substantive, and clarifying changes throughout the Corporations Code in preparation for the SOS automated filing system.

SB 1532 (Pavley, Chapter 494, Statutes of 2012) implemented changes necessary for the CBC automated system. Specifically, the bill specified that the required address information in business filings is the street address and required business entities to provide a mailing address if not the same as the street address. SB 1532 also revised requirements with respect to the maintenance of forms filed with the SOS, revised provisions relating to the assignment of filing dates and fees by the SOS, repealed specified provisions relating to special purpose corporations, and made other technical changes.

REGISTERED SUPPORT / OPPOSITION:

Support

California Secretary of State (Sponsor)
California Chamber of Commerce

Opposition

None on file.

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