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STATE OF KANSAS

February 11, 2025

Testimony on HB2371 (Oral Proponent)

House Committee on Judiciary

Submitted: Monday, February 10, 2025

Chairman Humphries and members of the Committee:

The Secretary of State, as a member of the Kansas Bar Association's Corporate Law working group, supports HB2371, but will limit its testimony to the bill provision it specifically requested.

In Bill Section 16, the Secretary requests that KSA 17-76,136, which sets formation filing fees for LLCs, be amended. The amendment would change the fixed \$150 formation filing fee for domestic and foreign LLCs to a fee with a ceiling of \$150 that could be set lower by regulation.

Now that the Secretary has substantially completed installation of its new electronic filing system infrastructure, it is conducting a comprehensive review of its entire fee structure. The Secretary has legislative authority to set most agency fees by regulation. The Secretary currently plans to eliminate over two dozen fees and reduce many others.

The Secretary, therefore, seeks legislative authority to set the LLC formation document filing fees at a rate consistent with other entity filing fees. For instance, KSA 17-7506 sets the formation filing for corporations at no more than \$150; with the amount set by regulation. KAR 7-34-2 sets the fee at \$75 for for-profit and \$20 for non-profit corporations.

The entire formation filing fee for LLCs is paid directly into the State General Fund. About 29,000 LLCs, domestic and foreign, form in Kansas each year.

Respectfully,

Clayton Barker

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