



**TESTIMONY OF SECRETARY OF THE STATE
SUSAN BYSIEWICZ
JUDICIARY COMMITTEE
March 20, 2009**

Good Morning Chairman Lawlor, Chairman McDonald, and other members of the Judiciary Committee. For the record, my name is Susan Bysiewicz, and I am the Secretary of the State. Thank you for the opportunity to testify before you today regarding my support of several important issues.

H.B. No. 6640 An Act Increasing the Penalty for Foreign Corporations and Other Entities That Transact Business or Conduct Affairs In This State Without Authority

When a foreign business entity, such as a corporation, limited partnership, limited liability company, registered limited liability partnership or statutory trust, transacts business in the State of Connecticut, that entity is legally required to register with the Office of the Secretary of the State. By doing so, the entity preserves a record of its presence and lists the required information in the event that some action it has undertaken results in a lawsuit. Of course, every year, some entities fail to file. When that occurs, the business entity will be required both to properly file and pay a penalty. This bill raises that penalty from \$165 to \$300 per month. The penalty is assessed on a monthly basis from the month when an unregistered foreign entity first begins transacting business in Connecticut and ending with the month that the entity ultimately registers. Each intervening year will be assessed in full. The assessment is delineated as a monthly figure in order to ensure that the commencing year and the year of registration – only the ‘bookend years’ – are not assessed in full if the facts warrant. Further, it must be said, that the penalty has not been raised in roughly 20 years. As such, increasing the penalty now will encourage compliance and that will greatly aid in protecting the Connecticut consumers who do business with these foreign entities, as well as bring in much needed revenue without hurting the business community.

H.B. No. 6643 AN ACT CONCERNING THE RESIGNATION OR ABSENCE OF AN AGENT FOR SERVICE OF PROCESS FOR CERTAIN BUSINESS ENTITIES

One of the most basic requirements of a business entity filing is to name an agent for the service of process. The agent named serves as the recipient for any lawsuits to be served on the company. This bill simplifies Connecticut business law by making the timeframe for the resignation of an agent for service of process consistent to make the resignation effective 30 days after filing for all business entities that file with the Office of the Secretary of the State.

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H.B. No. 6644 AN ACT CONCERNING BUSINESS ENTITY FILINGS

This bill modernizes the process of filing for Connecticut businesses by making use of the internet and by setting clear guidelines for when annual reports are due. At this time, annual reports are to be filed on the anniversary of the original date of filing. In preparation of this filing, the Office of the Secretary of the State mails a copy of the information acquired from the previous filing with space for the company to make necessary corrections. The filer makes whatever corrections are necessary on the hard copy and mails that copy back to the Office of the Secretary of the State where staff manually enters that information into a database. This bill requires that annual reports be filed online instead of in hard copy and that the filing occurs each calendar year between January 1, and May 1. The bill does provide a hardship exception for businesses that may not have the resources to file reports online. This bill will add the State of Connecticut to a growing list of states that require some level of online filing including: Delaware, Florida, New Jersey, and Missouri.

If an entity fails to make this filing, the bill requires that entities which file annual reports after July 1 of each calendar year pay an additional late filing fee of \$100. In addition, it requires the Secretary of the State to mail notice to such entities that the annual reports are due, rather than mailing paper copies of the annual reports to each such entity. In addition to improving the business filing process, this bill will benefit all of us because the move to online filing, and subsequent move from paper filing, will help our environment and aid in creating a “greener” world. If passed, this bill will go a long way towards streamlining the system for filing annual reports in a manner that is quicker, more efficient, less expensive, and less cumbersome.

Thank you for allowing me the opportunity to testify on these important issues. I would be happy to answer any questions that you or the committee may have for me.