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STATE OF KANSAS

February 9, 2024

Testimony on HB2660 (In-Person / Proponent)

House Committee on Judiciary
Monday, February 12, 2024

Chair Humphries and members of the Committee:

Thank you for the opportunity to provide testimony on House Bill 2660.

After five years of effort, the Secretary of State replaced its antiquated 1980s business filing system. The completely new system, created wholly in-house, rolled out on January 22, 2024. At the same time, pursuant to a 2021 bill, the old annual reports have been replaced by biennial information reports.

To ensure the law applicable to business filings is fully coordinated and integrated with the capabilities of the new software and to make the system as customer friendly as possible, we introduced House Bill 2660. A summary of its provisions follows:

Three Major Improvements:

1. The due date for biennial information filings is still tied to the entity's fiscal year because, until 2004, at the end of their fiscal year, entities paid a franchise tax to the Agency when filing. The information report is merely a 'snapshot' of certain information about the entity as of the day of filing. Now that there is no logical link between the file date and the fiscal year, HB2660 will require that all 12 types of entities file the biennial information report in the same time-period (for profit: Jan-April 15; non-profit: Jan-June 15). This vastly simplifies the administration of information report filings, especially if an entity changes its fiscal year. Only around 10% of entities use a fiscal year other than the calendar year, so only those entities will be affected by the change.
2. Simplifies the administrative process and lowers the cost for a non-Kansas business entity to file to begin doing business in Kansas.
3. Allows a residential homeowner to remove their address as the publicly listed resident agent for an entity, if the homeowner resident asserts they are not the resident agent.

Minor Improvements Include:

- Eliminating provisions for fees that are no longer needed because the software, not requiring human intervention, conducts the requested search or action without charge.
- For two types of cooperatives, slightly modifies what is reported in the biennial information report so that it matches the other 10 types of entities.
- Removes two obsolete provisions regarding the franchise tax.
- Removes references to the obsolete "certificate of fact."

- Corrects references to certificates of “reinstatement,” “revival,” and “restoration,” that were missed in the major corporation law bill from 2023.
- Removes some minor filing data that had no substantive value but caused a disproportionate number of filing rejections.

/Clayton Barker

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