Date May 3, 1985

The Senate Committee on EXECUTIVE DEPARTMENTS

held its hearing in Room 101 Legislative Office Building, Concord, N.H.

House Bill No. 677 FN Title: amending the nonprofit coporation act, the business corporation act, the professional corporation act, and the trade name act.

Members of committee present:

see attached

Those appearing in favor:

Name and Address	Representing
see attached	

Those appearing in opposition:

Name and Address	Representing
see attached	

Report of Committee:

Ought to pass	_____	Interim Study	_____
Ought to pass w/amendment	XXXXXXXXX	Continued Hearing	_____
Inexpedient to legislate	_____	Postponed Hearing	_____

DATE 5-3 TIME 9:00

SENATE Executive Departments COMMITTEE

PUBLIC HEARING
ON

HB677FN

APPEARING IN FAVOR (PLEASE PRINT)

NAME	ADDRESS	REPRESENTING
Christopher Morgan	Concord	Sec'y of State

APPEARING IN OPPOSITION: (PLEASE PRINT)

9:50 am
5-3-85
101 LOB

The Senate Executive Departments Committee held a hearing on the following:

HB 677 FN - amending the nonprofit corporation act, the business corporation act, the professional corporation act, and the trade name act.

COMMITTEE MEMBERS PRESENT:

Senators Dupont, St. Jean, Roberge and Wiggins

Senator Dupont opened the hearing.

Representative Dennis Fields - Hills D. 13: I was asked by the Secretary of State and Mr. Kit Morgan to put this bill in. I think it is a very good bill. All it does is clarify some of the present law. Went through on consent calendar.

Christopher Morgan - Office of the Secretary of State, Director of the Corporations Division: This bill merely streamlines the present law and I would be willing to walk through the bill with you. Sections one and two deal with the non-profit corporations. One is technical - foreign corporations file under the same provisions as the business corporations. When the business corporations were changed, the references in this law was not changed, so it makes a reference to a RSA that does not exist any more. Section two has to do with the return that non-profits file which they file every 10 years. It rasises the fee from $5 to $10. If makes a change - if the corporation fails to file, it is dissolved after that year. But there is no provision in the law now to notify them that they have been dissolved. We have inserted that provision. The problem that has happened in the past is that they don't hear about the dissolution. Section three through nine deal with the business corporation law - merely adding the word lease. Sections 4 and 5 the secretary of state dissolves business corporations if they fail to pay their fees or file their returns. They can also be dissolved if they fail to maintain a registered agent, but currently the AG is responsible for that. After talking with him, it seemed ridiculous to have him go to court to do this, when we could do it with a letter. The other point in section 4 b - corporation can reinstate after they have been dissolved. The court currently requires that they pay 10% interest. However, our form appears to be confusing as to 10% of what they have to pay. This would change it to a flat $50.00 instead of 10% interest. $50 is the average amount they pay now. Section 7 is a technical change. Now when a foreign corporation wants to do business in NH, the S/St has the authority to require them to submit all of their articles of incorporation, but there is really no need for us to have that on file. Instead it makes more sense to require them to send us a certificate of good standing from their own s/st. If something seems to be wrong, we can still require them to send all of their papers. Section 8 is a technical change to make that section consistent with the rest of the law as to date of filing papers. Section 9 - annual reports that all business corporations have to file. Line for registered agent and alot put down the wrong person. 25,000 - 30,000 coming in and we can't compare to see if that is the agent we have on our records. They are already required by law to file when they change their agent. Sometimes we send out incorrect information. So we would like to delete that line from the annual report. The annual report also for principal addresses. Sometimes it helps to have as many addresses as possible.

Section 10 has to do with professional corporation law. This provision contains a list that contains all that can file under this. Basically taken from the old law. In the new law we tried to remove the laundry list, and we have had problems with it with various occupations trying to file and we have no way of judging whether they are professions or not without any definition in the law. So we have referred them to the AG, and he has advised us to put this back in. Sections 11-15 and 17 have to do with the tradename law. The major change is reducing the time period for registration of a trade name from 10 years to 5 years. Our experience shows that many trade names are no longer active after 5 years or less. But we have to keep them on our records and protect them. The fee is the same, just shorten the time period. It would grandfather existing trade names. It also gives us a provision to add someone to a trade name. Current law allows us to take a name off, but not to add. The sections we are repealing - section 16 - nonprofits are required to file all their records when the dissolve. Luckily no one does that or we would run out of space. No other corporation has this type of provision. People could track down our records by using our files if they wanted to. II and III deal with the dissolution of non-profits. S/St was required to publish in the UNION LEADER all dissolved non-profits. By making us required to notify each one that they were about to be dissolved, this advertisement is no longer necessary. IV is techincal - prof. corp. law that is no longer relevant.

Sen. Dupont: How many trade names do we have registered?

C. Morgan: About 28,000 and 24,000 corporations.

Sen. Dupont: This section on shortening the life of trade names only concerns new ones?

C. Morgan: New ones after January 1, 1986.

Sen. Dupont: What is the fee now?

C. Morgan: $40.00.

HEARING CLOSED
10:05 am