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Assembly
California Legislature



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AGENDA

MARCH 18, 2013

11:30 A.M.

STATE CAPITOL - ROOM 4202

BILL

AB 113 (BUDGET COMMITTEE) BUDGET ACT OF 2012



Date of Hearing: March 18, 2013

ASSEMBLY COMMITTEE ON BUDGET

Bob Blumenfield, Chair

AB 113 (Budget Committee) – As Amended: March 14, 2013

SUBJECT: Budget Act; Secretary of State Business Entity Filings

SUMMARY: Amends the Budget Act of 2012 to increase the appropriation for the Secretary of State by \$2 million to address the business filing backlog. Specifically, this bill:

- 1) Appropriates \$2 million of business filing fees to the Secretary of State only to be used for overtime pay and temporary staffing to reduce business filing processing times by amending the 2012-13 Budget Act.
- 2) Requires the Secretary of State to report monthly to the Joint Legislative Budget Committee to ensure progress is being made to decrease business filing return times.

FISCAL EFFECT: \$2 million appropriation from fee revenues. To the extent additional filings are processed, additional fees will be collected potentially offsetting all, if not more, of this cost. (According to the Secretary of State's Office, an earlier effort to accelerate the business filings process time frame resulted in \$5 collected for every \$1 spent.) Unspent fee revenues ultimately are transferred to the General Fund.

COMMENTS: California businesses are unnecessarily delayed by the Secretary of State's business filings processing time. Historically, the Secretary of State took 20 days to process business filings. Last year, budget cuts and insufficient staff pushed processing times to an all-time high of 85 days.

Currently, there is a backlog of 122,000 documents and a 65 calendar day wait time for Business Entity Documents to be processed. As a result, businesses cannot hire employees, begin paying entity taxes, or officially open their doors for two months. This is detrimental to business owners, workers, and the California economy.

On March 12, 2013, Assembly Budget Subcommittee #4 took action to immediately begin reducing the time for processing business filings and to ultimately bring the processing time frame to within five days. This bill implements the current year component of that action by appropriating \$2 million to the Secretary of State to begin addressing the business filing backlog through overtime and temporary staffing. This bill compliments measures that will be included in the 2013-14 Budget Act package, including establishing a statutory five day standard for document processing, strong reporting requirements, and ongoing resources necessary to permanently reduce the time frame to five days by November 2013.

REGISTERED SUPPORT / OPPOSITION:

Support

California Business Roundtable

Opposition

None on file.

Analysis Prepared by: Zoe Adler / BUDGET / (916) 319-2099