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-PRESS RELEASE-

MERRILL PRAISES FINAL PASSAGE OF BILL TO CLEAN UP STATE BUSINESS REGISTRY, ELIMINATE FEE FOR BUSINESSES TO DISSOLVE

SECRETARY OF THE STATE PRAISES UNANIMOUS APPROVAL OF HOUSE BILL NO.
5489 – WILL GUARD AGAINST BUSINESS IDENTITY THEFT AND REDUCE
UNNECESSARY BUSINESS ENTITY TAX LIABILITY

HARTFORD: Secretary of the State Denise Merrill today praised the Connecticut General Assembly for unanimously approving House Bill No. 5489 “An Act Concerning the Integrity of the Business Registry” that eliminates the fee for a business entity registered with the state to dissolve as of July 1, 2015. The bill passed the state House by a vote of 140-0 on May 2, 2014 and was approved by the State Senate on the consent calendar as the 2014 legislative session expired Wednesday night May 7, 2014. If signed into law by Governor Dannel P. Malloy, the bill will restore the authority of the Secretary of the State to administratively dissolve a business entity that has not complied with state laws to file annual reports for at least one year. It gives the Secretary of the State the authority to administratively dissolve any non-stock (non-profit) corporation after two years of failure to comply with the legal requirement to file annual reports. The bill’s goal is to clean up the database of businesses registered with the Secretary of the State’s office, reducing the number of listings from defunct businesses and encourage companies that have long since gone out of business to take the legal step to dissolve their corporation.

“I am grateful that the General Assembly unanimously endorsed changing the law to clean up our state business registry,” said Secretary Merrill, Connecticut’s chief business registrar. “Currently there may be as many as 100,000 businesses listed as active registered businesses with the state who have not filed their required annual reports sometimes for years. Having thousands of defunct companies listed as active in our public database harms consumers and also leaves those businesses on the hook for years of back payments for the state business entity tax. There is also a danger that fraudulent actors could steal the identity of a defunct business to engage in other nefarious activity. If enacted, this bill will encourage those companies no longer in operation to dissolve their business entity and will go a long way towards cleaning up our business registry. I look forward to Governor Malloy signing this bill into law.”

House bill No. 5489 enacts the following changes:

- If a business entity does not file an annual report for at least one year, Secretary of the State is authorized to contact the business to inquire as to its status and remind the company that it will be administratively dissolved if the requisite annual reports are not filed within 90 days.
- If there is no response from the business entity within 90 days, the Secretary of the State is authorized to administratively dissolve the company.
- For Non Stock Corporations (Not-for-profit entities), the Secretary of the State would be authorized to initiate contact towards administrative dissolution after the Non Stock Corporation fails to file annual reports for two years.
- For Foreign business entities (those formed under the laws of a state or jurisdiction other than Connecticut), the Secretary of the State would have the authority to initiate contact toward revoking an entity's authority to transact in Connecticut if the entity fails to file an annual report – avoiding the one-year waiting period granted to domestic business entities.
- Any business entity that is administratively dissolved could be reinstated to active status after paying a fee to the Secretary of the State's office, with no time limit in place for such reinstatement.

Historically, the Connecticut Secretary of the State had the legal authority to administratively dissolve business entities that failed to file required annual reports. Business entities that were dissolved, however, were not able to be reinstated to active status if they were dissolved for a period of longer than three years. This proved controversial, as numerous dissolved business entities lobbied for the passage of special acts by the Connecticut General Assembly in order to be reinstated and therefore be exempt from the three-year window. Administrative dissolution authority was revoked from the Secretary of the State's office in 1995.