

WEST VIRGINIA LEGISLATURE

2022 REGULAR SESSION

Committee Substitute

for

Senate Bill 96

BY SENATORS SMITH, MARTIN, ROMANO, RUCKER,

CAPUTO, LINDSAY, AND WOODRUM

[Originating in the Committee on the Judiciary; and

then to Finance; reported on February 24, 2022]

1 A BILL to amend and reenact §59-1-2a of the Code of West Virginia, 1931, as amended, relating
2 to requiring disclaimers on third party, nongovernment solicitations of services for filing
3 business annual reports with the Secretary of State; and creating criminal and civil
4 penalties.

Be it enacted by the Legislature of West Virginia:

ARTICLE 1. FEES AND ALLOWANCES.

**§59-1-2a. Annual business fees to be paid to the Secretary of State; filing of annual reports;
purchase of data.**

1 (a) *Definitions.* — As used in this section:

2 (1) “Annual report fee” means the fee described in subsection (c) of this section that is to
3 be paid to the Secretary of State each year by corporations, limited partnerships, domestic limited
4 liability companies, and foreign limited liability companies. After June 30, 2008, any reference in
5 this code to a fee paid to the Secretary of State for services as a statutory attorney in fact shall
6 mean the annual report fee described in this section.

7 (2) “Business activity” means all activities engaged in or caused to be engaged in with the
8 object of gain or economic benefit, direct or indirect, but does not mean any of the activities of
9 foreign corporations enumerated in §31D-15-1501(b) of this code, except for the activity of
10 conducting affairs in interstate commerce when activity occurs in this state, nor does it mean any
11 of the activities of foreign limited liability companies enumerated in §31B-10-1003(a) of this code,
12 except for the activity of conducting affairs in interstate commerce when activity occurs in this
13 state.

14 (3) “Corporation” means a “domestic corporation”, a “foreign corporation”, or a “nonprofit
15 corporation”.

16 (4) “Deliver or delivery” means any method of delivery used in conventional commercial
17 practice, including, but not limited to, delivery by hand, mail, commercial delivery, and electronic
18 transmission.

19 (5) "Domestic corporation" means a corporation for profit, which is not a foreign
20 corporation, incorporated under or subject to chapter 31D of this code.

21 (6) "Domestic limited liability company" means a limited liability company, which is not a
22 foreign limited liability company, under or subject to chapter 31B of this code.

23 (7) "Foreign corporation" means a for-profit corporation incorporated under a law other
24 than the laws of this state.

25 (8) "Foreign limited liability company" means a limited liability company organized under
26 a law other than the laws of this state.

27 (9) "Limited partnership" means a partnership as defined by §47-9-1 of this code.

28 (10) "Nonprofit corporation" means a nonprofit corporation as defined by §31E-1-150 of
29 this code.

30 (11) "Registration fee" means the fee for the issuance of a certificate relating to the initial
31 registration of a corporation, limited partnership, domestic limited liability company, or foreign
32 limited liability company described in §59-1-2(a)(2) of this code. The term "initial registration" also
33 means the date upon which the registration fee is paid.

34 (12) "Veteran" means any person who has served as an active member of the armed
35 forces of the United States, the National Guard, or a reserve component as described in 38 U. S.
36 C. §101. Notwithstanding any provision in this code to the contrary, a veteran must be honorably
37 discharged or under honorable conditions as described in 38 U. S. C. §101.

38 (13) "Veteran-owned business" or "active-duty member-owned business" mean a
39 business that meets the following criteria:

40 (A) Is at least 51 percent unconditionally owned by one or more veterans, active-duty
41 members of any branch of the United States military, or their respective spouses; or

42 (B) In the case of a publicly owned business, at least 51 percent of the stock is
43 unconditionally owned by one or more veterans, active-duty members of any branch of the United
44 States military, or their respective spouses.

45 (b) Required payment of annual report fee and filing of annual report. — After June 30,
46 2008, no corporation, limited partnership, domestic limited liability company, or foreign limited
47 liability company may engage in any business activity in this state without paying the annual report
48 fee and filing the annual report as required by this section.

49 (c) *Annual report fee.* — After June 30, 2008, each corporation, limited partnership,
50 domestic limited liability company, and foreign limited liability company engaged in or authorized
51 to do business in this state shall pay an annual report fee of \$25 for the services of the Secretary
52 of State as attorney-in-fact for the corporation, limited partnership, domestic limited liability
53 company, or foreign limited liability company and for such other administrative services as may
54 be imposed by law upon the Secretary of State. The fee is due and payable each year after the
55 initial registration of the corporation, limited partnership, domestic limited liability company, or
56 foreign limited liability company with the annual report described in subsection (d) of this section
57 on or before the dates specified in subsection (e) of this section. The fee is due and payable each
58 year with the annual report from corporations, limited partnerships, domestic limited liability
59 companies, and foreign limited liability companies that paid the registration fee prior to July 1,
60 2008, on or before the dates specified in subsection (e) of this section. The annual report fees
61 received by the Secretary of State pursuant to this subsection shall be deposited by the Secretary
62 of State in the General Administrative Fees Account established by §59-1-2 of this code.

63 (d) *Annual report.* —

64 (1) After June 30, 2008, each corporation, limited partnership, domestic limited liability
65 company, and foreign limited liability company engaged in or authorized to do business in this
66 state shall file an annual report. The report is due each year after the initial registration of the
67 corporation, limited partnership, domestic limited liability company, or foreign limited liability
68 company with the annual report fee described in subsection (c) of this section on or before the
69 dates specified in subsection (e) of this section. The report is due each year from corporations,
70 limited partnerships, domestic limited liability companies, and foreign limited liability companies

71 that paid the registration fee prior to July 1, 2008, on or before the dates specified in subsection
72 (e) of this section.

73 (2)(A) The annual report shall be filed with the Secretary of State on forms provided by
74 the Secretary of State for that purpose. The annual report shall, in the case of corporations,
75 contain: (i) The address of the corporation's principal office; (ii) the names and mailing addresses
76 of its officers and directors; (iii) the name and mailing address of the person on whom notice of
77 process may be served; (iv) the name and address of the corporation's parent corporation and of
78 each subsidiary of the corporation licensed to do business in this state; (v) in the case of limited
79 partnerships, domestic limited liability companies, and foreign limited liability companies, similar
80 information with respect to their principal or controlling interests as determined by the Secretary
81 of State or otherwise required by law to be reported to the Secretary of State; (vi) the county or
82 county code in which the principal office address or mailing address of the company is located;
83 (vii) business class code; and (viii) any other information the Secretary of State considers
84 appropriate.

85 (B) Notwithstanding any other provision of law to the contrary, the Secretary of State shall,
86 upon request of any person, disclose, with respect to corporations: (i) The address of the
87 corporation's principal office; (ii) the names and addresses of its officers and directors; (iii) the
88 name and mailing address of the person on whom notice of process may be served; (iv) the name
89 and address of each subsidiary of the corporation and the corporation's parent corporation; (v)
90 the county or county code in which the principal office address or mailing address of the company
91 is located; and (vi) the business class code. The Secretary of State shall provide similar
92 information with respect to information in its possession relating to limited partnerships, domestic
93 limited liability companies, and foreign limited liability companies, similar information with respect
94 to their principal or controlling interests.

95 (e) *Annual reports and fees due July 1.* — Each domestic and foreign corporation, limited
96 partnership, limited liability company, and foreign limited liability company shall file with the

97 Secretary of State the annual report and pay the annual report fee by July 1 of each year.

98 (f) *Deposit of fees.* — The annual report fees received by the Secretary of State pursuant
99 to this section shall be deposited by the Secretary of State in the general administrative fees
100 account established by §59-1-2 of this code.

101 (g)(1) *Duty to pay.* — It shall be the duty of each corporation, limited partnership, limited
102 liability company, and foreign limited liability company required to pay the annual report fees
103 imposed under this article to remit them with a properly completed annual report to the Secretary
104 of State, and if it fails to do so, it shall be subject to the late fees prescribed in subsection (h) of
105 this section and dissolution or revocation pursuant to this code: *Provided*, That before dissolution
106 or revocation for failure to pay fees may occur, the Secretary of State shall notify the entity by
107 certified mail, return receipt requested, of its failure to pay, all late fees or bad check fees
108 associated with the failure to pay, and the date upon which dissolution or revocation will occur if
109 all fees are not paid in full. The certified mail required by this subdivision shall be postmarked at
110 least 30 days before the dissolution or revocation date listed in the notice.

111 (2) *Bad check fee.* — If any corporation, limited partnership, limited liability company, or
112 foreign limited liability company submits payment by check or money order for the annual report
113 fee imposed under this article and the check or money order is rejected because there are
114 insufficient funds in the account or the account is closed, the Secretary of State shall assess a
115 bad check fee to the corporation, limited partnership, limited liability company, or foreign limited
116 liability company that is equivalent to the service charge paid by the Secretary of State due to the
117 rejected check or money order. The bad check fee assessed under this subdivision shall be
118 deposited into the account or accounts from which the Secretary of State paid the service charge.

119 (h) *Late fees.* —

120 (1) The following late fees shall be in addition to any other penalties and remedies
121 available elsewhere in this code:

122 (A) *Administrative late fee.* — The Secretary of State shall assess upon each corporation,

123 limited partnership, limited liability company, and foreign limited liability company delinquent in
124 the payment of an annual report fee or the filing of an annual report an administrative late fee in
125 the amount of \$50.

126 (B) *Administrative late fees for nonprofit corporations.* — The Secretary of State shall
127 assess each nonprofit corporation delinquent in the payment of an annual report fee or the filing
128 of an annual report an administrative late fee in the amount of \$25.

129 (2) The Secretary of State shall deposit the first \$25,000 of fees collected under this
130 subsection into the General Administrative Fees Account established in §59-1-2(h) of this code
131 and shall deposit any additional fees collected under this section into the General Revenue Fund
132 of the state.

133 (i) *Reports to Tax Commissioner; suspension, cancellation or withholding of business*
134 *registration certificate.* —

135 (1) The Secretary of State shall, within 20 days after the close of each month, make a
136 report to the Tax Commissioner for the preceding month, in which he or she shall set out the
137 name of every business entity to which he or she issued a certificate to conduct business in the
138 State of West Virginia during that month. The report shall set out the names and addresses of all
139 corporations, limited partnerships, limited liability companies, and foreign limited liability
140 companies to which he or she issued certificates of change of name or of change of location of
141 principal office, dissolution, withdrawal, or merger. If the Secretary of State fails to make the
142 report, it shall be the duty of the Tax Commissioner to report such failure to the Governor. A writ
143 of mandamus shall lie for correction of such failure.

144 (2) Notwithstanding any other provisions of this code to the contrary, upon receipt of notice
145 from the Secretary of State that a corporation, limited partnership, limited liability company, and
146 foreign limited liability company is more than 30 days delinquent in the payment of annual report
147 fees or in the filing of an annual report required by this section, the Tax Commissioner may
148 suspend, cancel, or withhold a business registration certificate issued to or applied for by the

149 delinquent corporation, limited partnership, limited liability company, or foreign limited liability
150 company until the same is paid and filed in the manner provided for the suspension, cancellation,
151 or withholding of business registration certificates for other reasons under §11-12-1 *et seq.* of this
152 code.

153 (j) *Purchase of data.* — The Secretary of State ~~will~~ shall provide electronically, for
154 purchase, any data maintained in the Secretary of State's Business Organizations Database. For
155 the electronic purchase of the entire Business Organizations Database, the cost is \$12,000. For
156 the purchase of the monthly updates of the Business Organizations Database, the cost is \$1,000
157 per month. The fees received by the Secretary of State pursuant to this subsection shall be
158 deposited by the Secretary of State in the General Administrative Fees Account established by
159 §59-1-2 of this code.

160 (k) The Secretary of State ~~is authorized to~~ may collect the service fee per transaction, if
161 any, charged for an online service from any customer who purchases data or conducts
162 transactions through an online service.

163 (l) *Rules.* — The Secretary of State may propose rules for legislative approval, in
164 accordance with the provisions of §29A-3-1 *et seq.* of this code, to implement this article.

165 (m) A veteran-owned business, as defined in subdivision (a)(13) of this section,
166 commenced on or after July 1, 2015, or an active-duty member-owned business, as defined in
167 subdivision (a)(13) of this section, commenced on or after July 1, 2021, is exempt from paying
168 the annual report fee, required by this section, for the first four years after its initial registration:
169 *Provided,* That a veteran-owned business or an active-duty member-owned business is not
170 exempt from any filing deadlines or other fees required by this section.

171 (n) Any person, firm, corporation, or association that is a nongovernmental entity who
172 solicits the purchase of or payment for a product or service from businesses with which they do
173 not have a pre-existing commercial relationship for annual report filing under subsection (d) of
174 this section by means of a mailing, electronic mail, or facsimile, shall include all of the following

175 requirements on each solicitation:

176 (1) Conspicuously display in the heading of the solicitation a disclosure on the front and
177 back of each page, the following statement in 16-point bold Helvetica font and in all capital letters:
178 “THIS PRODUCT OR SERVICE HAS NOT BEEN APPROVED OR ENDORSED BY ANY
179 GOVERNMENTAL AGENCY, AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF
180 THE GOVERNMENT”;

181 (2) In the case of a mailed solicitation, the envelope or outside cover or wrapper in which
182 the solicitation is mailed, conspicuously display in 16-point bold Helvetica font and in all capital
183 letters on the front of the envelope, outside cover, or wrapper, the following disclosure: “THIS IS
184 NOT A GOVERNMENT DOCUMENT”; and

185 (3) On each fee schedule page, the following disclosure in 12-point bold font: “Annual
186 Report filings may be filed directly with the Secretary of State for the statutory \$25 fee”.

187 (o) Any person who violates subsection (n) of this section is guilty of a misdemeanor and,
188 upon conviction thereof, shall be fined up to \$1,000 for each noncompliant solicitation, or confined
189 in jail for a period of up to one year, or both fined and confined.

190 (p) Any person harmed as a result of a violation of subsection (n) of this section shall be
191 entitled to recover damages in an amount equal to three times the amount solicited, any
192 associated court costs and attorneys’ fees, and any other damages, at the discretion of the court.