

**KRIS W. KOBACH**  
Secretary of State



Memorial Hall, 1st floor  
120 S.W. 10th Avenue  
Topeka, KS 66612-1594  
(785) 296-4564

## STATE OF KANSAS

### House Committee on Judiciary

#### Testimony on House Bill 2207

Ryan Kriegshauser, Deputy Assistant Secretary of State,  
Office of Legal Counsel and Policy

January 26, 2012

Chairman Kinzer and Members of the Committee:

Thank you for the opportunity to testify on House Bill 2207. This bill would allow for the establishment of series limited liability companies. As the filing office for the State of Kansas, this bill would require the Kansas Secretary of State's office to make changes to its current filing process. The Secretary of State's office has a handful of questions, comments, and concerns I would like to address to the Committee regarding how HB 2207 would affect the Secretary of State's filing procedures.

The bill, as currently written, should not be overly burdensome for our office to administer. However, it would require the creation of a new entity type and a new set of forms for organizing series LLCs. While this will require some process creation and programming, it should not be incredibly difficult if given enough time to implement these changes. However, I would ask that the committee provide guidance in a few areas if it decides to pass this bill.

First, the bill does not clearly state the process by which a regular LLC can become a series LLC. Theoretically, it would merely require an amendment to the LLC's articles of organization to include the statutory notice. It would be helpful to our office to clearly mention this possibility in the law if it is intended. Such a change would appear in the LLC's history as an amendment.

Second, as we read the current bill, this legislation does not require indexing of individual series. Rather, all series will be indexed by the master LLC. If this is what is intended by the legislature, this addition should not create a major problem for our IT staff. However, indexing by series and allowing searches to be performed at the series level could present substantial information technology hurdles as our system is not set up to allow filing searches.

House Judiciary

Date 1-26-12

Attachment # 7

**Business Services:** (785) 296-4564  
**Fax:** (785) 296-4570

**Web site:** [www.sos.ks.gov](http://www.sos.ks.gov)  
**E-mail:** [kssos@sos.ks.gov](mailto:kssos@sos.ks.gov)

**Elections:** (785) 296-4561  
**Fax:** (785) 291-3051

New Section 1(d) seems to reference an outdated process, no longer used by our office. The bill refers to duplicate copies stamped "Filed" and marked with the filing date. In the past, duplicate copies of filings were submitted. This process required our office to compare the filings to ensure they were identical. Instead, we now take one filing. Validate it and issue a certified copy. Our office has found this to be a more efficient approach to the filing process.

In talking to Representative Bruchman, there appears to be an amendment to the bill that does add additional requirements to our office. As of writing this testimony, our office has not received that amendment language from the Reviser's office. Through discussions with Representative Bruchman, this amendment would require that any limited liability company wishing to establish a series file a certificate of designation with the Secretary of State. We would ask for further guidance on the requirements of the certificate of designation. The Secretary of State's office will either need to create a new form for this certificate of designation or will need to determine if the certificate of designation submitted by the limited liability company meets statutory requirements. Either option will require our office to make a determination of whether the certificate of designation standards are met before the certificate is officially filed. Clear requirements would make this process easier and more efficient for both the Secretary of State's office and the limited liability companies establishing the series.

Section 5 of this Bill declares that the act shall take effect and be in force from and after its publication in the statute book. Due to the changes to the filing process this bill would necessitate the Secretary of State's office make; our office requires a longer time period to prepare for this change. The length of preparation time required is contingent on the requirements for the certificate of designation and the subsequent changes that must be made to comply with these requirements.

Thank you for your consideration.

---

Ryan Kriegshauser  
Deputy Assistant Secretary of State, Office of Legal Counsel and Policy

House Judiciary  
Date 1-26-12  
Attachment # 7-2