

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 142

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 20, 2022

The Assembly Appropriations Committee reports favorably Senate Bill No. 142 with committee amendments.

As amended, this bill modifies applicable business filing statutes contained in the “New Jersey Business Corporation Act” by adding domestication and conversion provisions across all business entity types. Under the bill, a domestic corporation that converts to any other entity that will be domiciled in New Jersey is required to file a certificate of conversion that states (1) the name of the corporation, or a proposed new name, (2) the future effective date or time of the conversion, and (3) that the conversion was adopted pursuant to the provisions of the bill. Additionally, in the event of service upon another entity organized, formed, or created under the laws of a jurisdiction other than New Jersey but that transacts business in the State, the filing office is to notify the corporation that has converted out of the State by letter, sent through the mail or courier service, at the address specified by that corporation and is to maintain a record of the mailing or deposit with a courier.

Conversion is the process of converting from one type of business entity to another type. Domestication is the process of an out-of-state business entity converting to a domestic corporation. New Jersey law currently does not permit these actions. This bill will make New Jersey a more attractive State for the incorporation of businesses, by bringing it in line with many other states that allow domestication and conversion.

As amended and reported, Senate Bill 142 is identical to Assembly Bill 4341, which was also amended and reported on this date.

COMMITTEE AMENDMENTS:

The committee approved amendments to:

(1) require a domestic corporation that converts to any other entity that will be domiciled in New Jersey to file a certificate of conversion that states the name of the corporation, or a proposed new name; the future effective date or time of the conversion; and that the conversion was adopted pursuant to the provisions of the bill;

(2) require the filing office to notify another entity organized, formed, or created under the laws of a jurisdiction other than New

Jersey but that transacts business in the State of service upon the entity by letter, sent through the mail or courier service, at the address specified by that entity and to maintain a record of the mailing or deposit with a courier;

(3) delete the requirement for a signature upon delivery of a letter regarding service; and

(4) make technical corrections.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will result in an indeterminate annual State revenue increase due to the collection of the \$75 filing fee for a certificate of conversion. The OLS does not have sufficient information to accurately forecast the number of corporations that would be domesticated.

The OLS notes that this bill may result in a potential, likely insignificant, increase in annual State expenditures tied to the requirement for the Department of the Treasury to issue foreign corporations a certificate of authority to transact business in New Jersey.