



State of Rhode Island

Department of State | Office of the Secretary of State

Gregg M. Amore, Secretary of State

April 28, 2026

The Honorable Joseph J. Solomon, Jr., Chair
House Committee on Corporations

RE: Concerns on House Bill 8450, An Act Relating to Corporations, Associations and Partnerships – Rhode Island Business Corporation Act – The Rhode Island Business Climate Reform Act

Dear Chair Solomon,

I am writing today to share my concerns on House Bill 8450, legislation that would make significant changes to how most corporations and partnerships do business in Rhode Island. In doing so, this proposal also gives new authorities and responsibilities to the Rhode Island Department of State's Business Services Division.

The Department's Business Services Division maintains Rhode Island's business registry, which records new business formations, ongoing business registration activity, and annual reports for more than 110,355 active entities registered in our state. The Division also provides thoughtful guidance and comprehensive services to those looking to start and maintain a business or non-profit in Rhode Island, including Virtual Office Hours, live trainings, and the RI Business Assistant. These responsibilities, among others, are performed by nineteen talented and professional staff members.

House Bill 8450 proposes adding responsibilities to the Business Services Division's work that it does not have the capacity to undertake. The first of these would allow the Division to serve as a registered agent or resident agent for foreign corporations and foreign limited liability companies – in Rhode Island, this totals approximately 30,000 entities. A registered agent or resident agent acts as the official in-state point of contact for a business, responsible for receiving service of process, legal notices, and government correspondence on the entity's behalf. All service of process would then have to be sent, via certified mail, from the Business Services Division to the entity. This would impose a significant administrative burden, and it would require staffing increases and a budget allocation for additional mailing expenses.

This legislation would also create a new type of entity, the protected series limited liability company (LLC). While creating a new entity would not impose a long-term administrative burden or cost, an upfront investment would be required. All of the Business Services Division's LLC forms would need to be updated to meet the proposed requirements of the section. Additionally, the Division is currently in the process of modernizing its online filing system, and additional time and financial resources would be required to incorporate a new type of entity. As drafted, the implementation date of this section is upon the bill's passage – the Department of State would require additional time to implement a new entity type, as well as a budget allocation for changes to the online filing system.

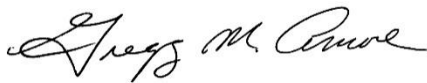
The most concerning provision of the proposed legislation is giving the Department of State the responsibility for assessing and collecting the proposed Franchise Fee. The Franchise Fee would replace the corporate minimum tax, which is assessed and collected by the Division of Taxation. At its current staffing levels, the Department of State would be unable to assess and collect the Franchise Fee, conduct hearings on disputed amounts, and enforce nonpayment, as proposed in House Bill 8450. If the Department of State's Business Services Division took on the responsibility for assessing and collecting Franchise Fees from all entities, it would fundamentally change its mission from holding public records to managing and preserving personally identifiable information and confidential records. Furthermore, taxpayers would be subject to taxation by two different State agencies, creating confusion.

Finally, the Business Services Division has concerns about the impact of the proposed section that would allow LLCs to be formed without the names of members or managers. We understand the potential benefit for attracting higher-value entities to the state, and that anonymity and privacy can be valuable in competitive transactions. But this structure could also increase the number of fraudulent filings – which the Department is actively trying to prevent – and reduce transparency and accountability. The bill also eliminates the requirement for foreign limited liability companies wishing to conduct business in Rhode Island from providing a good standing or certificate of existence from their state of formation. Eliminating this requirement opens the corporate registry to fraud and unverified data.

Our team welcomes discussions on potential amendments to the Business Climate Reform Act to ensure the Business Services team continues to have the capacity to provide Rhode Island business owners with the high level of service they have come to expect from our office.

If you have any questions, please feel free to contact Michelle Arias, Director of Intergovernmental Affairs, at marias@sos.ri.gov. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Gregg M. Amore". The signature is written in a cursive, flowing style.

Gregg M. Amore
Secretary of State

cc: The Honorable Members of the House Committee on Corporations
The Honorable Brian C. Newberry