

Pennsylvania Department of State

Annual report to the General Assembly On business Fee Exemptions For Veteran or Reservist-owned Small Businesses

January 08, 2021

The Department of State (“Department”) submits this report to the General Assembly pursuant to Pa. C.S. § 9611 (e), which requires the Department to annually determine the total number of business fee exemptions applied for and issued and the total dollar amount of the exemptions and submit a report to the chair and minority chair of the Veterans Affairs and Emergency Preparedness Committee of the Senate and the chair and minority chair of the Veterans Affairs and Emergency Preparedness Committee of the House of Representatives.

By way of background, Act 135 of 2016 exempts veterans and reservists starting a small business in the Commonwealth from the payment of a business fee. The law became effective on January 3, 2017.

A **business fee** is any fee required to be paid to the Commonwealth or a political subdivision for starting or opening a business within Pennsylvania.¹ The term does not include a fee for maintaining licensure or other requirement for continuing to operate a business.² A **small business** must be independently owner, not dominant in its field of operation and employ 100 or fewer employees.³ A **veteran- or reservist-owned small business** must be owned and controlled by a veteran/veterans or reservist/reservists.⁴

A **veteran** is an individual who served in the United States Armed Forces including a reserve component or the National Guard, and who was discharged or released from service under conditions other than dishonorable.⁵ A **reservist** is a member of a United States Armed Forces reserve component or National Guard^{6,6}

The filing fees for the following documents are waived by the Department’s Bureau of Corporations and Charitable Organizations (“Bureau”), when the documents are signed by the veteran or reservist and submitted with proof of the veteran’s or reservist’s status:

- Articles of Incorporation (for profit) - \$125
- Articles of incorporation (nonprofit) - \$125
- Certificate of Organization - \$125
- Certificate of Limited Partnership - \$125
- Registration – Domestic Registered Limited Liability Partnership - \$125
- Foreign Registration Statement - \$250
- Registration of Fictitious Name - \$70

¹ 51 Pa.C.S. § 9610.

² *Id.*

³ 62 Pa.C.S. § 2102.

⁴ 51 Pa.C.S. § 9610.

⁵ 51 Pa.C.S. § 9601.

⁶ 51 Pa.C.S. § 9610.

The above-listed business formation documents may be submitted directly from the veteran or reservist or submitted through a law firm or service company. All formation/registration documents must be signed by the veteran or reservist seeking the fee exemption along with **proof** of the veteran’s or reservist’s status.

A veteran or reservist must provide the Bureau with proof of the veteran’s or reservist’s status at the time of the business application is submitted. Such proof includes a legible photocopy of:

- A Federal DD-214 form
- A Federal NGB-22 form
- A valid Federal Veterans’ Administration card or
- A valid Department of Defense-issued military identification card⁷⁷

Formation filings and proof of veteran/reservist status may be submitted to the Bureau online through PENN File, by mail or via personal delivery.

The following table and chart illustrate the total number of business fee exemptions applied for and issued to veteran-or reservist-owned small businesses in the prior calendar year and the total dollar amount of these exemptions.

2020	Number of Filings Submitted	Number of Filings Accepted	Fees Waived
January	449	349	\$38,295.00
February	420	326	\$36,295.00
March	337	250	\$36,125.00
April	357	259	\$26,395.00
May	383	274	\$29,155.00
June	338	242	\$28,125.00
July	398	282	\$32,625.00
August	408	272	\$30,540.00
September	397	284	\$31,805.00
October	325	217	\$25,805.00
November	327	208	\$24,095.00
December	280	148	\$17,645.00
Totals	4419	3111	\$350,395.00

Veterans file via mail and through the online system. The Department averages 260 filings per month with a 30% rejection rate which is primarily because of a missing docketing statement in addition to not providing proof of their veteran or reservist status.

Respectfully submitted,



Kathy Boockvar
 Secretary of the Commonwealth
 Pennsylvania Department of State

⁷ 51 Pa.C.S. § 9611(b).