

State Corporation Commission
2003 Fiscal Impact Statement

1. Bill Number SB861

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Stosch

3. Committee Passed Both Houses

4. Title Limited liability companies; business entities.

5. Summary/Purpose:

Limited liability companies; business entities. Incorporates conforming provisions into the Limited Liability Company Act and analogous provisions of other business entity statutes to enable those entities to merge with business trusts. Other provisions (i) clarify the authority of limited liability companies to convert into stock corporations and vice versa, (ii) provide that when the operating agreement of a limited liability company contains an agreement among members that restricts their ability to pledge or transfer their ownership interests, they will be given effect as a matter of freedom of contract notwithstanding contrary provisions of the Uniform Commercial Code, and (iii) clarify who signs State Corporation Commission filings for limited liability companies that are formed with multiple members.

6. No Fiscal Impact on state agencies.

7. Budget amendment necessary: No.

8. Fiscal implications: The Clerk's Office plans to process Business Trusts utilizing an access database application until the new business entity system is developed in fiscal year 2004 - 2005. The Clerk's Office computer system (CIS) will contain verbiage that a particular business entity merged into a business trust or vice versa.

9. Specific agency or political subdivisions affected: State Corporation Commission's Clerk's Office.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 02/26/03/JHP

cc: Secretary of Commerce and Trade