

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number HB2292

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron McClellan

3. Committee Passed House

4. Title Limited liability companies; parties to actions, professional entities and recordation tax.

5. Summary/Purpose: Limited liability companies; parties to actions, professional entities and recordation tax. Clarifies that a member of a limited liability company is not barred from being a party in an action against a limited liability company when the member has an interest in the action independent of being a member of the limited liability company. The measure also provides that (i) the terms of a limited liability company's articles of organization or operating agreement cannot alter the definition of "membership interest" as a member's share of the profits and the losses of the limited liability company and the right to receive distributions of the limited liability company's assets and (ii) the term "professional corporation" shall not be deemed to include a professional limited liability company when it is used in any section of the Virginia Professional Limited Liability Company Act or in Chapter 7 of Title 13.1, which pertains to professional corporations. Finally, the measure provides that the state recordation tax levied on every deed admitted to record and on every contract or memorandum thereof relating to real or personal property admitted to record shall not apply to any deed conveying real estate or lease of real estate to the surviving or new limited partnership or business trust upon a merger to which two or more business entities are parties, or to the surviving entity of a conversion of one such entity into another such entity, or an entity that has domesticated into or out of the Commonwealth.

6. No Fiscal Impact on state agencies

7. Budget amendment necessary: No.

8. Fiscal implications: None on state agencies.

9. Specific agency or political subdivisions affected:

10. Technical amendment necessary: None noted.

11. Other comments: No.

Date: 1/26/07 JHP

cc: Secretary of Commerce and Trade