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HOUSE BILL NO. 2209

Offered January 15, 2015

A *BILL to amend and reenact § 50-73.88 of the Code of Virginia, relating to the formation of general partnerships.*

Patrons—O'Quinn and Pillion

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:**1. That § 50-73.88 of the Code of Virginia is amended and reenacted as follows:****§ 50-73.88. Formation of partnership.**

A. Except as otherwise provided in subsection B, the association of two or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

B. An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.

C. In determining whether a partnership is formed, the following rules apply:

1. Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.

2. The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.

3. A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

a. Of a debt by installments or otherwise;

b. For services as an independent contractor or of wages or other compensation to an employee;

c. Of rent;

d. Of an annuity or other retirement benefit to a beneficiary, representative, or designee of a deceased or retired partner;

e. Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or

f. For the sale of the goodwill of a business or other property by installments or otherwise.

D. Each person to be admitted as a partner to a partnership formed under subsection A may be admitted as a partner and may receive a partnership interest in the partnership without making a contribution or being obligated to make a contribution to the partnership. Each person to be admitted as a partner to a partnership formed under subsection A may be admitted as a partner without acquiring a transferable interest in the partnership. Nothing contained in this subsection shall affect a partner's liability under § 50-73.96.

INTRODUCED

HB2209