

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: SB1241

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Stosch

3. Committee: Senate Floor

4. Title: Limited liability companies.

5. Summary: Limited liability companies. Provides that a limited liability company is bound by its operating agreement whether or not the limited liability company executes the operating agreement. The measure clarifies that the existing restrictions on distributions by a limited liability company do not apply to distributions of assets upon the company's dissolution. The period during which a member of a limited liability company is liable for a wrongful distribution made by the company is shortened from six to two years. The grounds for dissociating a member from a limited liability company are revised to remove the existing provision that states that a transfer of the member's interest for security purposes or by a court order charging the interest does not provide grounds for the member's expulsion if such a transfer or charging has not been foreclosed. The provision that a claim against a dissolved limited liability company is barred in certain circumstances if the claimant does not commence enforcement proceedings within 90 days from delivery of written confirmation of the claim to the dissolved company is revised to require that the claimant's proceeding be commenced within 90 days from the effective date of the notice from the company. The measure also provides that a dissolved limited liability company may apply for a court determination of the security to be provided for payment of claims that are based on a liability that will mature more than 60 days after the delivery of notice to the claimant. The Professional Limited Liability Company Act is amended to provide that the obligation of such a company to pay a former member the value of his interest when his membership is terminated is not contingent upon the company's continuation. The measure also makes several technical revisions to the Limited Liability Company Act.

6. Fiscal Impact Estimates: None 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: No.

11. Other Comments: This bill was introduced at the request of the Virginia Bar Association, Business Section Council.

Date: 1/21/2009 J. Peck

cc: Secretary of Commerce and Trade