

Hall of the House of Representatives
87th General Assembly - Regular Session, 2009
Amendment Form

Subtitle of House Bill No. 2102

"TO ALLOW FOR THE CREATION OF A LOW- PROFIT LIMITED LIABILITY
COMPANY."

Amendment No. 1 to House Bill No. 2102.

Amend House Bill No. 2102 as originally introduced:

Delete the title in its entirety and substitute the following:

"AN ACT TO ALLOW FOR THE CREATION OF A LOW-PROFIT LIMITED LIABILITY COMPANY;
AND FOR OTHER PURPOSES."

AND

Delete the subtitle in its entirety and substitute:

"TO ALLOW FOR THE CREATION OF A LOW-
PROFIT LIMITED LIABILITY COMPANY."

AND

Delete everything after the enacting clause and substitute the following:

"SECTION 1. Arkansas Code § 4-32-102 is amended to read as follows:
4-32-102. Definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Articles of organization" means articles filed under § 4-32-201, and those articles as amended and restated;

(2) "Corporation" means a corporation formed under the laws of any state or foreign country, including professional corporations or associations;

(3) "Court" includes every court having jurisdiction in the case;

(4) "Event of dissociation" means an event that causes a person to cease to be a member as provided in § 4-32-802;

(5) "Foreign limited liability company" means an organization that is:

(A) An unincorporated association;

(B) Organized under laws of a state other than the laws of this state, or under the laws of any foreign country;

(C) Organized under a statute pursuant to which an association may be formed that affords to each of its members limited



liability with respect to the liabilities of the entity; and

(D) Not required to be registered or organized under any statute of this state other than this chapter;

(6) "Limited liability company" or "domestic limited liability company" means an organization formed under this chapter;

(7) "Limited liability company interest" or "interest in the limited liability company" means the interest that can be assigned under § 4-32-704 and charged under § 4-32-705;

(8) "Limited partnership" means a limited partnership formed under the laws of any state or foreign country;

(9)(A) "L3C" or "low-profit limited liability company" means a person organized under this chapter that is organized for a business purpose that satisfies and is at all times operated to satisfy each of the following requirements:

(i) The company:

(a) Significantly furthers the accomplishment of one (1) or more charitable or educational purposes within the meaning of § 170(c)(2)(B) of the Internal Revenue Code of 1986, 26 U.S.C. § 170(c)(2)(B); and

(b) Would not have been formed but for the company's relationship to the accomplishment of charitable or educational purposes;

(ii)(a) A significant purpose of the company is not the production of income or the appreciation of property.

(b) However, the fact that a person produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property; and

(iii) The purpose of the company is not to accomplish one (1) or more political or legislative purposes within the meaning of § 170(c)(2)(D) of the Internal Revenue Code of 1986, 26 U.S.C. § 170(c)(2)(D).

(B)(i) If a company that met the definition of this subdivision at the time it was formed ceases to satisfy any one (1) of the requirements of subdivision (9)(A) of this section, the company shall cease being a low-profit limited liability company but by continuing to meet all other requirements of this chapter shall continue to exist as a limited liability company.

(ii) If a company no longer meets the definition of a low-profit limited liability company, the name of the company shall be changed to comply with § 4-32-103;

~~(9)~~(10) "Manager" or "managers" means, with respect to a limited liability company that has set forth in its articles of organization that it is to be managed by managers, the person or persons designated in accordance with § 4-32-401;

~~(10)~~(11) "Member" or "members" means a person or persons who have been admitted to membership in a limited liability company as provided in § 4-32-801 and who have not ceased ~~to be~~ being members as provided in § 4-32-802;

~~(11)~~(12) "Operating agreement" means the written agreement which shall be entered into among all of the members as to the conduct of the business and affairs of a limited liability company;

~~(12)~~(13) "Person" means an individual, a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, an association, a corporation, a custodian, a nominee and other individual entity in its own or representative capacity, or any other legal entity;

~~(13)~~(14) "Professional service" means any type of professional service which may be legally performed only pursuant to a license or other legally mandated personal authorization. For example: the personal service rendered by certified public accountants, architects, engineers, dentists, doctors and attorneys at law; and

~~(14)~~(15) "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

SECTION 2. Arkansas Code § 4-32-103(a), concerning the name of a limited liability company, is amended to read as follows:

(a)(1) The Except for a low-profit limited liability company, the name of each limited liability company as set forth in its articles of organization must contain the words "Limited Liability Company" or "Limited Company" or the abbreviations "L.L.C.," "L.C.," "LLC," or "LC." The word "Limited" may be abbreviated as "Ltd." and the word "Company" may be abbreviated as "Co."

(2) The name of a low-profit limited liability company shall contain the abbreviation "L3C" or "l3c".

SECTION 3. Arkansas Code § 4-32-202 is amended to read as follows:
4-32-202. Articles of organization.

The articles of organization shall set forth:

(1) A name for the limited liability company that satisfies the requirements of § 4-32-103;

(2) The information required by § 4-20-105(a), concerning the limited liability company's agent for service of process; and

(3) If management of the limited liability company is vested in a manager or managers, a statement to that effect; and

(4) Whether the limited liability company is a low-profit limited liability company."

The Amendment was read _____
By: Representative Webb
DLP/LHA - 03-19-2009 13:29 _____
DLP339 Chief Clerk