

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 1986

4
5 By: Representative Ferguson

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE TITLE 4, CHAPTER 32 TO
10 ALLOW THE CONVERSION OF A GENERAL PARTNERSHIP OR LIMITED
11 PARTNERSHIP TO A LIMITED LIABILITY COMPANY; AND FOR OTHER
12 PURPOSES."

Subtitle

15 "AN ACT TO ALLOW THE CONVERSION OF A
16 GENERAL PARTNERSHIP OR LIMITED
17 PARTNERSHIP TO A LIMITED LIABILITY
18 COMPANY."

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

23 SECTION 1. Arkansas Code Title 4, Chapter 32 is amended to add the
24 following new subchapter:

25 §SUBCHAPTER 14. CONVERSION OF A PARTNERSHIP.

26 4-32-1401. Conversion of a general partnership of limited partnership
27 to a limited liability company.

28 (a) Conversion. A general or limited partnership organized in this
29 state may be converted to a limited liability company pursuant to this
30 section.

31 (b) Terms and Conditions. The terms and conditions of a conversion of
32 a general or limited partnership to a limited liability company must, in the
33 case of a general partnership, be approved by all partners or by a number or
34 percentage specified for conversion in the partnership agreement or, in the
35 case of a limited partnership, by all of the partners.

36 (c) Filing. After the conversion is approved under subsection (b), the

1 general or limited partnership shall file articles of conversion with the
2 Office of the Secretary of State which satisfy the requirements of § 4-32-202
3 and also include:

4 (1) A statement that the general or limited partnership was
5 converted to a limited liability company from a general or limited
6 partnership, as the case may be;

7 (2) The name and principal business address of the former general
8 or limited partnership;

9 (3) In the case of a general partnership, the name of each of the
10 partners, and in the case of a limited partnership, the name of each of the
11 limited partnership's general partners;

12 (4) In the case of a general partnership, a statement that the
13 terms and conditions of the conversion have been approved by the unanimous
14 vote of the partners or by the number or percentage specified for conversion
15 in the partnership agreement; and

16 (5) The number of members of the limited liability company at the
17 date of conversion.

18 (d) Effective date. In the case of a general partnership, the
19 conversion takes effect when the articles of conversion are filed with the
20 Secretary of State or at any later date on or before ninety (90) days from
21 filing of the articles of conversion if specified in such articles. In the
22 case of a limited partnership, the filing of the articles of conversion with
23 the Office of the Secretary of State, in compliance with this section, shall
24 constitute and be deemed to be a certificate of cancellation of the limited
25 partnership.

26 (e) Continuing liability for pre-limited liability company liabilities.
27 In the case of a general partnership, a partner, or in the case of a limited
28 partnership, a general partner who becomes a member of a limited liability
29 company as a result of the conversion, remains liable as a general partner for
30 all obligations and liabilities incurred by the general partnership or limited
31 partnership before the conversion takes effect. The former general partner's
32 liability for all other obligations and liabilities of the limited liability
33 company incurred after the conversion takes effect is that of a member as
34 provided in this chapter.

35 (f) Amendment of Articles of Conversion. Articles of conversion shall
36 be amended in the same manner as articles of organization.

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4-32-1402. Effect of conversion.

(a) A general or limited partnership that has been converted pursuant to § 4-32-1401 shall be deemed for all purposes the same entity that existed before the conversion.

(b) When a conversion takes effect:

(1) All property owned by the converting general or limited partnership remains vested in the converted entity;

(2) All obligations of the converting general or limited partnership continue as obligations of the converted entity; and

(3) An action or proceeding pending against the converting general or limited partnership may be continued as if the conversion has not occurred.

(c) The converting general or limited partnership shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and such conversion shall not be deemed to constitute a dissolution of such general or limited partnership.

4-32-1403. Conversion to a professional limited liability company.

A partnership which converts into a domestic limited liability company under this chapter may, if the membership and other requirements of this chapter are met, be a professional limited liability company.

SECTION 2. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.