

HB 125 -- LIMITED LIABILITY COMPANIES

SPONSOR: Veit

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Economic Development by a vote of 11 to 0.

Currently, a limited liability company (LLC) may be dissolved by a decree of the circuit court located in the county of the registered office of the LLC upon application by or for a member of the LLC when it is not reasonably practicable to carry on business in conformity with the operating agreement.

This bill expands this provision to also allow the court to dissolve an LLC:

- (1) When dissolution is reasonably necessary for protection of the rights or interests of complaining members;
- (2) When the business of the LLC has been abandoned;
- (3) The management of the LLC is deadlocked or subject to internal dissension;
- (4) The business operations of the LLC are substantially impaired;
or
- (6) Those in control of the LLC have been found guilty of, or have knowingly allowed, persistent and pervasive fraud, mismanagement, or abuse of authority.

This bill is similar to HCS HB 1886 (2024).

PROPOSERS: Supporters say that this bill addresses deadlock situations for LLCs with 50-50 partnerships. Many LLCs that are set up by individuals become deadlocked. When this happens to a corporation, judges can force them to resolve the deadlock or the judge will dissolve the corporation. Comparatively, LLCs are required to go to court to litigate the deadlock. Proponents state this bill will allow LLCs to have a judge dissolve the LLC and will cut down on legal fees.

Testifying in person for the bill were Representative Veit; Dale C. Doerhoff.

OPPOSERS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.