

HCS HB 2508 -- LIMITED LIABILITY COMPANIES (Brown)

COMMITTEE OF ORIGIN: Standing Committee on Economic Development

The following is a summary of the House Committee Substitute for HB 2508.

The bill allows for any person to apply to the Secretary of State (SoS) for a certificate of good standing for a domestic limited liability company (LLC) or a foreign LLC. The requirements to receive a certificate of good standing from the SoS are outlined in the bill. A certificate of good standing issued by the SoS must be prima facie evidence that the domestic or foreign limited liability company exists and is authorized to transact business in this State.

Current law allows a LLC to establish one or more designated series with separate rights, powers, and liabilities. Each series can hold assets and incur debts that are enforceable only against the assets of that series.

Further, the current law allows an operating agreement to establish one or more designated series of members, managers, or interests, each of which may have separate rights, powers, duties, business purposes, investment objectives, and liabilities distinct from the LLC or other series. Debts, liabilities, and obligations incurred by a series are enforceable only against the assets of that series if the records of the series are maintained separately and the articles of organization contain notice of such limitation.

This bill requires each series to be individually profiled and searchable on the SoS's business entity database and authorizes a series to obtain a separate certificate of good standing.