

FIRST REGULAR SESSION

HOUSE BILL NO. 606

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ROWDEN (Sponsor), WOOD, FITZPATRICK, JONES (50),
SOMMER, RICHARDSON, LYNCH, HANSEN, MUNTZEL, GUERNSEY, CURTIS,
RHOADS AND MCKENNA (Co-sponsors).

1498H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 347.015 and 347.020, RSMo, and to enact in lieu thereof two new sections relating to low-profit limited liability companies.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 347.015 and 347.020, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 347.015 and 347.020, to read as follows:

347.015. As used in sections 347.010 to 347.187, the following terms mean:

2 (1) "Articles of organization", the articles referred to in section 347.039, filed with the
3 secretary for the purpose of forming a limited liability company, as the same may be amended
4 or restated from time to time as provided in sections 347.010 to 347.187;

5 (2) "Authorized person", manager, or member, if management of the limited liability
6 company is vested in the members;

7 (3) "Bankruptcy", the entry of an order for relief by the court in a proceeding under the
8 United States Bankruptcy Code, Title 11, U.S.C., as amended, or its equivalent under a state
9 insolvency act or a similar law of other jurisdictions;

10 (4) "Business" includes every trade, occupation or profession;

11 (5) "Contribution", cash, other property, the use of property, services rendered, a
12 promissory note or other binding obligation to contribute cash or property or perform services
13 or any other valuable consideration transferred by a person to the limited liability company as
14 a prerequisite for membership in the limited liability company and any subsequent transfer to the
15 limited liability company by a person in his capacity as a member;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 16 (6) "Court" includes every court and judge having jurisdiction in the case;
- 17 (7) "Domestic limited liability company" or "limited liability company", a limited
18 liability company organized and existing under sections 347.010 to 347.187. **The term also**
19 **means a low-profit limited liability company;**
- 20 (8) "Event of withdrawal", an event that causes a person to cease to be a member as
21 provided in section 347.123;
- 22 (9) "Foreign limited liability company", a limited liability company formed under the
23 laws of any jurisdiction other than the state of Missouri;
- 24 (10) "Manager", with respect to a limited liability company whose articles of
25 organization state that management of the limited liability company is vested in one or more
26 managers, the person or persons designated, appointed or elected as such in the manner provided
27 in subsection 2 of section 347.079;
- 28 (11) "Member", any person that signs in person or by an attorney in fact, or otherwise
29 is a party to the operating agreement at the time the limited liability company is formed and is
30 identified as a member in that operating agreement and any person who is subsequently admitted
31 as a member in a limited liability company in accordance with sections 347.010 to 347.187 and
32 the operating agreement, until such time as an event of withdrawal occurs with respect to such
33 person;
- 34 (12) "Member's interest", a member's share of the profits and losses of a limited liability
35 company and the right to receive distributions of limited liability company assets;
- 36 (13) "Operating agreement", any valid agreement or agreements, written or oral, among
37 all members, or written declaration by the sole member concerning the conduct of the business
38 and affairs of the limited liability company and the relative rights, duties and obligations of the
39 members and managers, if any;
- 40 (14) "Organizer", any of the signers of the articles of organization;
- 41 (15) "Person" includes individuals, partnerships, domestic or foreign limited
42 partnerships, domestic or foreign limited liability companies, domestic or foreign corporations,
43 trusts, business trusts, employee stock ownership trusts, real estate investment trusts, estates,
44 associations, and other business or not-for-profit entities;
- 45 (16) "Real property" includes land, any interest, leasehold or estate in land and any
46 improvements thereon;
- 47 (17) "Secretary", the secretary of state for the state of Missouri and its delegates
48 responsible for the administration of sections 347.010 to 347.187;
- 49 (18) "Surviving entity", the surviving or resulting person pursuant to a merger or
50 consolidation in which one or more domestic limited liability companies are parties;

51 **(19) “Low-profit limited liability company”, a limited liability company that has set**
52 **forth in its articles of organization a business purpose that satisfies, and that is at all times**
53 **operated to satisfy, each of the requirements in this subdivision. A low-profit limited**
54 **liability company:**

55 **(a) Shall significantly further the accomplishment of one or more charitable or**
56 **educational purposes within the meaning of 26 U.S.C. 170(c)(2)(B), and would not have**
57 **been formed but for its relationship to the accomplishment of the charitable or educational**
58 **purposes;**

59 **(b) May not have as a purpose the accomplishment of one or more political or**
60 **legislative purposes within the meaning of 26 U.S.C. 170(c)(2)(D); and**

61 **(c) May not have as a significant purpose the production of income or the**
62 **appreciation of property; however, the fact that the low-profit limited liability company**
63 **produces significant income or capital appreciation is not, in the absence of other factors,**
64 **conclusive evidence of a significant purpose involving the production of income or the**
65 **appreciation of property.**

 347.020. The name of each limited liability company as set forth in its articles of
2 organization:

3 (1) Shall contain the words "limited company", [or] "limited liability company", **or**
4 **“low-profit limited liability company”** or the abbreviation "LC", "LLC", "L.C.", [or] "L.L.C.",
5 **or “L3C”**, and shall be the name under which the limited liability company transacts business
6 in this state unless the limited liability company registers another name under which it transacts
7 business as provided under chapter 417 or conspicuously discloses its name as set forth in its
8 articles of organization;

9 (2) May not contain the word "corporation", "incorporated", "limited partnership",
10 "limited liability partnership", "limited liability limited partnership", or "Ltd." or any
11 abbreviation of one of such words or any word or phrase which indicates or implies that it is
12 organized for any purpose not stated in its articles of organization or that it is a governmental
13 agency; and

14 (3) Must be distinguishable upon the records of the secretary from the name of any
15 corporation, limited liability company, limited partnership, limited liability partnership, or
16 limited liability limited partnership which is licensed, organized, reserved, or registered under
17 the laws of this state as a domestic or foreign entity, unless:

18 (a) Such other holder of a reserved or registered name consents to such use in writing
19 and files appropriate documentation to the secretary to change its name to a name that is
20 distinguishable upon the records of the secretary from the name of the applying limited liability
21 company; or

22 (b) A certified copy of a final decree of a court of competent jurisdiction establishing the
23 prior right of the applicant to the use of such name in this state is filed with the secretary.

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