

HB 817 -- Low-Profit Limited Liability Companies

Sponsor: Storch

This bill allows for the organization of a low-profit limited liability company or L3C. To organize as an L3C, a company must:

(1) Significantly further the accomplishments of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B) of the Internal Revenue Code of 1986;

(2) Have been formed because of the company's relationship to the accomplishment of the charitable or educational purposes;

(3) Have no significant purpose of producing income or the appreciation of property; and

(4) Have no purpose of accomplishing one or more political or legislative purposes within the meaning of the federal code.

"Low-profit limited liability company," "L3C," or "l3c" must appear in the name of the company; and if at any time the company ceases to satisfy the requirements of a low-profit limited liability company, the company will automatically convert to a limited liability and a change in the name of the company will be made to reflect this change in status.