

House Bill 594

By: Representatives Burns of the 157th, England of the 108th, Roberts of the 154th, McCall of the 30th, Stephens of the 164th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 11 of Title 14 of the Official Code of Georgia Annotated, relating to
2 limited liability companies, so as to provide for low-profit limited liability companies; to
3 change certain provisions relative to definitions for such chapter; to change certain provisions
4 relating to the names of limited liability companies; to change certain provisions relating to
5 judicial and administrative dissolution of limited liability companies; to repeal conflicting
6 laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 11 of Title 14 of the Official Code of Georgia Annotated, relating to limited liability
10 companies, is amended in Code Section 14-11-101, relating to definitions for such chapter,
11 by revising paragraph (12) and adding a new paragraph (14.1) as follows:

12 "(12) 'Limited liability company' means a limited liability company formed under this
13 chapter. Such term includes, but is not limited to, a low-profit limited liability company."

14 "(14.1) 'Low-profit limited liability company' means a limited liability company that has
15 set forth in its articles of organization a business purpose that satisfies, and that is at all
16 times operated to satisfy, each of the following requirements:

17 (A) The limited liability company significantly furthers the accomplishment of one or
18 more purposes within the meaning of 26 U.S.C. Section 170(c)(2)(B) and would not
19 have been formed but for its relationship to the accomplishment of such purposes;

20 (B) No significant purpose of one or more limited liability company interests in the
21 limited liability company shall be the production of income or the appreciation of
22 property; provided, however, that the fact that the limited liability company produces
23 significant income or capital appreciation shall not, in the absence of other factors, be
24 conclusive evidence of a significant purpose involving the production of income or the
25 appreciation of property with respect to any particular limited liability company interest
26 in the limited liability company; and

27 (C) No purpose of the limited liability company shall be to accomplish one or more
 28 political or legislative purposes within the meaning of 26 U.S.C. Section 170(c)(2)(D)."

29 **SECTION 2.**

30 Said chapter is further amended in Code Section 14-11-207, relating to the names of limited
 31 liability companies, by revising paragraph (1) of subsection (a) as follows:

32 "(1)(A) ~~Must~~ Shall contain the words 'limited liability company' or 'limited company'
 33 (it being permitted to abbreviate the word 'limited' as 'ltd.' and the word 'company' as
 34 'co.') or the abbreviation 'L.L.C.', 'LLC', 'L.C.' or 'LC'; or

35 (B) Solely in the case of a low-profit limited liability company, shall contain the words
 36 'low-profit limited liability company' or the abbreviations 'L3C', 'L.3.C.' or 'l3c'."

37 **SECTION 3.**

38 Said chapter is further amended in Code Section 14-11-603, relating to judicial and
 39 administrative dissolution of limited liability companies, by revising paragraph (1) of
 40 subsection (b) as follows:

41 "(b)(1) The Secretary of State may commence a proceeding under this subsection to
 42 dissolve a limited liability company administratively if:

43 (A) The limited liability company does not deliver its annual registration to the
 44 Secretary of State, together with all required fees and penalties, within 60 days after it
 45 is due;

46 (B) The limited liability company is without a registered agent or registered office in
 47 this state for 60 days or more;

48 (C) The limited liability company does not notify the Secretary of State within 60 days
 49 that its registered agent or registered office has been changed, that its registered agent
 50 has resigned, or that its registered office has been discontinued; ~~or~~

51 (D) The limited liability company pays a fee as required to be collected by the
 52 Secretary of State by a check or some other form of payment which is dishonored, and
 53 the limited liability company or its agent does not submit payment for said dishonored
 54 payment within 60 days from notice of nonpayment issued by the Secretary of State;
 55 or

56 (E) In the case of a low-profit limited liability company, such company has ceased to
 57 meet any of the requirements of paragraph (14.1) of Code Section 14-11-101 and has
 58 failed for 60 days after ceasing to meet those requirements to file articles of amendment
 59 with the Secretary of State to amend its name to conform with the requirements of
 60 subparagraph (a)(1)(B) of Code Section 14-11-207."

61

SECTION 4.

62 All laws and parts of laws in conflict with this Act are repealed.