



One Hundred First Legislature - Second Session - 2010
Introducer's Statement of Intent
LB 888

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 2, 2010

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 888 would enact the Nebraska Uniform Limited Liability Company Act based on the Revised Uniform Limited Liability Company Act (Re-ULLCA) as promulgated by the National Conference of Commissioners on Uniform State Laws in 2006.

LB 888 would repeal and replace Nebraska's current Limited Liability Company Act, Neb. Rev. Stat. Secs. 21-2601 to 21-2654.

Re-ULLCA provides states with modern, updated legislation governing the formation and operation of limited liability companies (LLCs). An LLC is a single business entity which provides limited liability protection for the partners, as well as providing all the owners of the business with federal partnership taxation. Re-ULLCA's noteworthy new aspects expand the parties' freedom through their operating agreement to state the rules that will govern their relationship and the conduct of the business; clarify the duties of loyalty and care that members owe the company and one another and their ability to define and limit those duties; provide for perpetual duration of the company, like a corporation, and generally leave to contract the rights of parties who want to leave the LLC; and preserve the distinction between manager-managed and member-managed LLCs while giving new attention to the authority of members to bind the company. RE-ULLCA includes numerous other revisions that represent practical improvements or focus on developments of the last decade.

LB 888 contains the following parts:

Part 1 contains general provisions, including definitions; sections on a limited liability company's duration, purposes, powers, name, and agent for service of process; and key provisions concerning the operating agreement. (Sections 1 to 16 of the bill.)

Part 2 provides for the formation of limited liability companies and for the public filing of records pertaining to an LLC. (Sections 17 to 25 of the bill.)

Part 3 governs the relations of members and managers to third parties – i.e., with non-members dealing with or affected by the limited liability company. (Sections 26 to 29 of the bill.)

Part 4 states the default rules for the members' relationship inter se and with the limited liability company and provides templates for member-management and manager-management. (Sections 30 to 39 of the bill.)

Part 5 implements the "pick your partner" principle, which is at the core of the law of unincorporated business organizations, and delimits the rights of transferees. (Sections 40 to 43 of the bill.)

Part 6 states the causes and consequences of a person's dissociation as a member of a limited liability company. (Sections 44 to 46 of the bill.)

Part 7 delineates the causes and consequences of the dissolution of a limited liability company. (Sections 47 to 54 of the bill.)

Part 8 governs foreign limited liability companies. (Sections 55 to 63 of the bill.)

Part 9 provides for direct and derivative claims by members and for the establishment, conduct, and judicial review of special litigation committees. (Sections 64 to 69 of the bill.)

Part 10 governs organic transactions – mergers, conversions, and domestications. (Sections 70 to 84 of the bill.)

Part 11 governs professional limited liability companies with provisions based on existing sections 21-2631 to 21-2632.01 and 21-2646. (Sections 85 to 93 of the bill.)

Part 12 contains miscellaneous provisions, including a section providing transition rules for pre-existing limited liability companies. (Sections 94 to 97 of the bill.)

Principal Introducer:

_____ **Senator Danielle Conrad**