

**SENATE BILL REPORT**

**SB 5148**

**AS PASSED SENATE, MARCH 6, 1991**

**Brief Description:** Making multiple revisions concerning limited partnerships.

**SPONSORS:** Senators Nelson, A. Smith and Newhouse.

**SENATE COMMITTEE ON LAW & JUSTICE**

**Majority Report:** Do pass.

Signed by Senators Nelson, Chairman; Thorsness, Vice Chairman; Erwin, Hayner, Kreidler, L., Madsen, Newhouse, Rasmussen, and Smith, A.

**Staff:** Ben Barnes (786-7465)

**Hearing Dates:** January 24, 1991; January 29, 1991

**HOUSE COMMITTEE ON JUDICIARY**

**BACKGROUND:**

The Legislature adopted the Uniform Limited Partnership Act in 1981. The act was subsequently modified in 1987 to incorporate several substantive revisions recommended by the Partnership Law Committee of the Washington State Bar Association.

It is suggested that the Limited Partnership Act be amended to update certain provisions.

**SUMMARY:**

A limited partnership is expressly authorized to merge with another limited partnership or with a corporation. The rights of dissenting partners and the procedures through which such rights may be exercised are provided. A merger may be accomplished pursuant to specific statutory requirements or pursuant to provisions contained within the partnership agreement.

Limited partners are no longer liable to third parties for the obligations of the limited partnership based solely on their status as limited partners. A creditor's recourse is restricted to the limited partnership entity, general partners, and guarantors.

Guidelines governing a limited partner's liability for unlawful distributions are provided. A three year statute of limitation for recovery of unlawful distributions is created. A limited partner may agree in writing to extend such liability beyond the three-year period.

The name of each limited partnership must be distinguishable from the names of other limited partnerships registered with the Secretary of State.

The two-step procedure of filing a certificate of dissolution as well as a certificate of cancellation upon ending a limited partnership is eliminated.

An agent or attorney representing a limited partner is authorized to inspect and copy records on the limited partner's behalf.

New provisions are added for the administrative dissolution of limited partnerships by the Secretary of State. The Secretary of State is also authorized to revoke the registration of foreign limited partnerships under certain circumstances.

After December 31, 1996, the Secretary of State is no longer required to maintain limited partnership records transmitted by county clerks or to accept any filing of limited partnerships not registered before January 1, 1997.

Technical changes in language are added for clarification purposes.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

The bill revises and updates the Limited Partnership Act.

**TESTIMONY AGAINST:** None

**TESTIFIED:** William Pusch, WSBA, Partnership Law Committee (pro)

**HOUSE AMENDMENT(S):**

The section of the bill is deleted which provides that the Secretary of State is not required to maintain county filings or accept new filings regarding those county filings with respect to any limited partnership that has not filed a certificate of limited partnership or restated certificate of limited partnership on or before December 31, 1996.