

HOUSE BILL REPORT

HB 1018

As Reported By House Committee On:

Law & Justice

Title: An act relating to the withdrawal from and the term of a limited partnership.

Brief Description: Amending the Washington uniform limited partnership act.

Sponsors: Representatives Padden and Appelwick.

Brief History:

Committee Activity:

Law & Justice: 1/11/95, 1/17/95 [DPS].

HOUSE COMMITTEE ON LAW & JUSTICE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Padden, Chair; Delvin, Vice Chair; Hickel, Vice Chair; Costa, Assistant Ranking Minority Member; Carrell; Chappell; Cody; Lambert; McMahan; Morris; Robertson; Sheahan; Smith and Veloria.

Staff: Edie Adams (786-7180).

Background: A limited partnership is a form of business organization which consists of limited partners and at least one general partner. General partners run the business and are personally liable for the debts and obligations of the limited partnership. Limited partners are liable for the partnership's debts and obligations only to the extent of their contributions, as long as they do not participate in control of the business.

A limited partner may withdraw from a limited partnership as specified in the partnership agreement. If the partnership agreement does not specify conditions for withdrawal of a limited partner, a limited partner may withdraw from the limited partnership by giving six months' written notice to each general partner.

A limited partnership is dissolved and its affairs wound up upon the first to occur of: (1) the time specified in the certificate of limited partnership; (2) the happening of events specified in the partnership agreement; (3) the written consent of all partners; (4) withdrawal of a general partner; (5) judicial dissolution; or (6) administrative dissolution.

Summary of Substitute Bill: A limited partner may not withdraw prior to the time for the dissolution and winding up of the limited partnership, unless the partnership agreement provides otherwise.

A limited partnership is dissolved and its affairs wound up after 30 years from the filing of the certificate of limited partnership or at the date specified in the certificate of limited partnership.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that a limited partnership dissolves after 30 years only if no other date is specified in the certificate of limited partnership.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill does not affect the ability of limited partners to provide for less restrictive conditions for the withdrawal of limited partners. The more restrictive default withdrawal provision will allow for the value of family limited liability partnership interests to be discounted for gift and estate tax purposes.

Testimony Against: None.

Testified: Watson B. Blair, Washington State Bar Association (pro).