

# HOUSE BILL ANALYSIS

## SB 5109

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**Title:** An act relating to the dissolution of limited liability companies caused by the loss of members.

**Brief Description:** Dissolving limited liability companies.

**Sponsors:** Senators Roach and Johnson.

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### HOUSE COMMITTEE ON LAW & JUSTICE

**Staff:** Edie Adams (786-7180).

**Background:** The Limited Liability Company Act provides a form of business organization that combines the tax advantages of a partnership with the limited liability advantages of a corporation. Limited liability companies are noncorporate entities with flexible management structures, allowing members to actively participate in management of the company. Limited liability companies are not taxed at the entity level because of limitations on transferability of interests, limited existence, and the possibility of owner management.

A limited liability company will automatically dissolve upon the happening of a number of events. A limited liability company will automatically dissolve at any time there are fewer than two members, unless a new member is added within 90 days.

**Summary of Bill:** A limited liability company will not be automatically dissolved when there are fewer than two members.

**Fiscal Note:** Not requested.

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

Office of Program Research