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MEMORANDUM

To: House Committee on Judiciary
From: Jason Thompson, Senior Assistant Revisor of Statutes
Date: February 4, 2019
Subject: Bill Brief for HB 2105

House Bill 2105 updates laws concerning limited liability companies, including the Kansas revised limited liability company act and the business entity standard treatment act.

New Sections 1 through 12 of the bill become part of the Kansas revised limited liability company act under the amendment to K.S.A. 17-7662 in Section 13. Section 1 addresses the power of an agent, including an attorney-in-fact, and authorizations, including a power of attorney, with respect to a limited liability company (LLC). Section 2 governs how a domestic LLC may divide into two or more domestic LLCs.

Sections 3 and 4 relate to series LLCs and take effect on July 1, 2020. Section 3 provides for an agreement of merger or consolidation of one or more series. Section 4 addresses how a series may file a certificate of reinstatement.

Sections 5 through 12 concern how a limited liability company may elect to become a statutory public benefit limited liability company. This is a for-profit LLC that is intended to produce a public benefit or public benefits and to operate in a responsible and sustainable manner, managed in a manner that balances the members' pecuniary interests, the best interests of those materially affected by the LLC's conduct, and the public benefit or public benefits set forth in its articles of organization. The Legislature enacted statutes governing public benefit corporations in 2017, now codified at K.S.A. 17-72a01 through 17-72a09.

Sections 13 through 41 amend current law in the Kansas revised limited liability company act. A few sections are amended effective July 1, 2019, and then further amended effective July 1, 2020, due to changes related to series LLCs: Sections 16 and 17, K.S.A. 17-7675; sections 18 and 19, K.S.A. 17-7679; sections 20 and 21, K.S.A. 17-7680; sections 35 and 36, K.S.A. 17-76,136; and sections 42 and 43, K.S.A. 17-7904. A few other sections are

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amended only on July 1, 2020, due to changes related to series LLCs: Section 38, K.S.A. 17-76,139; a major revision in section 39, K.S.A. 17-76,143; and section 41, K.S.A. 17-76,146.

Sections 42 through 49 amend the business entity standard treatment act provisions in K.S.A. 17-7904, 17-7915, 17-7916, 17-7918, 17-7923, 17-7929, and 17-7933. A few of these sections are amended effective July 1, 2020, due to changes related to series LLCs.

Section 50 amends K.S.A. 60-304, part of the rules of civil procedure related to service of process, to add a provision governing service on a series of a limited liability company.

Section 51 amends K.S.A. 84-1-201, the general definition section of the uniform commercial code, to include a series of any legal or commercial entity in the definition of “person” after July 1, 2020.

Finally, section 52 amends K.S.A. 84-9-102, the definition section for uniform commercial code-secured transactions, to include a series of a registered organization in the definition of “registered organization” under certain circumstances after July 1, 2020.