

House Research Act Summary

CHAPTER: 39

SESSION: 2015 Regular Session

TOPIC: Corporations and limited liability companies

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Overview

This act makes technical changes to the Minnesota Business Corporation Act (“Corporation Act”), Limited Liability Company Act (“Prior LLC Act”), and Revised Uniform Limited Liability Company Act (“Revised LLC Act”). The Revised LLC Act will become effective on August 1, 2015, for all limited liability companies organized on or after the effective date. The Prior LLC Act will continue to apply to limited liabilities companies organized before August 1, 2015, however they can elect to be governed by the Revised LLC Act after it becomes effective. By January 1, 2018, all limited liability companies will be subject to the Revised LLC Act.

Section

- 1, 28, 29, 31, 43** **Corrects cross-reference.** Corrects various internal cross-references.
- 2** **Organization.** Modifies the definition of an “organization” in the Corporation Act so that it includes several types of limited partnerships, any other person organized under a governing statute, and entities not organized for profit.
- 3, 14, 27, 36, 38, 39, 40** **Grammar and terminology.** Makes technical changes to grammar and terminology.
- 4, 5** **Converted organization; converting organization.** Changes the definitions of “converted organization” and “converting organization” in the Corporation Act to include any “organization,” not just corporations or limited liability companies.

Section

- 6** **Organizational documents.** Changes the definition of “organizational documents” in the Corporation Act to refer to records, as provided by the authorized governing statute, and strikes agreements or other documents.
- 7, 17** **Governing statute.** Defines governing statute in the Corporation Act and Prior LLC Act.
- 8, 20** **Dissenters’ rights.** Provides that dissenters’ rights are available after a plan of conversion is adopted, and has become effective, in both the Corporation Act and the Prior LLC Act.
- 9, 21** **Conversion requirements; plan of conversion.** Provides the requirements for a corporation or limited liability company to convert into a corporation, limited liability company, or other organization. Provides what must be included in the plan of conversion. Applies to the Corporation Act and Prior LLC Act.
- 10, 22** **Internal process for converting organization.** Provides instructions for the internal process a corporation or limited liability company must use to adopt a plan of conversion, including approval by the board, shareholders or members, and how to amend or abandon a plan of conversion. Applies to the Corporation Act and Prior LLC Act.
- 11, 23, 42** **Filing with secretary of state.** Provides the process for corporations, limited liability companies, and other organizations to file articles of conversion with the secretary of state to become a domestic corporation or limited liability company. Imposes a \$35 filing fee to the Corporation Act and Prior LLC Act.
- 12, 25** **Same entity; jurisdiction.** Clarifies the ways in which a converted organization is the same as before conversion. Allows for the jurisdiction of this state’s courts to apply to foreign organizations under certain circumstances. Applies to the Corporation Act and Prior LLC Act.
- 13, 24** **Restrictions on approval of conversion.** Provides that if shareholders or members have personal liability with respect to the converting organization, then a plan of conversion can only be effective under certain circumstances. Applies to the Corporation Act and Prior LLC Act.
- 15, 16** **Converted organization; converting limited liability company.** Defines “converted organization” as any organization that a limited liability company converts into.
Defines “converting limited liability company” to mean a Minnesota limited liability company, not including a nonprofit. Applies to the Corporation Act and Prior LLC Act.
- 18** **Organizational documents.** Defines “organizational document” in the Prior LLC Act to match the definition in the Corporation Act.
- 19** **Personal liability.** Defines “personal liability” in the Prior LLC Act to mean liability that a limited liability company owner is subject to, as provided by statute, or organizational documents.
- 26** **LLC loans, guarantees and surety.** Provides in the Revised LLC Act that limited liability companies can lend money, guarantee obligations, and provide surety under certain circumstances.

Section

- 30** **Contents of articles of organization.** Clarifies requirement in the Revised LLC Act to include initial registered address in articles of organization only if limited liability company has an agent.
- 32 - 35,
37, 41** **Clarifying cross-reference.** Inserts clarifying cross-references.
- 44** **Application to existing LLC.** Clarifies the application of the Prior LLC Act and Revised LLC Act to limited liability companies organized before and after certain dates.
- 45** **Repealer.** Repeals the Corporation Act conversion statutes and laws.