

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1200 (Delegate Giannetti)

Economic Matters

Limited Liability Companies - Organization, Membership, and Dissolution

The bill allows a Limited Liability Company (LLC) to have members who do not have a financial stake in the organization, to continue to exist, under certain conditions, after it no longer has any members.

Fiscal Summary

State Effect: None. The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The bill allows an LLC to continue to exist after it has no members if:

- within 90 days after the last member leaves the LLC, an individual agrees, in writing, to continue the LLC; or
- within 90 days after the last member leaves the LLC, a new member is admitted, in the manner specified by the operating agreement, effective the date the last member left the LLC.

Current Law: A member of an LLC must have a financial stake in the operation and any individual's membership termination is cause to reorganize the LLC. LLCs automatically dissolve after 90 consecutive days in which it has no members.

Small Business Effect: The bill grants more flexibility to the limited liability corporations and allows them greater ability to gain partners and continue operating.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Department of Legislative Services

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