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Judicial Proceedings Committee

Vice Chair, Baltimore County
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THE SENATE OF MARYLAND
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Senate Judicial Proceedings Committee
The Honorable William C. Smith
2 East Miller Senate Building
Annapolis, Maryland 21401-1991

RE: SB 888 – Corporations and Associations – Limited Liability Companies and Partnerships – Series – Conversion

Dear Chairman Smith and Members of the Committee:

I am pleased to introduce legislation that was brought to me by the Maryland State Bar Association Committee on Unincorporated Associations.

Senate Bill 888 aims to do several things. First, it changes the process of dissolving a Limited Liability Corporation (LLC). Current law does not provide an authority to settle the affairs of an LLC that has no living or competent members and is also without an alternative arrangement for the settling of those affairs. Senate Bill 888 provides that in the event of the death of the last member, or a ruling of incompetency of the last member, the personal representative or guardian of that member must be admitted as a new member unless the personal representative or guardian renounces the admission in writing or designates a willing new member. Additionally this bill states that an operating agreement may provide that the last remaining member's guardian must agree in writing to continue the LLC and to be admitted as a member or appoint a designee. The personal representative, guardian, or other successor may settle the LLC's affairs.

In addition to altering the LLC dissolving process, Senate Bill 888 seeks to alter the registration for a foreign LLC that is a series company as well as repeal several redundant provisions. There is an amendment being offered on this bill that was drafted by the MSBA and is simply a clarifying amendment.

I ask the committee for a favorable report.