

2020 Regular Session

HOUSE BILL NO. 313

BY REPRESENTATIVE PRESSLY

Provides for the recognition of separate legal personalities among affiliated corporations and other business entities

1 AN ACT

2 To enact R.S. 12:1705, relative to commercial regulations; to provide relative to separate
3 juridical personalities of a business organization; to provide for definitions; to
4 provide for an exception; to provide for applicability; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 12:1705 is hereby enacted to read as follows:

8 §1705. Business organizations; juridical personalities

9 A. The separate juridical personality of a business organization shall not be
10 disregarded as between one business organization and another except on grounds that
11 would justify disregarding the separate personality of a business organization as
12 between the business organization and a natural person.

13 B. Notwithstanding Subsection A of this Section, the separate juridical
14 personality of a business organization may not be disregarded merely because one
15 or more of the following circumstances exist:

16 (1) They control one another or are under the common control of the same
17 person or business organization.

18 (2) They have common directors, officers, shareholders, members, managers,
19 partners, or employees.

20 (3) They have common offices.

21 (4) They are subject to unified administrative control.

22 (5) They utilize a centralized accounting system.

1 (6) One business organization finances, incorporates, or organizes another.

2 (7) One business organization makes properly documented payments on
3 behalf of another or makes properly documented use of the property of another.

4 (8) The employees of one business organization provides properly
5 documented services for another.

6 (9) One business organization receives no business other than that given to
7 it by another.

8 C. For purposes of this Section, the term "business organization" means a
9 business corporation, nonprofit corporation, limited liability company, partnership,
10 trust, or other form of business organization that is treated as a juridical person or
11 legal entity pursuant to the laws of the state or country under which it is incorporated
12 or organized.

13 D. (1) This Section shall not affect any legal or regulatory action taken by
14 the commissioner of insurance pursuant to the Louisiana Insurance Code, Chapter
15 9 of Title 22 of the Louisiana Revised Statutes of 1950.

16 (2) This Section shall not affect any law or administrative rule that permits
17 or requires a group of business organizations to be consolidated, unified, or
18 disregarded for the purposes provided in the applicable law or administrative rule.

19 Section 2. The provisions of this Act shall apply prospectively to all business
20 organizations including those in existence on the effective date of this Act.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.