

Regular Session, 2010

ACT No. 417

HOUSE BILL NO. 1421

BY REPRESENTATIVE LANDRY

1 AN ACT

2 To amend and reenact R.S. 12:1306(A)(1) and 1309(A)(introductory paragraph) and to enact
3 R.S. 12:1301(A)(21), 1302(C), 1305(B)(3), and 1309(A)(4), relative to limited
4 liability companies; to provide for low-profit limited liability companies; to provide
5 for definitions; to provide for the purpose of low-profit limited liability companies;
6 to provide for articles of organization; to provide for the name of a low-profit limited
7 liability company; to provide for the amendment of articles of organization; and to
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 12:1306(A)(1) and 1309(A)(introductory paragraph) are hereby
11 amended and reenacted and R.S. 12:1301(A)(21), 1302(C), 1305(B)(3), and 1309(A)(4) are
12 hereby enacted to read as follows:

13 §1301. Definitions

14 A. As used in this Chapter, unless the context otherwise requires:

15 * * *

16 (21) "Low-profit limited liability company" or "L3C" means a limited
17 liability company organized for the purposes set forth in R.S. 12:1302(C).

18 * * *

19 §1302. Purpose

20 * * *

21 C.(1) A limited liability company organized as a low-profit limited liability
22 company shall set forth in its articles of organization a business purpose that satisfies
23 and which limited liability company is at all times operated to satisfy each of the
24 following requirements:

(a) The entity significantly furthers the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B) of the Internal Revenue Code and would not have been formed but for the entity's relationship to the accomplishment of charitable or educational purposes.

(b) No significant purpose of the entity is the production of income or the appreciation of property provided; however, the fact that an entity produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

(c) No purpose of the entity is to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D) of the Internal Revenue Code.

(2) If a company that is organized pursuant to the requirements of Paragraph (1) of this Subsection at its formation at any time ceases to satisfy any one of the requirements, it shall immediately cease to be a low-profit limited liability company, but by continuing to meet all the other requirements of this Chapter, shall continue to exist as a limited liability company. The name of the company shall be changed to be in conformance with R.S. 12:1306.

* * *

§1305. Articles of organization; initial report

* * *

B. The articles of organization shall set forth the following:

* * *

(3) Whether the company is a low-profit limited liability company.

* * *

§1306. Name

A. The name of each limited liability company as set forth in its articles of organization:

(1)(a) ~~Shall~~ Except for low-profit limited liability companies, shall contain the words "limited liability company", the abbreviation "L.L.C.", or the abbreviation "L.C.".

(b) For low-profit limited liability companies, shall contain the words "low-profit limited liability company", the abbreviation "L3C", or the abbreviation "l3c".

* * *

§1309. Amendment of articles of organization

A. The articles of organization ~~must~~ shall be amended when any of the following occurs:

* * *

(4) In accordance with R.S. 12:1302(C)(2), the company ceases to be a low-profit limited liability company.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____