

LIMITED LIABILITY COMPANY AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd D. Weiler

House Sponsor: A. Cory Maloy

LONG TITLE

General Description:

This bill provides guidelines regarding the dissolution of limited liability companies.

Highlighted Provisions:

This bill:

- ▶ provides that a limited liability company is dissolved on the date specified in the limited liability company's certificate of organization; and
- ▶ applies the dissolution requirement to any limited liability company regardless of the limited liability company's formation date.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

48-3a-701 (Superseded 07/01/24), as enacted by Laws of Utah 2013, Chapter 412

48-3a-701 (Effective 07/01/24), as last amended by Laws of Utah 2023, Chapter 401

48-3a-1405, as enacted by Laws of Utah 2013, Chapter 412

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **48-3a-701 (Superseded 07/01/24)** is amended to read:



28 **48-3a-701 (Superseded 07/01/24). Events causing dissolution.**

29 A limited liability company is dissolved, and its activities and affairs must be wound
30 up, upon the occurrence of any of the following:

31 (1) an event, ~~or~~ circumstance, or date that the certificate of organization or operating
32 agreement states causes dissolution;

33 (2) the consent of all the members;

34 (3) the passage of 90 consecutive days during which the limited liability company has
35 no members unless:

36 (a) consent to admit at least one specified person as a member is given by transferees
37 owning the rights to receive a majority of distributions as transferees at the time the consent is
38 to be effective; and

39 (b) at least one person becomes a member in accordance with the consent;

40 (4) on application by a member, the entry by the district court of an order dissolving
41 the limited liability company on the grounds that:

42 (a) the conduct of all or substantially all of the limited liability company's activities and
43 affairs is unlawful; or

44 (b) it is not reasonably practicable to carry on the limited liability company's activities
45 and affairs in conformity with the certificate of organization and the operating agreement;

46 (5) on application by a member, the entry by the district court of an order dissolving
47 the limited liability company on the grounds that the managers or those members in control of
48 the limited liability company:

49 (a) have acted, are acting, or will act in a manner that is illegal or fraudulent; or

50 (b) have acted, are acting, or will act in a manner that is oppressive and was, is, or will
51 be directly harmful to the applicant; or

52 (6) the signing and filing of a statement of administrative dissolution by the division
53 under Subsection [48-3a-708\(3\)](#).

54 Section 2. Section **48-3a-701 (Effective 07/01/24)** is amended to read:

55 **48-3a-701 (Effective 07/01/24). Events causing dissolution.**

56 A limited liability company is dissolved, and its activities and affairs must be wound
57 up, upon the occurrence of any of the following:

58 (1) an event, ~~or~~ circumstance, or date that the certificate of organization or operating

59 agreement states causes dissolution;

60 (2) the consent of all the members;

61 (3) the passage of 90 consecutive days during which the limited liability company has
62 no members unless:

63 (a) consent to admit at least one specified person as a member is given by transferees
64 owning the rights to receive a majority of distributions as transferees at the time the consent is
65 to be effective; and

66 (b) at least one person becomes a member in accordance with the consent;

67 (4) upon a petition brought by a member, the entry of a court order dissolving the
68 limited liability company on the grounds that:

69 (a) the conduct of all or substantially all of the limited liability company's activities and
70 affairs is unlawful; or

71 (b) it is not reasonably practicable to carry on the limited liability company's activities
72 and affairs in conformity with the certificate of organization and the operating agreement;

73 (5) upon a petition brought by a member, the entry of a court order dissolving the
74 limited liability company on the grounds that the managers or those members in control of the
75 limited liability company:

76 (a) have acted, are acting, or will act in a manner that is illegal or fraudulent; or

77 (b) have acted, are acting, or will act in a manner that is oppressive and was, is, or will
78 be directly harmful to the applicant; or

79 (6) the signing and filing of a statement of administrative dissolution by the division
80 under Subsection [48-3a-708\(3\)](#).

81 Section 3. Section **48-3a-1405** is amended to read:

82 **48-3a-1405. Application to existing relationships.**

83 (1) Before January 1, 2016, this chapter governs only:

84 (a) a limited liability company formed on or after January 1, 2014; and

85 (b) except as otherwise provided in Subsection (3), a limited liability company formed
86 before January 1, 2014, which elects, in the manner provided in its operating agreement or by
87 law for amending the operating agreement, to be subject to this chapter.

88 (2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this
89 chapter governs all limited liability companies.

90 (3) For the purposes of applying this chapter to a limited liability company formed
91 before January 1, 2014:

92 (a) the limited liability company's articles of organization are deemed to be the limited
93 liability company's certificate of organization;

94 (b) for the purposes of applying Subsection 48-3a-102(15) and subject to Subsection
95 48-3a-114(4), language in the limited liability company's articles of organization designating
96 the limited liability company's management structure operates as if that language were in the
97 operating agreement; [~~and~~] and

98 (c) (i) the limited liability company has perpetual duration unless otherwise stated in
99 the limited liability company's articles of organization[~~;~~]; and

100 (ii) after the limited liability company's duration ends in accordance with the articles of
101 organization, the limited liability company is dissolved, and its activities and affairs must be
102 wound up.

103 **Section 4. Effective date.**

104 (1) Except as provided in Subsection (2), this bill takes effect on May 1, 2024.

105 (2) The actions affecting Section 48-3a-701 (Effective 07/01/24) take effect on July 1,
106 2024.