



**Colorado
Legislative
Council
Staff**

HB16-1329

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1048

Date: July 13, 2016

Prime Sponsor(s): Rep. Lee
Sen. Scheffel; Heath

Bill Status: Signed into Law

Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: LIMITED LIABILITY COMPANIES GOVERNING LAW

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Minimal workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal workload increase.		

Summary of Legislation

The bill makes the following changes to state law regulating limited liability companies (LLCs):

- removes the requirement that a partner's contribution to an LLC is a prerequisite to becoming a member of the company;
- clarifies that the tax status of an LLC does not affect the immunity of a member of the company from liability for the company's acts;
- limits the applicability of the statute of frauds, which requires certain contracts to be written to be enforceable, to operating agreements for LLCs; and
- reconciles the various partnership and LLC acts regarding compensation of a partner for services performed during the windup of the entity's affairs.

State Expenditures

To the extent that exempting partnerships from the statute of frauds increases the number of court cases filed, workload will minimally increase in the Judicial Department beginning in FY 2016-17. Any increase in filings is expected to be minimal and can be accomplished within existing appropriations.

Local Government

Similar to the state, the bill may increase workloads in county courts. These workload increases can be accomplished within the existing resources of these entities, including the Denver County Court, managed and funded by the City and County of Denver.

Effective Date

The bill was signed into law by the Governor on June 6, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed. It applies to conduct occurring on or after the effective date.

State and Local Government Contacts

Judicial

Law

Revenue

Secretary of State