

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-1048.01 Thomas Morris x4218

HOUSE BILL 16-1329

HOUSE SPONSORSHIP

Lee,

SENATE SPONSORSHIP

(None),

House Committees
Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING LAWS GOVERNING LIMITED LIABILITY COMPANIES
102 CODIFIED IN ARTICLE 80 OF TITLE 7 OF THE COLORADO REVISED
103 STATUTES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)

Section 1 of the bill deletes the requirement that a partner's contribution to a limited liability company is a prerequisite to become a member of the company. **Section 2** clarifies that the tax status of a limited liability company does not affect the immunity of a member of the company from liability for the company's acts. **Section 3** limits the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

applicability of the statute of frauds, which requires certain contracts to be written to be enforceable, to operating agreements for limited liability companies. **Section 4** reconciles the various partnership and limited liability company acts regarding compensation of a partner for services performed during the windup of the entity's affairs.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 7-80-102, **amend** (4)
3 as follows:

4 **7-80-102. Definitions.** As used in this article, unless the context
5 otherwise requires:

6 (4) "Contribution" means anything of value that a person
7 contributes to a limited liability company ~~as a prerequisite to becoming~~
8 BECOME a member in the limited liability company or in the capacity of
9 a member in the limited liability company, including cash, property, or
10 services rendered or a promissory note or other binding obligation to
11 contribute cash or property or to perform services.

12 **SECTION 2.** In Colorado Revised Statutes, 7-80-107, **add** (3) as
13 follows:

14 **7-80-107. Application of corporation case law to set aside**
15 **limited liability.** (3) A LIMITED LIABILITY COMPANY'S STATUS FOR
16 FEDERAL TAX PURPOSES DOES NOT AFFECT ITS STATUS AS A DISTINCT
17 ENTITY ORGANIZED AND EXISTING UNDER THIS ARTICLE.

18 **SECTION 3.** In Colorado Revised Statutes, 7-80-108, **add** (5) as
19 follows:

20 **7-80-108. Effect of operating agreement - nonwaivable**
21 **provisions - statute of frauds.** (5) AN OPERATING AGREEMENT IS NOT
22 SUBJECT TO ANY STATUTE OF FRAUDS, INCLUDING SECTION 38-10-112,
23 C.R.S., REGARDING VOID AGREEMENTS, BUT NOT INCLUDING ANY

1 REQUIREMENT UNDER THIS ARTICLE THAT A PARTICULAR ACTION OR
2 PROVISION BE REFLECTED IN A WRITING.

3 **SECTION 4.** In Colorado Revised Statutes, 7-80-404, **add** (6) as
4 follows:

5 **7-80-404. Duties of members and managers.** (6) A MEMBER IS
6 NOT ENTITLED TO REMUNERATION FOR SERVICES PERFORMED FOR THE
7 LIMITED LIABILITY COMPANY EXCEPT FOR REASONABLE COMPENSATION
8 FOR SERVICES RENDERED IN WINDING UP THE BUSINESS OF THE LIMITED
9 LIABILITY COMPANY.

10 **SECTION 5. Act subject to petition - effective date -**
11 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
12 the expiration of the ninety-day period after final adjournment of the
13 general assembly (August 10, 2016, if adjournment sine die is on May 11,
14 2016); except that, if a referendum petition is filed pursuant to section 1
15 (3) of article V of the state constitution against this act or an item, section,
16 or part of this act within such period, then the act, item, section, or part
17 will not take effect unless approved by the people at the general election
18 to be held in November 2016 and, in such case, will take effect on the
19 date of the official declaration of the vote thereon by the governor.

20 (2) This act applies to conduct occurring on or after the applicable
21 effective date of this act.