

**LB 888 (Conrad) Adopt the Nebraska Uniform Limited Liability Company Act
Operative January 1, 2011**

This bill enacts the **Nebraska Uniform Limited Liability Company Act** based on the Revised Uniform Limited Liability Company Act (Re-ULLCA) as promulgated by the National Conference of Commissioners on Uniform State Laws and recommended to the states in 2006.

The bill terminates Nebraska's current Limited Liability Company Act, Neb. Rev. Stat. Secs. 21-2601 to 21-2654 as of January 1, 2013.

Re-ULLCA provides states with modern, updated legislation governing the formation and operation of limited liability companies. A limited liability company is a single business entity which provides limited liability protection for the partners, as well as providing all the owners of the business with federal partnership taxation. Re-ULLCA's noteworthy new aspects expand the parties' freedom through their operating agreement to state the rules that will govern their relationship and the conduct of the business; clarify the duties of loyalty and care that members owe the company and one another and their ability to define and limit those duties; provide for perpetual duration of the company, like a corporation, and generally leave to contract the rights of parties who want to leave the company; and preserve the distinction between manager-managed and member managed companies while giving new attention to the authority of members to bind the company. Re-ULLCA includes numerous other revisions that represent practical improvements or focus on developments of the last decade.

The bill contains the following parts:

Part 1 (Re-ULLCA Sections 101 to 116) contains general provisions, including definitions; sections on a limited liability company's duration, purposes, powers, name, and agent for service of process; and key provisions concerning the operating agreement. (Sections 1 to 16 of the bill.)

Part 2 (Re-ULLCA Sections 201 to 209) provides for the formation of limited liability companies and for the public filing of records pertaining to a limited liability company. (Sections 17 to 25 of the bill.)

Part 3 (Re-ULLCA Sections 301 to 304) governs the relations of members and managers to third parties i.e., with non-members dealing with or affected by the limited liability company. (Sections 26 to 29 of the bill.)

Part 4 (Re-ULLCA Sections 401 to 410) states the default rules for the members' relationship inter se and with the limited liability company and provides templates for member-management and manager-management. (Sections 30 to 39 of the bill.)

Part 5 (Re-ULLCA Sections 501 to 504) implements the "pick your partner" principle,

which is at the core of the law of unincorporated business organizations, and delimits the rights of transferees. (Sections 40 to 43 of the bill.)

Part 6 (Re-ULLCA Sections 601 to 603) states the causes and consequences of a person's dissociation as a member of a limited liability company. (Sections 44 to 46 of the bill.)

Part 7 (Re-ULLCA Sections 701 to 708) delineates the causes and consequences of the dissolution of a limited liability company. (Sections 47 to 54 of the bill.)

Part 8 (Re-ULLCA Sections 801 to 809) governs foreign limited liability companies. (Sections 55 to 63 of the bill.)

Part 9 (Re-ULLCA Sections 901 to 906) provides for direct and derivative claims by members and for the establishment, conduct, and judicial review of special litigation committees. (Sections 64 to 69 of the bill.)

Part 10 (Re-ULLCA Sections 1001 to 1015) governs organic transactions, mergers, conversions, and domestications. (Sections 70 to 84 of the bill.)

Part 11 (non-uniform sections) governs professional limited liability companies with provisions based on existing sections 21-2631 to 21-2632.01 and 21-2646. (Sections 85 to 93 of the bill.)

Part 12 (Re-ULLCA Sections 1101 to 1104 and non-uniform sections) contains miscellaneous provisions, including a section providing transition rules for pre-existing limited liability companies. Limited liability companies formed on or after January 1, 2011 will be subject to the new act. Limited liability companies formed before January 1, 2011 may elect to become subject to the new act on or after January 1, 2011. All limited liability companies will be subject to the new act on and after January 1, 2013. (Sections 94 to 97 of the bill.)

The bill amends various sections outside the Limited Liability Company Act to harmonize provisions. (Sections 98 and 101 to 105 of the bill.)

The bill amends section 21-2601 of the current Limited Liability Company Act to provide that the current act terminates on January 1, 2013. (Section 99 of the bill.)

The bill amends section 21-2654 of the current Limited Liability Company Act so that its provisions, which relate to changing orders, more closely reflect the provisions of Re-ULLCA Section 503 contained in section 42 of the bill. (Provisions of LB 730 left on General File.) (Section 100 of the bill.)

The bill provides that it becomes operative on January 1, 2011. (Section 106 of the bill.)
The bill provides for severability. (Section 107 of the bill.)