



Legislative Council Staff

Research Note

Version: Final

Date: 10/6/2016

Bill Number

House Bill 16-1270

Sponsors

Representative Lee
Senators Scheffel & Heath

Short Title

Security Interest Owner's
Interest In Business Entity

Research Analyst

Luisa Altmann (x3518)

Status

This research note reflects the final version of the bill, which became effective on August 10, 2016.

Summary

This bill effectuates the "pick your partner" principle by allowing small businesses to control their ownership under the Colorado Corporation and Associations Act and the Uniform Commercial Code.

Background

Senate Bill 06-187 made several changes to the Colorado Corporation and Associations Act. One change was to clearly and broadly exempt an owner's interest in a business entity from the provisions of the act.

The "pick your partner" principle has to do with business owners restricting themselves and their partners from transferring any portion of a membership interest without the consent of the other owners.

This research note was prepared by Legislative Council Staff, the nonpartisan research staff for the Colorado General Assembly. The research note is provided for informational purposes only and should not be relied upon as an official record of action by the General Assembly. Legislative Council Staff are not attorneys, and the research note is not a legal opinion. If you have legal questions about the bill, including questions about the meaning of the bill language or amendments, please contact the drafter.

House Action

House Business Affairs and Labor Committee (March 3, 2016). At the hearing, representatives from the Colorado Bar Association testified in support of the bill. The committee adopted amendment L.001, which makes a technical change, and referred the bill to the House Committee of the Whole.

House second reading (March 7, 2016). The House adopted the House Business Affairs and Labor Committee report and passed the bill.

House third reading (March 8, 2016). The House passed the bill, unamended, on third reading.

Senate Action

Senate Business, Labor, & Technology Committee (March 21, 2016). At the hearing, a representative from the Colorado Bar Association testified in support of the bill. The committee referred the bill, unamended, to the Senate Committee of the Whole, with a recommendation that it be placed on the consent calendar.

Senate second reading (March 24, 2016). The Senate passed the bill, unamended, on second reading.

Senate third reading (March 28, 2016). The Senate passed the bill, unamended, on third reading.