



Legislative Council Staff

Research Note

Version: Final

Date: 10/6/2016

Bill Number

House Bill 16-1329

Sponsors

Representative Lee
Senators Scheffel & Heath

Short Title

Limited Liability Companies
Governing Law

Research Analyst

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Status

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

Summary

This 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.

Background

The Colorado Limited Liability Company Act governs LLCs in Colorado. An LLC provides the company's owner(s) with protection from personal liability for business debts and claims, in the same way as a corporation.

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House Action

House Business Affairs and Labor Committee (April 7, 2016). At the hearing, a representative from the Colorado Bar Association and South Metro Denver Chamber of Commerce testified in support of the bill. The committee referred the bill, unamended, to the House Committee of the Whole.

House second reading (April 13, 2016). The House passed the bill, unamended, on second reading.

House third reading (April 14, 2016). The House passed the bill, unamended, on third reading.

Senate Action

Senate Business, Labor, & Technology Committee (April 26, 2016). 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 (April 28, 2016). The Senate passed the bill, unamended, on second reading.

Senate third reading (April 29, 2016). The Senate passed the bill, unamended, on third reading.