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An Act Regarding Low-profit Limited Liability Companies

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 31 MRSA §602, sub-§10-A is enacted to read:

10-A. Low-profit limited liability company. "Low-profit limited liability company" means a limited liability company organized under this chapter for a business purpose that is organized as follows:

A. The limited liability company significantly furthers the accomplishment of a charitable or educational purpose within the meaning of the United States Internal Revenue Code of 1986, 26 United States Code, section 170(c)(2)(B) or succeeding provision and would not have been formed but for the intended accomplishment of the charitable or educational purpose;

B. The production of income or the appreciation of property is not a significant purpose of the limited liability company. The fact that the limited liability company produces significant income or capital appreciation is not conclusive evidence of a significant purpose of the production of income or the appreciation of property; and

C. Accomplishing a political or legislative purpose within the meaning of the United States Internal Revenue Code of 1986, 26 United States Code, Section 170(c)(2)(D) or a succeeding provision is not a purpose of the limited liability company.

A limited liability company organized as a low-profit limited liability company that ceases to meet a requirement under this subsection is no longer a low-profit limited liability company but continues to exist as a limited liability company as long as all other requirements of this chapter are met and the limited liability company's name is changed to conform to the provisions of section 603-A.

Sec. 2. 31 MRSA §603-A, sub-§1, as enacted by PL 2003, c. 344, Pt. C, §20, is amended to read:

1. Requirements.Except for a low-profit limited liability company, a limited liability company name must contain the words "Limited Liability Company," the abbreviation "L.L.C." or the designation "LLC" unless the limited liability company is filing an assumed name under section 605-A or a registration of name under section 606-A. If the words "Limited Liability Company," "Limited Liability Company, Chartered," "Limited Liability Company, Professional Association," "Limited Liability Company, P.A." or any of the designations without commas are used, a limited liability company may also use the abbreviation "L.L.C." or the designation "LLC" without filing an assumed name under section 605-A. A low-profit limited liability company name must contain the abbreviation "L3C" or "l3c."

Sec. 3. 31 MRSA §622, sub-§1, as amended by PL 2007, c. 323, Pt. D, §11 and affected by Pt. G, §4, is further amended to read:

1. Articles of organization. In order to form a limited liability company, articles of organization must be filed with the Secretary of State. The articles must set forth:

- A. The name of the limited liability company;
- B. The information required by Title 5, section 105, subsection 1;
- C. If management of the limited liability company is vested in a manager or managers:
 - (1) A statement to that effect;
 - (2) The minimum and maximum number of managers permitted; and
 - (3) If the initial managers have been selected, the name and the business, residence or mailing address of each initial manager;
- C-1. Whether the limited liability company is a low-profit limited liability company; and
- D. Other matters the members include in the articles of organization.

SUMMARY

This bill creates a new form of limited liability company that is formed for a charitable or education purpose within the meaning of the United States Internal Revenue Code of 1986 and does not have as a significant purpose the production of income or the appreciation of property or the purpose of accomplishing a political or legislative purpose and must contain the abbreviation "L3C" or "l3c" in its name.