

AMENDED IN ASSEMBLY MARCH 25, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 229

Introduced by Assembly Member Baldwin

January 28, 1999

An act to amend Section 17002 of, *and to add Section 17006 to*, the Corporations Code, and to repeal Section 93 of Chapter 1200 of the Statutes of 1994, relating to limited liability companies.

LEGISLATIVE COUNSEL'S DIGEST

AB 229, as amended, Baldwin. Limited liability companies.

The Beverly-Killea Limited Liability Company Act authorizes the creation of limited liability companies as a form of business organization and generally provides that a limited liability company may engage in any lawful business activity, except the banking business, the business of issuing policies of insurance and assuming insurance risks, or the trust company business, subject to any limitations contained in its articles of organization and subject to compliance with other applicable laws. Existing law also provides that nothing in the Beverly-Killea Limited Liability Company Act shall be construed to permit a limited liability company to render professional services, as defined, unless expressly authorized under the provisions of the Business and Professions Code or the Chiropractic Act.

This bill would repeal the provision relative to professional services. The bill instead would provide that nothing in the Beverly-Killea Limited Liability Company Act shall be construed to permit a limited liability company to render certain professional services, as specified. The bill would ~~also~~ provide that a limited liability company may engage in any other lawful activity, even if that activity requires licensing, registration, or certification pursuant to the Business and Professions Code, except as otherwise provided. ~~It~~

The bill would ~~also~~ restate existing law that a member of a limited liability company shall be personally liable under a judgment of a court or for any debt, obligation, or liability of the limited liability company, under the same or similar circumstances and to the same extent as a shareholder of a corporation may be personally liable for any debt, obligation, or liability of the corporation, as specified. The bill would also provide that nothing in the Beverly-Killea Limited Liability Company Act shall be construed to prohibit a business entity that could form as a corporation from instead forming as a limited liability company if the business entity meets all the requirements of the Beverly-Killea Limited Liability Company Act.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17002 of the Corporations Code
 2 is amended to read:
 3 17002. (a) Except as provided in subdivision (b) and
 4 subject to any limitations contained in the articles of
 5 organization and to compliance with any other applicable
 6 laws, a limited liability company may engage in any
 7 lawful business activity, except the banking business, the
 8 business of issuing policies of insurance and assuming
 9 insurance risks, or the trust company business.
 10 (b) Nothing in this title shall be construed to permit a
 11 domestic or foreign limited liability company to render
 12 the professional services of ~~chiropractors, dentists,~~
 13 ~~medical doctors, research psychoanalysts, speech~~



1 ~~pathologists, audiologists, dispensing opticians, registered~~
2 ~~nurses, nurse practitioners, physician assistants,~~
3 ~~psychologists, optometrists, pharmacists, veterinary~~
4 ~~doctors, acupuncturists, midwives, architects, landscape~~
5 ~~architects, tax preparers, certified public accountants,~~
6 ~~professional engineers, professional land surveyors,~~
7 ~~marriage, family, and child counselors, clinical social~~
8 ~~workers, educational psychologists, or attorneys. an~~
9 *acupuncturist, architect, attorney, audiologist, certified*
10 *public accountant, chiropractor, clinical social worker,*
11 *dentist, dispensing optician, educational psychologist,*
12 *landscape architect, marriage, family, and child*
13 *counselor, medical doctor, midwife, nurse practitioner,*
14 *optometrist, pharmacist, physicians assistant, professional*
15 *engineer, professional land surveyor, psychologist,*
16 *registered nurse, research psychoanalyst, respiratory*
17 *therapist, speech pathologist, tax preparer, or veterinary*
18 *doctor.*

19 (c) Except as otherwise provided in subdivisions (a)
20 and (b), a domestic or foreign limited liability company
21 may engage in any other lawful activity, even if that
22 activity requires licensing, registration, or certification
23 pursuant to the Business and Professions Code.

24 (d) A member of a limited liability company shall be
25 personally liable under a judgment of a court or for any
26 debt, obligation, or liability of the limited liability
27 company, whether that liability or obligation arises in
28 contract, tort, or otherwise, under the same or similar
29 circumstances and to the same extent as a shareholder of
30 a corporation may be personally liable for any debt,
31 obligation, or liability of the corporation; except that the
32 failure to hold meetings of members or managers or the
33 failure to observe formalities pertaining to the calling or
34 conduct of meetings shall not be considered a factor
35 tending to establish that the members have personal
36 liability for any debt, obligation, or liability of the limited
37 liability company where the articles of organization or
38 operating agreement do not expressly require the
39 holding of meetings of members or managers.



1 SEC. 2. *Section 17006 is added to the Corporations*
2 *Code, to read:*

3 *17006. Nothing in this title shall be construed to*
4 *prohibit a business entity that could form as a corporation*
5 *from instead forming as a limited liability company*
6 *pursuant to this title if the business entity meets all the*
7 *requirements of this title.*

8 SEC. 3. Section 93 of Chapter 1200 of the Statutes of
9 1994 is repealed.

