
A BILL FOR AN ACT

RELATING TO LOW-PROFIT LIMITED LIABILITY COMPANIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 428-101, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "L3C" or "low-profit limited liability company" means a
5 person organized under this chapter that is organized for a
6 business purpose that satisfies and is at all times operated to
7 satisfy each of the following requirements:

8 (1) The company:

9 (A) Significantly furthers the accomplishment of one
10 or more charitable or educational purposes within
11 the meaning of section 170(c)(2)(B) of the
12 Internal Revenue Code of 1986, 26 United States
13 Code section 170 (c) (2) (B); and

14 (B) Would not have been formed but for the company's
15 relationship to the accomplishment of charitable
16 or educational purposes;

17 (2) No significant purpose of the company is the
18 production of income or the appreciation of property;



1 provided that the fact that a person produces
2 significant income or capital appreciation, in the
3 absence of other factors, shall not be conclusive
4 evidence of a significant purpose involving the
5 production of income or the appreciation of property;

6 (3) No purpose of the company is to accomplish one or more
7 political or legislative purposes within the meaning
8 of section 170(c)(2)(D) of the Internal Revenue Code
9 of 1986, 26 United States Code section 170(c)(2)(D);
10 and

11 (4) If a company that met the definition "low-profit
12 limited liability company" at its formation at any
13 time ceases to satisfy any one of the requirements, it
14 shall immediately cease to be a low-profit limited
15 liability company, but by continuing to meet all the
16 other requirements of this chapter, shall continue to
17 exist as a limited liability company. The name of the
18 company shall be changed to be in conformance with
19 section 428-105."

20 SECTION 2. Section 428-105, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) [~~The~~] Except for low-profit limited liability
2 companies, the name of a limited liability company [~~must~~] shall
3 contain the words "limited liability company" or the
4 abbreviation "L.L.C." or "LLC". "Limited" may be abbreviated as
5 "Ltd.", and "company" may be abbreviated as "Co.". The letters
6 in the name of a limited liability company must be letters of
7 the English alphabet. The name of a low-profit limited
8 liability company shall contain the abbreviation L3C or l3c."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect upon its approval.

12

INTRODUCED BY: 



Report Title:

Low-Profit Limited Liability Company

Description:

Provides for the creation of low-profit limited liability companies under the uniform limited liability company act.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

