
A BILL FOR AN ACT

RELATING TO BUSINESS ENTITIES.

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 "Low-profit limited liability company" means a person
5 organized under this chapter that is organized for a business
6 purpose that satisfies and is at all times operated to satisfy
7 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, as amended; and

13 (B) Would not have been formed but for the company's

14 relationship to the accomplishment of charitable

15 or educational purposes;

16 (2) No significant purpose of the company shall be the

17 production of income or the appreciation of property;

18 provided, however, that the fact that a person



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

6 (3) No purpose of the company shall be to accomplish one
 7 or more political or legislative purposes within the
 8 meaning of section 170(c)(2)(D) of the Internal
 9 Revenue Code of 1986, as amended; and

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

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

21 "(a) [The] Except for a low-profit limited liability
 22 company, the name of a limited liability company [must] shall



1 contain "limited liability company" or the abbreviation "L.L.C."
2 or "LLC". "Limited" may be abbreviated as "Ltd.", and "company"
3 may be abbreviated as "Co.". The letters in the name of a
4 limited liability company [~~must~~] shall be letters of the English
5 alphabet.

6 The name of a low-profit limited liability company as
7 defined in section 428-101 shall contain the abbreviation "L3C"
8 or "l3c".

9 SECTION 3. Section 428-203, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Articles of organization of a limited liability
12 company shall set forth:

- 13 (1) The name of the company;
- 14 (2) The mailing address of the company's initial principal
15 office and the information required by section 425R-
16 4(a);
- 17 (3) The name and address of each organizer;
- 18 (4) Whether the duration of the company is for a specified
19 term and, if so, the period specified;
- 20 (5) Whether the company is a low-profit limited liability
21 company;



1 [~~(5)~~] (6) Whether the company is to be manager-managed,
2 and:

3 (A) If so, the name and address of each initial
4 manager, and the number of initial members; or

5 (B) If not, the name and address of each initial
6 member; and

7 [~~(6)~~] (7) Whether the members of the company are to be
8 liable for its debts and obligations under section
9 428-303(c)."

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect upon its approval.

13

INTRODUCED BY: *[Signature]* (BR)

JAN 19 2012



Report Title:

Low-Profit Limited Liability Companies

Description:

Authorizes the organization of low-profit limited liability companies.

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

