

2022 Regular Session

HOUSE BILL NO. 515

BY REPRESENTATIVE MIKE JOHNSON

SUCCESSIONS: Provides relative to succession involving limited liability company

1 AN ACT

2 To amend and reenact R.S. 12:1333(A) and to enact R.S. 12:1333(E) and 1333.1, relative
3 to succession proceedings involving limited liability companies; to provide for death
4 of board members; to allow for inheritance of interest in a single-person limited
5 liability company; to allow the succession representative to exercise the rights of the
6 deceased member; to provide for membership of the heir or legatee; to provide
7 definitions; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 12:1333(A) is hereby amended and reenacted and R.S. 12:1333(E)
10 and 1333.1 are hereby enacted to read as follows:

11 §1333. Powers of estate of a deceased or incompetent member

12 A. Except as otherwise provided in the articles of organization ~~or~~ a written
13 operating agreement, or as provided in R.S. 12:1333.1, if a member who is an
14 individual dies or a court of competent jurisdiction adjudges him to be incompetent
15 to manage his person or his property, the member's membership ceases and the
16 member's executor, administrator, guardian, conservator, or other legal
17 representative shall be treated as an assignee of such member's interest in the limited
18 liability company.

19 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 E. If all members die, the succession representative of any of the deceased
2 members may petition the court for dissolution, windup, and liquidation of the
3 limited liability company pursuant to R.S. 12:1334 et seq.

4 §1333.1. Single-member limited liability company; powers of the estate succession
5 representative

6 A. Notwithstanding any provision of law to the contrary, the death of the
7 member of a single-member limited liability company shall not result in the
8 termination of the interest of the deceased single member in that limited liability
9 company or in the termination of that limited liability company, but instead the
10 interest of the member in the single-member limited liability company shall be fully
11 heritable.

12 B. Unless otherwise provided in the articles of organization or a written
13 operating agreement, and notwithstanding the provisions of R.S. 12:1333, upon the
14 death of the member of a single-member limited liability company, the deceased
15 member's properly appointed succession representative, on behalf of the deceased
16 member's estate, may exercise all of the deceased member's rights for the purpose
17 of settling or administering the member's estate, including all financial and
18 management rights related to the single-member limited liability company held by
19 the deceased member at the time of his death.

20 C. Unless otherwise provided in the articles of organization or a written
21 operating agreement, once the deceased member's interest in a single-member
22 limited liability company is transferred to any heir or legatee, as recognized by a
23 judgment of possession, the heir or legatee shall have full rights of membership in
24 the limited liability company, including all financial and management rights.

25 D. For purposes of this Section, a "single-member limited liability company"
26 means a limited liability company that had no assignees and only one member at the
27 time of the member's death.

- 1 E. The provisions of this Section shall be subject to and shall not supersede
 2 any rules, regulations, or laws governing or restricting the ownership or practice of
 3 any regulated industry or profession.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 515 Reengrossed

2022 Regular Session

Mike Johnson

Abstract: Allows a succession representative to exercise certain rights held by a deceased member of a limited liability company (LLC).

Proposed law provides that if all members of an LLC die, the succession representative of any deceased member may petition the court for dissolution, windup, and liquidation of the LLC.

Present law provides that if a member of an LLC dies or is judged to be incompetent by a court of competent jurisdiction, then the membership of that person ceases and his representative is to be treated as an assignee of the member's interest in the LLC.

Proposed law adds an exception to present law as it relates to a single-member LLC.

Proposed law provides that upon the death of a member of a single-member LLC, the interest of the member is fully inheritable.

Unless otherwise provided in rule or contract, proposed law allows the member's properly appointed succession representative to exercise all of the deceased member's rights, including financial and management rights related to the LLC. The full rights of membership transfer to the appointed succession representative upon a judgment of possession.

Proposed law defines "single-member limited liability company".

Proposed law is subject to and does not superseded any rules, regulations, or laws governing or restricting the ownership or practice of any regulated industry or profession.

(Amends R.S. 12:1333(A); Adds R.S. 12:1333(E) and 1333.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Provide that proposed law does not apply if there is a contradictory provision in the articles of organization or a written operating agreement.

2. Provide that proposed law is subject to and does not preempt any rules, regulations, or laws governing or restricting the ownership or practice of any regulated industry or profession.
3. Make technical changes.