
DIGEST

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Broadwater

HB No. 351

Abstract: Provides relative to single business entities and affiliated juridical personalities.

Proposed law provides that a separate juridical personality of an affiliated business organization shall not be disregarded between one business organization and another, except on grounds that would justify a disregard of the separate personality of a business organization, as between the organization and a natural person.

Proposed law provides that the separate juridical personalities of business organizations may not be disregarded merely because the following circumstances exist for business organizations:

- (1) Control of one another or under common control of the same person.
- (2) Common directors, officers, members, managers, partners, or employees.
- (3) Common offices.
- (4) Subjection to unified administrative control.
- (5) Utilization of a centralized accounting system.
- (6) One organization finances, incorporates, or organizes another.
- (7) One organization makes properly-documented payments on behalf of another or makes properly-documented use of the property of another.
- (8) Employees of one organization provide properly-documented services for another.
- (9) One organization receives no business other than that given to it by another.

Proposed law defines "business organization" as a business corporation, nonprofit corporation, limited liability company, partnership, or other form of business organization that is treated as a juridical person or legal entity under the laws of the state or country under which it is incorporated or organized.

The provisions of proposed law do not affect any law or administrative rule that permits or requires a group of business organizations to be consolidated, unified, or disregarded for the

purposes provided in such law or administrative rule.

The provisions of proposed law only apply prospectively.

(Adds R.S. 12:1702)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Commerce to the original bill.

1. Made technical changes.
2. Added provisions under which the separate juridical personality of a business organization may not be disregarded.
3. Clarified that the provisions of proposed law shall not affect any law or administrative rule that permits or requires a group of business organizations to be consolidated, unified, or disregarded for the purposes provided in such law or administrative rule.

House Floor Amendments to the engrossed bill.

1. Added that the provisions of proposed law only apply prospectively.