HOUSE DOCKET, NO. 2994 FILED ON: 1/21/2011

HOUSE . . . . . No. 1868

The Commonwealth of Massachusetts

PRESENTED BY:

Linda Dorcena Forry

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act relative to creating low profit limited liability companies.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Linda Dorcena Forry	*12th Suffolk*
James J. Dwyer	*30th Middlesex*
James B. Eldridge	☐ *[District]* ☐
Jason M. Lewis	*31st Middlesex*
Bruce E. Tarr	☐ *[District]* ☐
Benjamin Swan	*11th Hampden*

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HOUSE . . . . . No. 1868

By Ms. Forry of Boston, a petition (accompanied by bill, House, No. 1868) of Linda Dorcena Forry and others relative to the creation of low profit limited liability company small businesses. Community Development and Small Businesses.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *4589* OF 2009-2010.]

The Commonwealth of Massachusetts

An Act relative to creating low profit limited liability companies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 2 of chapter 156C of the General Laws, as appearing in the 2006 Official Edition is hereby amended by inserting, after paragraph 6, the following paragraph: (6a) "Low-profit limited liability company" or "L3C", a limited liability company, other than a foreign limited liability company, organized under or governed by this chapter, which has set forth in its articles of organization a business purpose that satisfies, and at all times complies with, each of the following requirements:(i) The limited liability company (a) significantly furthers the accomplishment of one or more charitable or educational purposes within the meaning of section 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended, and (b) would not have been formed but for the entity's relationship to the accomplishment of charitable or educational purposes; (ii)No significant purpose of the limited liability company is the production of income or the appreciation of property; provided, however, that the fact that the entity produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property; and (iii) No purpose of the limited liability company is to accomplish one or more political or legislative purposes within the meaning of section 170(c)(2)(D) of the Internal Revenue Code of 1986, as amended.

SECTION 2. The first paragraph of section 3 of said chapter 156C, as so appearing, is further amended by inserting in line 4, after the abbreviation "LC", the following:- ", provided,

19 however, that if the limited liability company is a low-profit limited liability company, as defined
20 in section 2, its name shall contain the words “Low-profit Limited Liability Company,” or the
21 abbreviation ‘L3C’ or ‘l3c’”.

22 SECTION 3. Subsection (a) of section 12 of said chapter 156C, as so appearing, is
23 hereby amended by inserting, after paragraph (7) the following paragraph:- (7)(a) if the limited
24 liability company is a low-profit limited liability company ;

25 SECTION 4. Section 13 of chapter 156C , as so appearing, is further amended by
26 inserting , after paragraph (d) the following paragraph:- (d)(1) If a low-profit limited liability
27 company has ceased to meet any of the requirements in paragraph (6)(a) of section 2 of this
28 chapter, it shall file a certificate of amendment with the state secretary within thirty (30) days
29 after ceasing to meet those requirements, to amend its name to conform with the requirements in
30 paragraph (1) of section (3) of this chapter governing limited liability company names.

31 SECTION 5. Paragraph (5) of section 45 of said chapter 156C, as so appearing, is hereby
32 amended by striking out, in line 15, the words “forty-four.” And inserting in their place the
33 words “forty-four; or”

34 SECTION 6. Said section 45 of said chapter 156C, as so appearing, is further amended
35 by adding the following paragraph:- (6) with respect to a low-profit limited liability company
36 that has ceased to meet any of the requirements in paragraph (6)(1) of section 2, the failure for
37 sixty (60) days after ceasing to meet those requirements to file articles of amendment with the
38 state secretary, amending its name to conform with the requirements of paragraph(1) of section
39 3.