

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL DRS15232-MV-10

Short Title: Info. Rights of Estate/Death of LLC Member. (Public)

Sponsors: Senator Sawrey (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE SPECIAL ECONOMIC INTEREST OWNERS OF LIMITED
3 LIABILITY COMPANIES AND TO GRANT THEM INFORMATION RIGHTS AND
4 STANDING TO SEEK JUDICIAL DISSOLUTION.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 57D-1-03 reads as rewritten:

7 "§ 57D-1-03. Definitions.

8 Unless otherwise specifically provided, the following definitions apply in this Chapter:

9 ...

10 (10) Economic interest. – The proprietary interest of an interest owner in the
11 capital, income, losses, credits, and other economic rights and interests of a
12 limited liability company, including the right of the owner of the interest to
13 receive distributions from the limited liability company.

14 (11) Economic interest owner. – A ~~person~~ person, including a special economic
15 interest owner, who owns an economic interest but is not a member.

16 ...

17 (15) Interest owner. – A ~~member or member,~~ an economic interest owner,
18 or a special economic interest owner.

19 ...

20 (21) Member. – A person who has been admitted as a member of the LLC as
21 provided in the operating agreement or G.S. 57D-3-01, who was a member of
22 the LLC immediately before the repeal of Chapter 57C of the General Statutes
23 until the person ceases to be a member as provided in the operating agreement
24 or G.S. 57D-3-02, or, with respect to a foreign LLC, a person who has been
25 admitted as a member of the foreign LLC under the law of the jurisdiction in
26 which the foreign LLC is organized until the person ceases to be a member
27 under that law.

28 ...

29 (25) Ownership interest. – All of an interest owner's rights and obligations as an
30 interest owner in an LLC, including (i) any economic interest, (ii) any right to
31 participate in the management or approve actions proposed by persons
32 responsible for the management of the LLC, (iii) any right to bring a derivative
33 action, and (iv) any right to inspect the books and records of or receive
34 information from the LLC.

35 (26) Person. – An individual or an entity.

36 ...



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1 (32c) Special economic interest owner. – A person who owns an economic interest
2 and, as provided in G.S. 57D-3-02, has rights to information and to seek
3 dissolution but is not a member.

4 "

5 **SECTION 2.** G.S. 57D-3-02 reads as rewritten:

6 "**§ 57D-3-02. Cessation of membership.**

7 (a) A person ceases to be a member upon the occurrence of any of the following events:

8 (1) The person does any of the following:

9 a. Becomes a debtor in bankruptcy.

10 b. Executes an assignment for the benefit of creditors under any
11 applicable law.

12 c. Has a general receiver appointed for the person pursuant to
13 G.S. 1-507.24 or has a trustee, receiver, or liquidator appointed for the
14 person or for all or substantially all of the person's property.

15 (2) In the case of an individual, the person's death or being adjudicated by a court
16 of competent jurisdiction as incompetent to manage his or her person or
17 property.

18 (3) In the case of a member with an economic interest, the transfer or
19 abandonment of the person's entire economic interest, excluding the
20 liquidation of a member's economic interest in connection with the dissolution
21 and winding up of the LLC under G.S. 57D-6-08(2), regardless of whether the
22 transferee is or becomes a member.

23 (4) The person abandoning all of the rights of his or her ownership interest except
24 his or her economic interest, or any portion thereof.

25 (b) Upon the occurrence of any of the events described in ~~subdivisions (1) and (2)~~
26 ~~subdivision (1)~~ of subsection (a) of this section with respect to a member, that person ~~or that~~
27 ~~person's estate, as applicable,~~ will automatically become an economic interest owner entitled only
28 to the economic interest attributable to the person's ownership interest, ~~but that person or that~~
29 ~~person's estate, as applicable, and any other person who ceases to be a member shall remain liable~~
30 ~~to the LLC for any obligation the person may have under G.S. 57D-4-02, 57D-4-06, and~~
31 ~~57D-6-12(a)(2)-interest.~~

32 (c) Upon the occurrence of either of the events described in subdivision (2) of subsection
33 (a) of this section with respect to a member, the member's estate or the member through the
34 member's designated agent or court-appointed guardian will automatically become a special
35 economic interest owner entitled to (i) the economic interest attributable to the member's
36 ownership interest, (ii) the member's information rights as described in G.S. 57D-3-04, and (iii)
37 the member's standing to seek judicial dissolution under G.S. 57D-6-02(2) or under an alternative
38 remedy, if applicable, in the operating agreement.

39 (d) Any person who ceases to be a member shall remain liable to the LLC for any
40 obligation the person may have under G.S. 57D-4-02, 57D-4-06, and 57D-6-12(a)(2)."

41 **SECTION 3.** This act becomes effective October 1, 2023, and applies to requests
42 for information and actions for dissolution commenced on or after that date.