

State of California

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Legislative Change No.

99-19

Bill Number: AB 197

Author: Ackerman

Chapter Number: 99-250

Laws Affecting Franchise Tax Board:

Article 7.4 (commencing with Section 15677.1) of Chapter 3 of Title 2, Sections 15679.1, 16101, 16901, 16906, Chapter 11.5 (commencing with Section 17540.1) of Title 2.5, and Section 17600 of the Corporations Code

Date Filed with the Secretary of the State: August 30, 1999

SUBJECT: Limited Partnerships And Limited Liability Company Conversion

Assembly Bill 197 (Ackerman), as enacted on August 30, 1999, made the following changes to California law:

Article 7.4 (commencing with Section 15677.1) of Chapter 3 of Title 2 of the Corporations Code is added.

This act provides specific guidelines for the conversion of a limited partnership (LP) into another business entity or a foreign LP.

This act provides that the filing with the SOS of a certificate of conversion or a statement of partnership authority or articles of organization containing a statement of conversion has the same effect as the filing of a certificate of cancellation by the converting entity, and that the converting entity is not required to file a certificate of dissolution or cancellation as a result.

This act provides that an entity that converts into another entity is for all purposes the same entity that existed before the conversion, including all rights and property, and liability for all debts, liabilities, and obligations of the converting entity.

Section 15679.1 of the Corporations Code is amended.

This act provides that for the purposes of the article "reorganization" includes a conversion pursuant to Article 7.4 (commencing with Section 15677.1).

In addition, this act amends the term "entity" to "business entity."

Section 16101 of the Corporations Code is amended.

This act amends the term "statement" to include also a certificate of conversion under Section 16906 of the Corporations Code.

Section 16901 of the Corporations Code is amended.

This act amends the term "constituent other business entity" to mean any other business entity that is merged with or into one or more partnerships.

Bureau Director

Johnnie Lou Rosas

Date

12/28/99

This act amends the term "other business entity" to include a corporation, business trust, and real estate investment trust, in addition to a limited partnership or a limited liability company.

Section 16906 of the Corporations Code is amended.

This act provides that upon conversion to a limited partnership or limited liability company the certificate of limited partnership or articles of organization filed by the converting entity shall include a statement of conversion in a form prescribed by the Secretary of State (SOS).

In addition, this act provides that the filing with the SOS of a statement of conversion shall have the effect of the filing of a cancellation by the converting partnership of any statement of partnership authority filed by it.

Chapter 11.5 (commencing with Section 17540.1) of Title 2.5 of the Corporations Code is added.

This act provides specific guidelines for the conversion of a limited liability company (LLC) into another business entity or a foreign LLC.

This act provides that the filing with the SOS of a certificate of conversion or a statement of partnership authority or articles of organization containing a statement of conversion has the same effect as the filing of a certificate of cancellation by the converting entity, and that the converting entity is not required to file a certificate of dissolution or cancellation as a result.

This act provides that an entity that converts into another entity is for all purposes the same entity that existed before the conversion, including all rights and property, and liability for all debts, liabilities, and obligations of the converting entity.

Section 17600 of the Corporations Code is amended.

This act amends the term "reorganization" to refer also to a conversion pursuant to Chapter 11.5 (commencing with Section 17540.1).

This act is effective January 1, 2000.

This act will not require any reports by the department to the Legislature.