

IN THE SENATE

SENATE BILL NO. 1198

BY JUDICIARY AND RULES COMMITTEE

AN ACT

1 RELATING TO THE IDAHO UNIFORM BUSINESS ORGANIZATION CODE; AMENDING TITLE 30,
2 IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 20, TITLE 30, IDAHO CODE,
3 RELATING TO THE UNIFORM BUSINESS ORGANIZATION CODE; TO PROVIDE SHORT
4 TITLES, TO PROVIDE DEFINITIONS, TO PROVIDE FOR APPLICATION OF LAW, TO
5 PROVIDE FOR DELIVERY OF RECORD, TO PROVIDE FOR RULES AND PROCEDURES, TO
6 PROVIDE FOR EXCLUSIONS, TO PROVIDE FOR ENTITY FILING REQUIREMENTS, TO
7 PROVIDE FOR FORMS, TO PROVIDE FOR EFFECTIVE DATES AND TIMES, TO PROVIDE
8 FOR WITHDRAWAL OF FILED RECORD BEFORE EFFECTIVENESS, TO PROVIDE FOR
9 CORRECTING FILED RECORD, TO PROVIDE FOR DUTY OF SECRETARY OF STATE TO
10 FILE AND REVIEW OF REFUSAL TO FILE, TO PROVIDE FOR EVIDENTIARY EFFECT
11 OF COPY OF FILED RECORD, TO PROVIDE FOR CERTIFICATE OF GOOD STANDING OR
12 REGISTRATION, TO PROVIDE FOR SIGNING OF ENTITY FILING, TO PROVIDE FOR
13 SIGNING AND FILING PURSUANT TO JUDICIAL ORDER, TO PROVIDE FOR LIABILITY
14 FOR INACCURATE INFORMATION IN FILED RECORD, TO PROVIDE FOR DELIVERY BY
15 SECRETARY OF STATE, TO PROVIDE FOR ANNUAL REPORT FOR SECRETARY OF STATE,
16 TO PROVIDE FOR FEES, TO PROVIDE FOR PERMITTED NAMES, TO PROVIDE FOR NAME
17 REQUIREMENTS FOR CERTAIN TYPES OF ENTITIES, TO PROVIDE FOR RESERVATION
18 OF NAME, TO PROVIDE FOR REGISTRATION OF NAME, TO PROVIDE FOR ENTITIES
19 REQUIRED TO DESIGNATE AND MAINTAIN REGISTERED AGENT, TO PROVIDE FOR
20 ADDRESSES IN FILING, TO PROVIDE FOR DESIGNATION OF REGISTERED AGENT,
21 TO PROVIDE FOR LISTING OF COMMERCIAL REGISTERED AGENT, TO PROVIDE FOR
22 TERMINATION OF LISTING OF COMMERCIAL REGISTERED AGENT, TO PROVIDE FOR
23 CHANGE OF REGISTERED AGENT BY ENTITY, TO PROVIDE FOR CHANGE OF NAME,
24 ADDRESS, TYPE OF ENTITY, OR JURISDICTION OF FORMATION BY NONCOMMERCIAL
25 REGISTERED AGENT, TO PROVIDE FOR CHANGE OF NAME, ADDRESS, TYPE OF ENTITY
26 OR JURISDICTION OF FORMATION BY COMMERCIAL REGISTERED AGENT, TO PRO-
27 VIDE FOR RESIGNATION OF REGISTERED AGENT, TO PROVIDE FOR DESIGNATION OF
28 REGISTERED AGENT BY NONREGISTERED FOREIGN ENTITY OR NONFILING DOMESTIC
29 ENTITY, TO PROVIDE FOR SERVICE OF PROCESS, NOTICE, OR DEMAND ON ENTITY,
30 TO PROVIDE FOR DUTIES OF REGISTERED AGENT, TO PROVIDE FOR JURISDICTION
31 AND VENUE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR REGISTRATION TO
32 DO BUSINESS IN THIS STATE, TO PROVIDE FOR FOREIGN REGISTRATION STATE-
33 MENT, TO PROVIDE FOR AMENDMENT OF FOREIGN REGISTRATION STATEMENT, TO
34 PROVIDE FOR ACTIVITIES NOT CONSTITUTING DOING BUSINESS, TO PROVIDE
35 FOR NONCOMPLYING NAME OF FOREIGN ENTITY, TO PROVIDE FOR WITHDRAWAL OF
36 REGISTRATION OF REGISTERED FOREIGN ENTITY, TO PROVIDE FOR WITHDRAWAL
37 DEEMED ON CONVERSION OR DOMESTICATION TO DOMESTIC FILING ENTITY OR
38 DOMESTIC LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR WITHDRAWAL ON
39 DISSOLUTION OR CONVERSION TO NONFILING ENTITY OTHER THAN LIMITED LIA-
40 BILITY PARTNERSHIP, TO PROVIDE FOR TRANSFER OF REGISTRATION, TO PROVIDE
41 FOR TERMINATION OF REGISTRATION, TO PROVIDE FOR ACTION BY THE ATTOR-
42 NEY GENERAL, TO PROVIDE FOR GROUNDS FOR ADMINISTRATIVE DISSOLUTION,
43 TO PROVIDE FOR PROCEDURE AND EFFECT, TO PROVIDE FOR REINSTATEMENT, TO
44 PROVIDE FOR JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT, TO PROVIDE FOR
45

1 RESERVATION OF POWER TO AMEND OR REPEAL, TO PROVIDE FOR SUPPLEMENTAL
2 PRINCIPLES OF LAW, TO PROVIDE FOR UNIFORMITY OR CONSISTENCY OF APPLICA-
3 TION AND CONSTRUCTION, TO PROVIDE FOR RELATION TO ELECTRONIC SIGNATURES
4 IN GLOBAL AND NATIONAL COMMERCE ACT, TO PROVIDE FOR SAVINGS CLAUSE, TO
5 PROVIDE FOR SEVERABILITY, TO PROVIDE AN EFFECTIVE DATE, TO PROVIDE FOR
6 PROFESSIONAL ENTITIES; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION
7 OF A NEW CHAPTER 21, TITLE 30, IDAHO CODE, TO PROVIDE A SHORT TITLE,
8 TO PROVIDE DEFINITIONS, TO PROVIDE FOR RELATIONSHIP OF THE CHAPTER TO
9 OTHER LAWS, TO PROVIDE FOR REQUIRED NOTICE OR APPROVAL, TO PROVIDE FOR
10 STATUS OF FILINGS, TO PROVIDE FOR NONEXCLUSIVITY, TO PROVIDE FOR REFER-
11 ENCE TO EXTERNAL FACTS, TO PROVIDE FOR ALTERNATIVE MEANS OF APPROVAL OF
12 TRANSACTIONS, TO PROVIDE FOR APPRAISAL RIGHTS, TO PROVIDE FOR EXCLUDED
13 ENTITIES AND TRANSACTIONS, TO PROVIDE FOR PLAN OF MERGER, TO PROVIDE
14 FOR APPROVAL OF MERGER, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN
15 OF MERGER, TO PROVIDE FOR STATEMENT OF MERGER AND EFFECTIVE DATE, TO
16 PROVIDE FOR EFFECT OF MERGER, TO PROVIDE FOR INTEREST EXCHANGE AUTHO-
17 RIZED, TO PROVIDE FOR PLAN OF INTEREST EXCHANGE, TO PROVIDE FOR APPROVAL
18 OF INTEREST EXCHANGE, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN
19 OF INTEREST EXCHANGE, TO PROVIDE FOR STATEMENT OF INTEREST EXCHANGE
20 AND EFFECTIVE DATE, TO PROVIDE FOR EFFECT OF INTEREST EXCHANGE, TO PRO-
21 VIDE FOR CONVERSION AUTHORIZED, TO PROVIDE FOR PLAN OF CONVERSION, TO
22 PROVIDE FOR APPROVAL OF CONVERSION, TO PROVIDE FOR AMENDMENT OR ABAN-
23 DONMENT OF PLAN OF CONVERSION, TO PROVIDE FOR STATEMENT OF CONVERSION
24 AND EFFECTIVE DATE, TO PROVIDE FOR EFFECT OF CONVERSION, TO PROVIDE
25 FOR DOMESTICATION AUTHORIZED, TO PROVIDE FOR PLAN OF DOMESTICATION,
26 TO PROVIDE FOR APPROVAL OF DOMESTICATION, TO PROVIDE FOR AMENDMENT
27 OR ABANDONMENT OF PLAN OF DOMESTICATION, TO PROVIDE FOR STATEMENT OF
28 DOMESTICATION AND EFFECTIVE DATE, AND TO PROVIDE FOR EFFECT OF DOMESTI-
29 CATION; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER
30 22, TITLE 30, IDAHO CODE, TO PROVIDE A SHORT TITLE, TO PROVIDE DEFINI-
31 TIONS, TO PROVIDE FOR KNOWLEDGE AND NOTICE, TO PROVIDE FOR GOVERNING
32 LAW, TO PROVIDE FOR PARTNERSHIP AGREEMENT, SCOPE, FUNCTION AND LIMI-
33 TATIONS, TO PROVIDE FOR PARTNERSHIP AGREEMENT, EFFECT ON PARTNERSHIP
34 AND PERSON BECOMING PARTNER AND PREFORMATION AGREEMENT, TO PROVIDE
35 FOR PARTNERSHIP AGREEMENT, EFFECT ON THIRD PARTIES AND RELATIONSHIP TO
36 RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP, TO PROVIDE FOR SIGNING OF
37 RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE, TO PROVIDE FOR
38 LIABILITY FOR INACCURATE INFORMATION IN FILED RECORDS, TO PROVIDE FOR
39 APPLICATION TO EXISTING RELATIONSHIPS, TO PROVIDE FOR PARTNERSHIP AS
40 ENTITY, TO PROVIDE FOR FORMATION OF PARTNERSHIP, TO PROVIDE FOR PART-
41 NERSHIP PROPERTY, TO PROVIDE FOR WHEN PROPERTY IS PARTNERSHIP PROPERTY,
42 TO PROVIDE FOR PARTNER AGENT OF PARTNERSHIP, TO PROVIDE FOR TRANSFER
43 OF PARTNERSHIP PROPERTY, TO PROVIDE FOR STATEMENT OF PARTNERSHIP AU-
44 THORITY, TO PROVIDE FOR STATEMENT OF DENIAL, TO PROVIDE FOR PARTNERSHIP
45 LIABLE FOR PARTNER'S ACTIONABLE CONDUCT, TO PROVIDE FOR PARTNER'S LIA-
46 BILITY, TO PROVIDE FOR ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS,
47 TO PROVIDE FOR LIABILITY OF PURPORTED PARTNER, TO PROVIDE FOR PARTNER'S
48 RIGHTS AND DUTIES, TO PROVIDE FOR BECOMING PARTNER, TO PROVIDE FOR FORM
49 OF CONTRIBUTION, TO PROVIDE FOR LIABILITY FOR CONTRIBUTION, TO PRO-
50 VIDE FOR SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION, TO

1 PROVIDE FOR LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PART-
2 NERSHIP, TO PROVIDE FOR LIABILITY OF IMPROPER DISTRIBUTIONS BY LIMITED
3 LIABILITY PARTNERSHIP, TO PROVIDE FOR RIGHTS OF PARTNERS AND PERSONS
4 DISSOCIATED AS PARTNER TO INFORMATION, TO PROVIDE FOR STANDARDS OF CON-
5 DUCT FOR PARTNERS, TO PROVIDE FOR ACTIONS BY PARTNERSHIP AND PARTNERS,
6 TO PROVIDE FOR CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PAR-
7 TICULAR UNDERTAKING, TO PROVIDE FOR PARTNER NOT CO-OWNER OF PARTNERSHIP
8 PROPERTY, TO PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO PROVIDE
9 FOR TRANSFER OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING ORDER,
10 TO PROVIDE FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER, TO
11 PROVIDE FOR EVENTS CAUSING DISSOCIATION, TO PROVIDE FOR POWER TO DIS-
12 SOCIATE AS PARTNER AND WRONGFUL DISSOCIATION, TO PROVIDE FOR EFFECT OF
13 DISSOCIATION, TO PROVIDE FOR PERSONS DISSOCIATED AS A PARTNER WITHOUT
14 DISSOLUTION OF PARTNERSHIP, TO PROVIDE FOR POWER TO BIND AND LIABILITY
15 OF PERSON DISSOCIATED AS PARTNER, TO PROVIDE FOR LIABILITY OF PERSON
16 DISSOCIATED AS PARTNER TO OTHER PERSONS, TO PROVIDE FOR STATEMENT OF
17 DISSOCIATION, TO PROVIDE FOR CONTINUED USE OF PARTNERSHIP NAME, TO
18 PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING UP, TO
19 PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR POWER TO BIND PART-
20 NERSHIP AFTER DISSOLUTION, TO PROVIDE FOR LIABILITY AFTER DISSOLUTION,
21 TO PROVIDE FOR DISPOSITION OF ASSETS IN WINDING UP AND WHEN CONTRIBU-
22 TIONS REQUIRED, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED LIMITED
23 LIABILITY PARTNERSHIP, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED
24 LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR COURT PROCEEDINGS, TO
25 PROVIDE FOR LIABILITY OF PARTNER AND PERSON DISSOCIATED AS PARTNER WHEN
26 CLAIM AGAINST LIMITED LIABILITY PARTNERSHIP BARRED, TO PROVIDE FOR
27 STATEMENT OF QUALIFICATION, TO PROVIDE FOR ADMINISTRATIVE REVOCATION
28 OF STATEMENT OF QUALIFICATION, TO PROVIDE FOR REINSTATEMENT AND TO PRO-
29 VIDE FOR JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT; AMENDING TITLE 30,
30 IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 23, TITLE 30, IDAHO CODE, TO
31 PROVIDE A SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR KNOWLEDGE
32 AND NOTICE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR PARTNERSHIP
33 AGREEMENT, SCOPE, FUNCTION AND LIMITATIONS, TO PROVIDE FOR PARTNERSHIP
34 AGREEMENT, EFFECT ON LIMITED PARTNERSHIP AND PERSON BECOMING PARTNER
35 AND PREFORMATION AGREEMENT, TO PROVIDE FOR PARTNERSHIP AGREEMENT, EF-
36 FECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF
37 OF LIMITED PARTNERSHIP, TO PROVIDE FOR REQUIRED INFORMATION, TO PROVIDE
38 FOR DUAL CAPACITY, TO PROVIDE FOR NATURE, PURPOSE AND DURATION OF LIM-
39 ITED PARTNERSHIP, TO PROVIDE FOR POWERS, TO PROVIDE FOR APPLICATION TO
40 EXISTING RELATIONSHIPS, TO PROVIDE FOR FORMATION OF LIMITED PARTNER-
41 SHIP AND CERTIFICATE OF LIMITED PARTNERSHIP, TO PROVIDE FOR AMENDMENT
42 OR RESTATEMENT OF CERTIFICATE OF LIMITED PARTNERSHIP, TO PROVIDE FOR
43 SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE, TO
44 PROVIDE FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD, TO
45 PROVIDE FOR BECOMING LIMITED PARTNER, TO PROVIDE FOR NO AGENCY POWER OF
46 LIMITED PARTNER AS LIMITED PARTNER, TO PROVIDE FOR NO LIABILITY AS LIM-
47 ITED PARTNER FOR LIMITED PARTNERSHIP OBLIGATIONS, TO PROVIDE FOR RIGHTS
48 TO INFORMATION OF LIMITED PARTNER AND PERSON DISSOCIATED AS LIMITED
49 PARTNER, TO PROVIDE FOR LIMITED DUTIES OF LIMITED PARTNER, TO PROVIDE
50 FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD, TO PROVIDE

1 FOR BECOMING GENERAL PARTNER, TO PROVIDE FOR NO AGENCY POWER OF LIMITED
2 PARTNER AS LIMITED PARTNER, TO PROVIDE FOR LIMITED PARTNERSHIP LIABLE
3 FOR GENERAL PARTNER'S ACTIONABLE CONDUCT, TO PROVIDE FOR RIGHTS TO IN-
4 FORMATION OF LIMITED PARTNER AND PERSON DISSOCIATED AS LIMITED PARTNER,
5 TO PROVIDE FOR ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS, TO PRO-
6 VIDE FOR MANAGEMENT RIGHTS OF GENERAL PARTNER, TO PROVIDE FOR RIGHTS TO
7 INFORMATION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PART-
8 NER, TO PROVIDE FOR REIMBURSEMENT, INDEMNIFICATION, ADVANCEMENT AND
9 INSURANCE, TO PROVIDE FOR STANDARDS OF CONDUCT FOR GENERAL PARTNERS,
10 TO PROVIDE FOR FORM OF CONTRIBUTION, TO PROVIDE FOR LIABILITY FOR CON-
11 TRIBUTION, TO PROVIDE FOR SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE
12 DISSOLUTION, TO PROVIDE FOR LIMITATIONS ON DISTRIBUTIONS, TO PROVIDE
13 FOR LIABILITY FOR IMPROPER DISTRIBUTIONS, TO PROVIDE FOR DISSOCIATION
14 AS LIMITED PARTNER, TO PROVIDE FOR EFFECT OF DISSOCIATION AS LIMITED
15 PARTNER, TO PROVIDE FOR DISSOCIATION AS GENERAL PARTNER, TO PROVIDE
16 FOR POWER TO DISSOCIATE AS GENERAL PARTNER AND WRONGFUL DISSOCIATION,
17 TO PROVIDE FOR EFFECT OF DISSOCIATION AS GENERAL PARTNER, TO PROVIDE
18 FOR POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS GENERAL PART-
19 NER, TO PROVIDE FOR LIABILITY TO OTHER PERSONS OF PERSON DISSOCIATED
20 AS GENERAL PARTNER, TO PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO
21 PROVIDE FOR TRANSFER OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING
22 ORDER, TO PROVIDE FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED PART-
23 NER, TO PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING
24 UP, TO PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR POWER TO BIND
25 PARTNERSHIP AFTER DISSOLUTION, TO PROVIDE FOR LIABILITY AFTER DISSO-
26 LUTION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER TO
27 LIMITED PARTNERSHIP, OTHER GENERAL PARTNERS AND PERSON DISSOCIATED AS
28 GENERAL PARTNER, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED LIMITED
29 PARTNERSHIP, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED LIMITED
30 PARTNERSHIP, TO PROVIDE FOR COURT PROCEEDINGS, TO PROVIDE FOR LIABIL-
31 ITY OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER WHEN
32 CLAIM AGAINST LIMITED PARTNERSHIP BARRED, TO PROVIDE FOR DISPOSITION
33 OF ASSETS IN WINDING UP, WHEN CONTRIBUTIONS REQUIRED, TO PROVIDE FOR
34 DIRECT ACTION BY A PARTNER, TO PROVIDE FOR DERIVATIVE ACTION, TO PROVIDE
35 FOR PROPER PLAINTIFF, TO PROVIDE FOR PLEADING, TO PROVIDE FOR SPECIAL
36 LITIGATION COMMITTEE AND TO PROVIDE FOR PROCEEDS AND EXPENSES; AMEND-
37 ING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 24, TITLE
38 30, IDAHO CODE, TO PROVIDE FOR A SHORT TITLE, TO PROVIDE DEFINITIONS,
39 TO PROVIDE FOR KNOWLEDGE AND NOTICE, TO PROVIDE FOR GOVERNING LAW, TO
40 PROVIDE FOR OPERATING AGREEMENT, SCOPE, FUNCTION AND LIMITATIONS, TO
41 PROVIDE FOR OPERATING AGREEMENT, EFFECT ON LIMITED LIABILITY COMPANY
42 AND PERSON BECOMING MEMBER AND PREFORMATION AGREEMENT, TO PROVIDE
43 FOR OPERATING AGREEMENT, EFFECT ON THIRD PARTIES AND RELATIONSHIP TO
44 RECORDS EFFECTIVE ON BEHALF OF LIMITED LIABILITY COMPANY, TO PROVIDE
45 FOR THE NATURE, PURPOSE AND DURATION OF LIMITED LIABILITY COMPANY, TO
46 PROVIDE POWERS, TO PROVIDE FOR APPLICATION TO EXISTING RELATIONSHIPS,
47 TO PROVIDE FOR FORMATION OF LIMITED LIABILITY COMPANY AND CERTIFICATE
48 OF ORGANIZATION, TO PROVIDE FOR AMENDMENT OR RESTATEMENT OF CERTIFICATE
49 OF ORGANIZATION, TO PROVIDE FOR SIGNING OF RECORDS TO BE DELIVERED FOR
50 FILING TO SECRETARY OF STATE, TO PROVIDE FOR LIABILITY FOR INACCURATE

1 INFORMATION IN FILED RECORDS, TO PROVIDE FOR NO AGENCY POWER OF MEMBER
 2 AS MEMBER, TO PROVIDE FOR STATEMENT OF AUTHORITY, TO PROVIDE FOR STATE-
 3 MENT OF DENIAL, TO PROVIDE FOR LIABILITY OF MEMBERS AND MANAGERS, TO
 4 PROVIDE FOR BECOMING A MEMBER, TO PROVIDE FOR FORM OF CONTRIBUTION, TO
 5 PROVIDE FOR LIABILITY FOR CONTRIBUTION, TO PROVIDE FOR SHARING OF AND
 6 RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION, TO PROVIDE FOR LIMITATIONS
 7 ON DISTRIBUTION, TO PROVIDE FOR LIABILITY FOR IMPROPER DISTRIBUTIONS,
 8 TO PROVIDE FOR MANAGEMENT OF A LIMITED LIABILITY COMPANY, TO PROVIDE FOR
 9 REIMBURSEMENT, INDEMNIFICATION, ADVANCEMENT AND INSURANCE, TO PROVIDE
 10 FOR STANDARDS OF CONDUCT FOR MEMBERS AND MANAGERS, TO PROVIDE FOR RIGHTS
 11 OF MEMBER, MANAGER AND PERSON DISSOCIATED AS MEMBER TO INFORMATION, TO
 12 PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO PROVIDE FOR TRANSFER
 13 OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING ORDER, TO PROVIDE
 14 FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED MEMBER, TO PROVIDE FOR
 15 POWER TO DISSOCIATE AS MEMBER AND WRONGFUL DISSOCIATION, TO PROVIDE FOR
 16 EVENTS CAUSING DISSOCIATION, TO PROVIDE FOR EFFECT OF DISSOCIATION, TO
 17 PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING UP, TO
 18 PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR KNOWN CLAIMS AGAINST
 19 DISSOLVED LIMITED LIABILITY COMPANY, TO PROVIDE FOR OTHER CLAIMS
 20 AGAINST DISSOLVED LIMITED LIABILITY COMPANY, TO PROVIDE FOR COURT
 21 PROCEEDINGS, TO PROVIDE FOR DISPOSITION OF ASSETS IN WINDING UP, TO PRO-
 22 VIDE FOR DIRECT ACTION BY MEMBER, TO PROVIDE FOR DERIVATIVE ACTION, TO
 23 PROVIDE FOR PROPER PLAINTIFF, TO PROVIDE FOR PLEADING, TO PROVIDE FOR
 24 SPECIAL LITIGATION COMMITTEE AND TO PROVIDE FOR PROCEEDS AND EXPENSES;
 25 REPEALING CHAPTER 6, TITLE 30, IDAHO CODE, RELATING TO THE IDAHO UNIFORM
 26 LIMITED LIABILITY COMPANY ACT; REPEALING CHAPTER 18, TITLE 30, IDAHO
 27 CODE, RELATING TO THE IDAHO ENTITY TRANSACTIONS ACT; REPEALING CHAPTER
 28 2, TITLE 53, IDAHO CODE, RELATING TO THE UNIFORM LIMITED PARTNERSHIP
 29 ACT; AND REPEALING CHAPTER 3, TITLE 53, IDAHO CODE, RELATING TO UNIFORM
 30 PARTNERSHIP LAW.

31 Be It Enacted by the Legislature of the State of Idaho:

32 SECTION 1. That Title 30, Idaho Code, be, and the same is hereby amended
 33 by the addition thereto of a NEW CHAPTER, to be known and designated as Chap-
 34 ter 20, Title 30, Idaho Code, and to read as follows:

35 CHAPTER 20
 36 UNIFORM BUSINESS ORGANIZATION CODE

37 SECTION 2. That Chapter 20, Title 30, Idaho Code, be, and the same is
 38 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 39 nated as Part 1, Chapter 20, Title 30, Idaho Code, and to read as follows:

40 PART 1
 41 GENERAL PROVISIONS

42 30-20-101. SHORT TITLES. (1) This title may be cited as the Idaho Uni-
 43 form Business Organizations Code (2013).

44 (2) This chapter may be cited as the Idaho Uniform Business Organiza-
 45 tions Code - General Provisions.

1 (3) Part 4 may be cited as the Idaho Registered Agents Act.

2 30-20-102. DEFINITIONS. In this title, except as otherwise provided
3 in definitions of the same terms in other articles of this title:

4 (1) "Annual report" means the report required by Section 30-20-213.

5 (2) "Business corporation" means a domestic business corporation in-
6 corporated under or subject to Chapter 9 or a foreign business corporation.

7 (3) "Business trust" means a trust formed under the statutory law of an-
8 other state which is not a foreign statutory trust and does not have a predom-
9 inately donative purpose.

10 (4) "Commercial registered agent" means a person listed under Section
11 30-20-405.

12 (5) "Common-law business trust" means a common-law trust that does not
13 have a predominately donative purpose.

14 (6) "Debtor in bankruptcy" means a person that is the subject of:

15 (a) An order for relief under Title 11 of the United States Code or a
16 comparable order under a successor statute of general application; or

17 (b) a comparable order under federal, state, or foreign law governing
18 insolvency.

19 (7) "Distributional interest" means the right under an unincorporated
20 entity's organic law and organic rules to receive distributions from the en-
21 tity.

22 (8) "Domestic", with respect to an entity, means governed as to its in-
23 ternal affairs by the law of this state.

24 (9) "Effective date", when referring to a record filed by the secre-
25 tary of state, means the time and date determined in accordance with Section
26 30-20-203.

27 (10) "Entity":

28 (a) Means:

29 (i) A business corporation;

30 (ii) A nonprofit corporation;

31 (iii) A general partnership, including a limited liability part-
32 nership;

33 (iv) A limited partnership, including a limited liability limited
34 partnership;

35 (v) A limited liability company;

36 (vi) A general cooperative association;

37 (vii) A limited cooperative association;

38 (viii) An unincorporated nonprofit association;

39 (ix) A statutory trust, business trust, or common-law business
40 trust; or

41 (x) Any other person that has:

42 1. A legal existence separate from any interest holder of
43 that person; or

44 2. The power to acquire an interest in real property in its
45 own name; and

46 (b) Does not include:

47 (i) A individual;

48 (ii) A trust with a predominately donative purpose or a charitable
49 trust;

- 1 (iii) An association or relationship that is not a partnership
2 solely by reason of Section 202(c) of the Idaho Uniform Partner-
3 ship Act (2013) or a similar provision of the law of another juris-
4 diction;
- 5 (iv) A decedent's estate;
- 6 (v) A government or a governmental subdivision, agency, or in-
7 strumentality; or
- 8 (vi) A person excluded under Section 30-20-106.
- 9 (11) "Entity filing" means a record delivered to the secretary of state
10 for filing pursuant to this title.
- 11 (12) "Filed record" means a record filed by the secretary of state pur-
12 suant to this title.
- 13 (13) "Filing entity" means an entity whose formation requires the fil-
14 ing of a public organic record. The term does not include a limited liability
15 partnership.
- 16 (14) "Foreign", with respect to an entity, means governed as to its in-
17 ternal affairs by the law of a jurisdiction other than this state.
- 18 (15) "General cooperative association" means a foreign general cooper-
19 ative association.
- 20 (16) "General partnership" means a domestic general partnership formed
21 under or subject to Chapter 3 or a foreign general partnership. The term in-
22 cludes a limited liability partnership.
- 23 (17) "Governance interest" means a right under the organic law or or-
24 ganic rules of an unincorporated entity, other than as a governor, agent, as-
25 signee, or proxy, to:
- 26 (a) Receive or demand access to information concerning, or the books
27 and records of, the entity;
- 28 (b) Vote for the election of the governors of the entity; or
- 29 (c) Receive notice of or vote on an issue involving the internal affairs
30 of the entity.
- 31 (18) "Governor" means:
- 32 (a) A director of a business corporation;
- 33 (b) A director or trustee of a nonprofit corporation;
- 34 (c) A general partner of a general partnership;
- 35 (d) A general partner of a limited partnership;
- 36 (e) A manager of a manager-managed limited liability company;
- 37 (f) A member of a member-managed limited liability company;
- 38 (g) A director of a general cooperative association;
- 39 (h) A director of a limited cooperative association;
- 40 (i) A manager of an unincorporated nonprofit association;
- 41 (j) A trustee of a statutory trust, business trust, or common-law busi-
42 ness trust; or
- 43 (k) Any other person under whose authority the powers of an entity are
44 exercised and under whose direction the activities and affairs of the
45 entity are managed pursuant to the organic law and organic rules of the
46 entity.
- 47 (19) "Interest" means:
- 48 (a) A share in a business corporation;
- 49 (b) A membership in a nonprofit corporation;
- 50 (c) A partnership interest in a general partnership;

- 1 (d) A partnership interest in a limited partnership;
2 (e) A membership interest in a limited liability company;
3 (f) A share in a general cooperative association;
4 (g) A member's interest in a limited cooperative association;
5 (h) A membership in an unincorporated nonprofit association;
6 (i) A beneficial interest in a statutory trust, business trust, or com-
7 mon-law business trust; or
8 (j) A governance interest or distributional interest in any other type
9 of unincorporated entity.

10 (20) "Interest holder" means:

- 11 (a) A shareholder of a business corporation;
12 (b) A member of a nonprofit corporation;
13 (c) A general partner of a general partnership;
14 (d) A general partner of a limited partnership;
15 (e) A limited partner of a limited partnership;
16 (f) A member of a limited liability company;
17 (g) A shareholder of a general cooperative association;
18 (h) A member of a limited cooperative association;
19 (i) A member of an unincorporated nonprofit association;
20 (j) A beneficiary or beneficial owner of a statutory trust, business
21 trust, or common-law business trust; or
22 (k) Any other direct holder of an interest.

23 (21) "Jurisdiction", used to refer to a political entity, means the
24 United States, a state, a foreign country, or a political subdivision of a
25 foreign country.

26 (22) "Jurisdiction of formation" means the jurisdiction whose law in-
27 cludes the organic law of an entity.

28 (23) "Limited cooperative association" means a foreign limited cooper-
29 ative association.

30 (24) "Limited liability company" means a domestic limited liability
31 company formed under or subject to Chapter 5 or a foreign limited liability
32 company.

33 (25) "Limited liability limited partnership" means a domestic limited
34 liability limited partnership formed under or subject to Chapter 4 or a for-
35 eign limited liability limited partnership.

36 (26) "Limited liability partnership" means a domestic limited liabil-
37 ity partnership registered under or subject to Chapter 3 or a foreign limited
38 liability partnership.

39 (27) "Limited partnership" means a domestic limited partnership formed
40 under or subject to Chapter 4 or a foreign limited partnership. The term in-
41 cludes a limited liability limited partnership.

42 (28) "Noncommercial registered agent" means a person that is not a com-
43 mercial registered agent and is:

- 44 (a) An individual or domestic or foreign entity that serves in this
45 state as the registered agent of an entity; or
46 (b) An individual who holds the office or other position in an entity
47 which is designated as the registered agent pursuant to Section 30-20-
48 404(1)b(ii).

49 (29) "Nonfiling entity" means an entity that is formed other than by
50 filing a public organic record.

1 (30) "Nonprofit corporation" means a domestic nonprofit corporation
2 incorporated under or subject to Chapter 10 or a foreign nonprofit corpora-
3 tion.

4 (31) "Nonregistered foreign entity" means a foreign entity that is not
5 registered to do business in this state pursuant to a statement of registra-
6 tion filed by the secretary of state.

7 (32) "Organic law" means the law of an entity's jurisdiction of forma-
8 tion governing the internal affairs of the entity.

9 (33) "Organic rules" means the public organic record and private or-
10 ganic rules of an entity.

11 (34) "Person" means an individual, business corporation, nonprofit
12 corporation, partnership, limited partnership, limited liability company,
13 general cooperative association, limited cooperative association, unincor-
14 porated nonprofit association, statutory trust, business trust, common-law
15 business trust, estate, trust, association, joint venture, public corpora-
16 tion, government or governmental subdivision, agency, or instrumentality,
17 or any other legal or commercial entity.

18 (35) "Principal office" means the principal executive office of an en-
19 tity, whether or not the office is located in this state.

20 (36) "Private organic rules" means the rules, whether or not in a
21 record, that govern the internal affairs of an entity, are binding on all its
22 interest holders, and are not part of its public organic record, if any. The
23 term includes:

24 (a) The bylaws of a business corporation;

25 (b) The bylaws of a nonprofit corporation;

26 (c) The partnership agreement of a general partnership;

27 (d) The partnership agreement of a limited partnership;

28 (e) The operating agreement of a limited liability company;

29 (f) The bylaws of a general cooperative association;

30 (g) The bylaws of a limited cooperative association;

31 (h) The governing principles of an unincorporated nonprofit associa-
32 tion; and

33 (i) The trust instrument of a statutory trust or similar rules of a
34 business trust or common-law business trust.

35 (37) "Proceeding" includes a civil action, arbitration, mediation, ad-
36 ministrative proceeding, criminal prosecution, and investigatory action.

37 (38) "Professional entity" means an entity formed for the sole and spe-
38 cific purpose of rendering professional services, allied professional ser-
39 vices, and services ancillary to the professional services and that has as
40 its interest holders only:

41 (a) Natural persons who themselves are duly licensed or otherwise
42 legally authorized to render one or more of the same professional ser-
43 vices as the professional entity; and

44 (b) Other professional entities.

45 (39) "Professional service" means any type of service to the public
46 that can be rendered by a member of any profession within the purview of the
47 member's profession.

48 (40) "Property" means all property, whether real, personal, or mixed or
49 tangible or intangible, or any right or interest therein.

1 (41) "Public organic record" means the record the filing of which by the
2 secretary of state is required to form an entity and any amendment to or re-
3 statement of that record. The term includes:

- 4 (a) The articles of incorporation of a business corporation;
5 (b) The articles of incorporation of a nonprofit corporation;
6 (c) The certificate of limited partnership of a limited partnership;
7 (d) The certificate of organization of a limited liability company;
8 (e) The articles of incorporation of a general cooperative associa-
9 tion;
10 (f) The articles of organization of a limited cooperative association;
11 and
12 (g) The certificate of trust of a statutory trust or similar record of a
13 business trust.

14 (42) "Receipt", as used in this chapter, means actual receipt. "Re-
15 ceive" has a corresponding meaning.

16 (43) "Record", used as a noun, means information that is inscribed on
17 a tangible medium or that is stored in an electronic or other medium and is
18 retrievable in perceivable form.

19 (44) "Registered agent" means an agent of an entity which is authorized
20 to receive service of any process, notice, or demand required or permitted
21 by law to be served on the entity. The term includes a commercial registered
22 agent and a noncommercial registered agent.

23 (45) "Registered foreign entity" means a foreign entity that is regis-
24 tered to do business in this state pursuant to a statement of registration
25 filed by the secretary of state.

26 (46) "Sign" means with present intent to authenticate or adopt a
27 record:

- 28 (a) To execute or adopt a tangible symbol; or
29 (b) To attach to or logically associate with the record an electronic
30 symbol, sound, or process.

31 (47) "State" means a state of the United States, the District of Colum-
32 bia, Puerto Rico, the United States Virgin Islands, or any territory or insu-
33 lar possession subject to the jurisdiction of the United States.

34 (48) "Statutory trust" means a trust formed under the statutory law of a
35 jurisdiction other than this state.

36 (49) "Transfer" includes:

- 37 (a) An assignment;
38 (b) A conveyance;
39 (c) A sale;
40 (d) A lease;
41 (e) An encumbrance, including a mortgage or security interest;
42 (f) A gift; and
43 (g) A transfer by operation of law.

44 (50) "Type of entity" means a generic form of entity:

- 45 (a) Recognized at common law; or
46 (b) Formed under an organic law, whether or not some entities formed un-
47 der that law are subject to provisions of that law that create different
48 categories of the form of entity.

49 (51) "Unincorporated nonprofit association" means a domestic unincor-
50 porated nonprofit association formed under or subject to Chapter 7 or a non-

1 profit association formed under the law of a jurisdiction other than this
2 state which would be an unincorporated nonprofit association if formed under
3 the law of this state.

4 (52) "Written" means inscribed on a tangible medium. "Writing" has a
5 corresponding meaning.

6 30-20-103. APPLICABILITY OF CHAPTER. This chapter applies to an en-
7 tity formed under or subject to this title.

8 30-20-104. DELIVERY OF RECORD. (1) Except as otherwise provided in
9 this title, permissible means of delivery of a record include delivery by
10 hand, the United States Postal Service, commercial delivery service, and
11 electronic transmission.

12 (2) Delivery to the secretary of state is effective only when a record
13 is received by the secretary of state.

14 30-20-105. RULES AND PROCEDURES. The secretary of state may:

15 (1) Adopt rules to administer this title in accordance with this
16 state's administrative procedure act; and

17 (2) Prescribe procedures that are reasonably necessary to perform the
18 duties required of the secretary of state under this title and are not re-
19 quired by this state's administrative procedure act to be adopted as rules.

20 30-20-106. EXCLUSIONS. This title does not apply to:

21 (1) Persons licensed to perform professional services in any other
22 business form or entity formed under a general law of this state other than
23 this act.

24 (2) Persons who are employed by a limited liability company or other en-
25 tity governed by the provisions of this act and who are not licensed to per-
26 form professional services that are rendered by such entity if those per-
27 sons:

28 (a) Work at the direction or under the supervision of those who are li-
29 censed persons; or

30 (b) Do not hold themselves out to the public general as being authorized
31 to perform the professional services rendered by the entity governed by
32 the provisions of this act.

33 SECTION 3. That Chapter 20, Title 30, Idaho Code, be, and the same is
34 hereby amended by the addition thereto of a NEW PART, to be known and desig-
35 nated as Part 2, Chapter 20, Title 30, Idaho Code, and to read as follows:

36 PART 2
37 FILING

38 30-20-201. ENTITY FILING REQUIREMENTS. (1) To be filed by the secre-
39 tary of state pursuant to this title, an entity filing must be received by the
40 secretary of state, comply with this title, and satisfy the following:

41 (a) The entity filing must be required or permitted by this title.

42 (b) The entity filing must be physically delivered in written form un-
43 less and to the extent the secretary of state permits electronic deliv-
44 ery of entity filings.

1 (c) The words in the entity filing must be in English, and numbers must
2 be in Arabic or Roman numerals, but the name of the entity need not be in
3 English if written in English letters or Arabic or Roman numerals.

4 (d) The entity filing must be signed by or on behalf of a person autho-
5 rized or required under this title to sign the filing.

6 (e) The entity filing must state the name and capacity, if any, of each
7 individual who signed it, either on behalf of the individual or the per-
8 son authorized or required to sign the filing, but need not contain a
9 seal, attestation, acknowledgment, or verification.

10 (2) If law other than this title prohibits the disclosure by the secre-
11 tary of state of information contained in an entity filing, the secretary of
12 state shall accept the filing if the filing otherwise complies with this ti-
13 tle but may redact the information.

14 (3) When an entity filing is delivered to the secretary of state for
15 filing, any fee required under this chapter and any fee, tax, interest, or
16 penalty required to be paid under this chapter or law other than this title
17 must be paid in a manner permitted by the secretary of state or by that law.

18 (4) The secretary of state may require that an entity filing delivered
19 in written form be accompanied by an identical or conformed copy.

20 30-20-202. FORMS. (1) The secretary of state may provide forms for en-
21 tity filings required or permitted to be made by this title, but, except as
22 otherwise provided in subsection (2), their use is not required.

23 (2) The secretary of state may require that a cover sheet for an entity
24 filing and an annual report be on forms prescribed by the secretary of state.

25 30-20-203. EFFECTIVE DATES AND TIMES. Except as otherwise provided in
26 this title and subject to Section 30-20-205(4), an entity filing is effec-
27 tive:

28 (1) On the date and at the time of its filing by the secretary of state as
29 provided in Section 1 206;

30 (2) On the date of filing and at the time specified in the entity filing
31 as its effective time, if later than the time under subsection (1);

32 (3) If permitted by this title, at a specified delayed effective date
33 and time, which may not be more than 90 days after the date of filing; or

34 (4) If a delayed effective date as permitted by this title is specified,
35 but no time is specified, at 12:01 a.m. on the date specified, which may not
36 be more than 90 days after the date of filing.

37 30-20-204. WITHDRAWAL OF FILED RECORD BEFORE EFFECTIVENESS. (1) Ex-
38 cept as otherwise provided in this title, a record delivered to the secretary
39 of state for filing may be withdrawn before it takes effect by delivering to
40 the secretary of state for filing a statement of withdrawal.

41 (2) A statement of withdrawal must:

42 (a) Be signed by each person that signed the record being withdrawn, ex-
43 cept as otherwise agreed by those persons;

44 (b) Identify the record to be withdrawn; and

45 (c) If signed by fewer than all the persons that signed the record be-
46 ing withdrawn, state that the record is withdrawn in accordance with the
47 agreement of all the persons that signed the record.

1 (3) On filing by the secretary of state of a statement of withdrawal,
2 the action or transaction evidenced by the original filed record does not
3 take effect.

4 30-20-205. CORRECTING FILED RECORD. (1) A person on whose behalf a
5 filed record was delivered to the secretary of state for filing may correct
6 the record if:

7 (a) The record at the time of filing was inaccurate;

8 (b) The record was defectively signed; or

9 (c) The electronic transmission of the record to the secretary of state
10 was defective.

11 (2) To correct a filed record, a person on whose behalf the record was
12 delivered to the secretary of state must deliver to the secretary of state
13 for filing a statement of correction.

14 (3) A statement of correction:

15 (a) May not state a delayed effective date;

16 (b) Must be signed by the person correcting the filed record;

17 (c) Must identify the filed record to be corrected;

18 (d) Must specify the inaccuracy or defect to be corrected; and

19 (e) Must correct the inaccuracy or defect.

20 (4) A statement of correction is effective as of the effective date of
21 the filed record that it corrects except as to persons relying on the uncor-
22 rected filed record and adversely affected by the correction. As to those
23 persons, the statement of correction is effective when filed.

24 30-20-206. DUTY OF SECRETARY OF STATE TO FILE -- REVIEW OF REFUSAL TO
25 FILE. (1) The secretary of state shall file an entity filing delivered to the
26 secretary of state for filing which satisfies this title. The duty of the
27 secretary of state under this section is ministerial.

28 (2) When the secretary of state files an entity filing, the secretary
29 of state shall record it as filed on the date and at the time of its delivery.
30 After filing an entity filing, the secretary of state shall deliver to the
31 person that submitted the filing a copy of the filing with an acknowledgment
32 of the date and time of filing.

33 (3) If the secretary of state refuses to file an entity filing, the sec-
34 retary of state, not later than 5 business days after the filing is deliv-
35 ered, shall:

36 (a) Return the entity filing or notify the person that submitted the
37 filing of the refusal; and

38 (b) Provide a brief explanation in a record of the reason for the re-
39 fusal.

40 (4) If the secretary of state refuses to file an entity filing, the per-
41 son that submitted the filing may petition the district court to compel its
42 filing. The filing and the explanation of the secretary of state of the re-
43 fusal to file must be attached to the petition. The court may decide the mat-
44 ter in a summary proceeding.

45 (5) The filing of or refusal to file an entity filing does not create a
46 presumption that the information contained in the filing is correct or in-
47 correct.

1 30-20-207. EVIDENTIARY EFFECT OF COPY OF FILED RECORD. A certifica-
2 tion from the secretary of state accompanying a copy of a filed record is con-
3 clusive evidence that the copy is an accurate representation of the original
4 record on file with the secretary of state.

5 30-20-208. CERTIFICATE OF GOOD STANDING OR REGISTRATION. (1) On re-
6 quest of any person, the secretary of state shall issue a certificate of good
7 standing for a domestic filing entity or a certificate of registration for a
8 registered foreign entity.

9 (2) A certificate under subsection (1) must state:

10 (a) The domestic filing entity's name or the registered foreign en-
11 tity's name used in this state;

12 (b) In the case of a domestic filing entity:

13 (i) That its public organic record has been filed and has taken
14 effect;

15 (ii) The date the public organic record became effective;

16 (iii) That the records of the secretary of state do not reflect
17 that the entity has been dissolved;

18 (c) In the case of a registered foreign entity, that it is registered to
19 do business in this state;

20 (3) Subject to any qualification stated in the certificate, a certifi-
21 cate issued by the secretary of state under subsection (1) may be relied upon
22 as conclusive evidence of the facts stated in the certificate.

23 30-20-209. SIGNING OF ENTITY FILING. (1) Signing an entity filing is
24 an affirmation under the penalties of perjury that the facts stated in the
25 filing are true in all material respects.

26 (2) Any record filed under this title may be signed by an agent. When-
27 ever this title requires a particular individual to sign an entity filing and
28 the individual is deceased or incompetent, the filing may be signed by a per-
29 sonal representative of the individual on behalf of the individual.

30 (3) A person that signs a record as an agent or legal representative
31 thereby affirms as a fact that the person is authorized to sign the record.

32 30-20-210. SIGNING AND FILING PURSUANT TO JUDICIAL ORDER. (1) If a
33 person required by this title to sign or deliver a record to the secretary
34 of state for filing under this title does not do so, any other person that is
35 aggrieved may petition the district court to order:

36 (a) The person to sign the record;

37 (b) The person to deliver the record to the secretary of state for fil-
38 ing; or

39 (c) The secretary of state to file the record unsigned.

40 (2) If the petitioner under subsection (1) is not the entity to which
41 the record pertains, the petitioner shall make the entity a party to the ac-
42 tion.

43 (3) A record filed under subsection (1) (c) is effective without being
44 signed.

45 30-20-211. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a
46 record delivered to the secretary of state for filing under this title and

1 filed by the secretary of state contains inaccurate information, a person
2 that suffers a loss by reliance on the information may recover damages for
3 the loss from a person that signed the record or caused another to sign it on
4 the person's behalf and knew at the time the record was signed that the infor-
5 mation was inaccurate.

6 30-20-212. DELIVERY BY SECRETARY OF STATE. Except as otherwise pro-
7 vided by Section 30-20-412 or by law of this state other than this title, the
8 secretary of state may deliver a record to a person by delivering it:

- 9 (1) In person to the person that submitted it for filing;
10 (2) To the principal office address of the person;
11 (3) To another address the person provides to the secretary of state for
12 delivery; or
13 (4) To the address of the person's registered agent.

14 30-20-213. ANNUAL REPORT FOR SECRETARY OF STATE. (1) A domestic filing
15 entity, domestic limited liability partnership, or registered foreign en-
16 tity shall deliver to the secretary of state for filing an annual report that
17 states:

- 18 (a) The name of the entity and its jurisdiction of formation;
19 (b) The information required by section 1-404(1);
20 (c) The street and mailing addresses of the entity's principal office;
21 and
22 (d) The name of at least one governor.
23 (2) Information in an annual report must be current as of the date the
24 report is signed by the entity.

25 (3) The annual report must be delivered to the secretary of state each
26 year before the end of the month during which the public organic record of a
27 domestic filing entity became effective, the statement of qualification of
28 a domestic limited liability partnership became effective, or a foreign fil-
29 ing entity registered to do business in this state. Beginning one (1) year
30 after the public organic record of a domestic filing entity became effec-
31 tive, the statement of qualification of a domestic limited liability part-
32 nership became effective, or a foreign filing entity registered to do busi-
33 ness in this state, and each year thereafter, the annual report must be re-
34 ceived in the office of the secretary of state not later than the close of
35 business on the final day of the applicable month. If the secretary of state
36 finds that such report conforms to the requirements of this chapter, he shall
37 file the same.

38 (4) If an annual report does not contain the information required by
39 this section, the secretary of state promptly shall notify the reporting en-
40 tity in a record and return the report for correction.

41 (5) If an annual report contains the name or address of a registered
42 agent which differs from the information shown in the records of the sec-
43 retary of state immediately before the annual report becomes effective,
44 the differing information in the annual report is considered a statement of
45 change under Section 30-20-407.

46 30-20-214. FEES. (1) The secretary of state shall collect the follow-
47 ing fees for copying and certifying the copy of any filed record:

- 1 (a) \$0.25 per page for copying; and
 2 (b) \$10.00 for the certification.
 3 (2) The secretary of state shall collect the following fees when an en-
 4 tity filing is delivered for filing:
 5 (a) Statement of merger, \$30.00.
 6 (b) Statement of withdrawal, \$30.00.
 7 (c) Statement of interest exchange, \$30.00.
 8 (d) Statement of abandonment, \$30.00.
 9 (e) Statement of conversion, \$30.00.
 10 (f) Statement of domestication, \$30.00.
 11 (g) Annual report, no fee.
 12 (h) Articles of incorporation of a business corporation, \$100.00.
 13 (i) Articles of incorporation of a nonprofit corporation, \$30.00.
 14 (j) Statement of qualification of a limited liability partnership,
 15 \$100.00.
 16 (k) Certificate of limited partnership of a limited partnership,
 17 \$100.00.
 18 (l) Certificate of organization of a limited liability company,
 19 \$100.00.
 20 (m) Other public organic document, \$30.00.
 21 (n) Commercial-registered-agent listing statement, \$100.00.
 22 (o) Commercial-registered-agent termination statement, \$20.00.
 23 (p) Registered agent statement of change, \$20.00.
 24 (q) Registered agent statement of resignation, no fee
 25 (r) Statement designating a registered agent, \$20.00.
 26 (s) Foreign entity registration statement, \$100.00.
 27 (t) Amendment of foreign entity registration statement, \$30.00.
 28 (u) Notice of cancellation of foreign entity registration statement,
 29 no fee.
 30 (v) Statement of withdrawal of foreign entity registration statement,
 31 \$20.00.
 32 (w) Statement of correction, \$30.00.
 33 (x) Certificate of assumed business name, \$25.00.
 34 (y) Statement of dissolution, no fee.
 35 (z) Statement of authority, \$100.00.
 36 (aa) Combined statement of partnership authority and qualification of
 37 limited liability partnership, \$100.00.
 38 (3) The withdrawal under Section 30-20-204 of a filed record before it
 39 is effective or the correction of a filed record under Section 30-20-205 does
 40 not entitle the person on whose behalf the record was filed to a refund of the
 41 filing fee.
 42 (4) The secretary of state shall collect a surcharge of \$20.00 for pro-
 43 viding evidence of filing an entity filing within eight (8) working hours af-
 44 ter the entity filing is delivered for filing.
 45 (5) The secretary of state shall collect a surcharge of \$20.00 for fil-
 46 ing any non-typed record or any record that is not on a standard form pro-
 47 scribed by the secretary of state.

48 SECTION 4. That Chapter 20, Title 30, Idaho Code, be, and the same is
 49 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 50 nated as Part 3, Chapter 20, Title 30, Idaho Code, and to read as follows:

PART 3
NAME OF ENTITY

30-20-301. PERMITTED NAMES. (1) Except as otherwise provided in subsection (4), the name of a domestic filing entity or domestic limited liability partnership, and the name under which a foreign entity may register to do business in this state, must be distinguishable on the records of the secretary of state from any:

(a) Name of an existing domestic filing entity which at the time is not administratively dissolved;

(b) Limited liability partnership;

(c) Name of a foreign entity registered to do business in this state under part 5;

(d) Name reserved under Section 30-20-303; or

(e) Name registered under Section 30-20-304.

(2) If an entity consents in a record to the use of its name and submits an undertaking in a form satisfactory to the secretary of state to change its name to a name that is distinguishable on the records of the secretary of state from any name in any category of names in subsection (1), the name of the consenting entity may be used by the person to which the consent was given.

(3) Except as otherwise provided in subsection (4), in determining whether a name is the same as or not distinguishable on the records of the secretary of state from the name of another entity, words, phrases, or abbreviations indicating the type of entity, such as "corporation", "corp.", "incorporated", "Inc.", "professional corporation", "PC", "P.C.", "professional association", "PA", "P.A.", "limited", "Ltd.", "limited partnership", "LP", "L.P.", "limited liability partnership", "LLP", "L.L.P.", "registered limited liability partnership", "RLLP", "R.L.L.P.", "limited liability limited partnership", "LLLLP", "L.L.L.P.", "registered limited liability limited partnership", "RLLLLP", "R.L.L.L.P.", "limited liability company", "LLC", or "L.L.C." may not be taken into account.

(4) An entity may consent in a record to the use of a name that is not distinguishable on the records of the secretary of state from its name except for the addition of a word, phrase, or abbreviation indicating the type of as provided in subsection (3). In such a case, the entity need not change its name pursuant to subsection (2).

(5) An entity name may not contain language falsely stating or implying government affiliation or stating or implying that the entity is organized for a purpose other than that permitted by this title.

(6) Nothing in this section shall abrogate or limit the law as to unfair competition or unfair practice in the use of trade names, nor derogate from the common law, the principles of equity, or the statutes of this state or of the United States with respect to the right to acquire and protect trade names.

(7) The assumption of a name in violation of this part shall not affect or vitiate the entity existence, but the courts of this state, having equity jurisdiction, may, upon the application of the state, or of any person interested or affected, enjoin such entity in violation from doing business under any name assumed in violation of this part.

1 30-20-302. NAME REQUIREMENTS FOR CERTAIN TYPES OF ENTITIES. (1) The
2 name of a business corporation must contain the word "corporation", "in-
3 corporated", "company", or "limited", or the abbreviation "Corp.", "Inc.",
4 "Co.", or "Ltd.", or words or abbreviations of similar import in another lan-
5 guage; provided however, that if the word "company" or its abbreviation is
6 used it shall not be immediately preceded by the word "and" or by an abbrevi-
7 ation of or symbol representing the word "and." If the business corporation
8 is a professional entity, the name may alternatively contain the word "char-
9 tered," "professional association," or "professional corporation," or the
10 abbreviation "P.A.," "P.C.," or "CHTD" or words or abbreviations of similar
11 import in another language.

12 (2) The name of a limited partnership may contain the name of any part-
13 ner. The name of a partnership that is not a limited liability limited
14 partnership must contain the words "limited partnership" or the abbrevia-
15 tion "L.P." or "LP" and may not contain the words "limited liability limited
16 partnership" or "registered limited liability limited partnership" or the
17 abbreviation "L.L.L.P.", "LLLP", "R.L.L.L.P.", or "RLLLP". If the limited
18 partnership is a limited liability limited partnership, the name must con-
19 tain the words "limited liability limited partnership" or the abbreviation
20 "L.L.L.P." or "LLLP" "R.L.L.L.P.", or "RLLLP" and may not contain the abbrevi-
21 ation "L.P." or "LP". If the limited partnership is a professional entity,
22 the name may include the word "professional" before the word "limited" or the
23 letter "P" at the beginning of any one of the permitted abbreviations.

24 (3) The name of a limited liability partnership must contain the words
25 "limited liability partnership" or "registered limited liability partner-
26 ship" or the abbreviation "L.L.P.", "R.L.L.P.", "LLP", or "RLLP". If the
27 limited liability partnership is a professional entity, the name may include
28 the word "professional" before the word "limited" or the letter "P" at the
29 beginning of any one of the permitted abbreviations.

30 (4) The name of a limited liability company must contain the words "lim-
31 ited liability company" or "limited company" or the abbreviation "L.L.C.",
32 "LLC", "L.C.", or "LC". "Limited" may be abbreviated as "Ltd.", and "com-
33 pany" may be abbreviated as "Co.". If the limited liability company is a pro-
34 fessional entity, the name may include the word "professional" before the
35 word "limited" or the letter "P" at the beginning of any one of the permitted
36 abbreviations.

37 (5) The name of a limited cooperative association must contain the
38 words "limited cooperative association" or "limited cooperative" or the
39 abbreviation "L.C.A." or "LCA". "Limited" may be abbreviated as "Ltd.". "Co-
40 operative" may be abbreviated as "Co-op.", "Coop.", "Co op", or "Coop".
41 "Association" may be abbreviated as "Assoc.", "Assoc", "Assn.", or "Assn".

42 (6) The name of a statutory trust may contain the words "company", "as-
43 sociation", "club", "foundation", "fund", "institute", "society", "union",
44 "syndicate", "limited", or "trust", or words or abbreviations of similar im-
45 port, and may contain the name of a beneficial owner, a trustee, or any other
46 person.

47 30-20-303. RESERVATION OF NAME. (1) A person may reserve the exclusive
48 use of an entity name by delivering an application to the secretary of state
49 for filing. The application must state the name and address of the applicant

1 and the name to be reserved. If the secretary of state finds that the entity
2 name is available, the secretary of state shall reserve the name for the ap-
3 plicant's exclusive use for 120 days.

4 (2) The owner of a reserved entity name may transfer the reservation to
5 another person that is not an individual by delivering to the secretary of
6 state a signed notice in a record of the transfer which states the name and
7 address of the transferee.

8 30-20-304. REGISTRATION OF NAME. (1) A foreign filing entity or for-
9 eign limited liability partnership not registered to do business in this
10 state under part 5 may register its name, or an alternate name adopted pur-
11 suant to Section 30-20-506, if the name is distinguishable on the records of
12 the secretary of state from the names that are not available under Section
13 30-20-301.

14 (2) To register its name or an alternate name adopted pursuant to
15 Section 30-20-506, a foreign filing entity or foreign limited liability
16 partnership must deliver to the secretary of state for filing an application
17 stating the entity's name, the jurisdiction and date of its formation, and
18 any alternate name adopted pursuant to Section 30-20-506. If the secretary
19 of state finds that the name applied for is available, the secretary of state
20 shall register the name for the applicant's exclusive use.

21 (3) The registration of a name under this section is effective for one
22 year after the date of registration.

23 (4) A foreign filing entity or foreign limited liability partnership
24 whose name registration is effective may renew the registration for succes-
25 sive one-year periods by delivering, not earlier than three months before
26 the expiration of the registration, to the secretary of state for filing a
27 renewal application that complies with this section. When filed, the re-
28 newal application renews the registration for a succeeding one-year period.

29 (5) A foreign filing entity or foreign limited liability partnership
30 whose name registration is effective may register as a foreign filing entity
31 or foreign limited liability partnership under the registered name or con-
32 sent in a signed record to the use of that name by another entity.

33 SECTION 5. That Chapter 20, Title 30, Idaho Code, be, and the same is
34 hereby amended by the addition thereto of a NEW PART, to be known and desig-
35 nated as Part 4, Chapter 20, Title 30, Idaho Code, and to read as follows:

36 PART 4
37 REGISTERED AGENT OF ENTITY

38 30-20-401. DEFINITIONS. (1) "Designation of agent" means a statement
39 designating a registered agent delivered to the secretary of state for fil-
40 ing under Section 30-20-411 by a nonregistered foreign entity or domestic
41 nonfiling entity.

42 (2) "Registered agent filing" means:

43 (a) The public organic record of a domestic filing entity;

44 (b) A statement of qualification of a domestic limited liability part-
45 nership;

46 (c) A registration statement filed pursuant to Section 30-20-503; or

47 (d) A designation of agent.

- 1 (3) "Represented entity" means:
2 (a) A domestic filing entity;
3 (b) A domestic limited liability partnership;
4 (c) A registered foreign entity;
5 (d) A domestic or foreign unincorporated nonprofit association for
6 which a designation of agent is in effect;
7 (e) A domestic nonfiling entity for which a designation of agent is in
8 effect; or
9 (f) A nonregistered foreign entity for which a designation of agent is
10 in effect.

11 30-20-402. ENTITIES REQUIRED TO DESIGNATE AND MAINTAIN REGISTERED
12 AGENT. The following shall designate and maintain a registered agent in this
13 state:

- 14 (1) A domestic filing entity;
15 (2) A domestic limited liability partnership; and
16 (3) A registered foreign entity.

17 30-20-403. ADDRESSES IN FILING. If a provision of this part other than
18 Section 30-20-410(1) (d) requires that a record state an address, the record
19 must state:

- 20 (1) A street address in this state; and
21 (2) A mailing address in this state, if different from the address de-
22 scribed in subsection (1).

23 30-20-404. DESIGNATION OF REGISTERED AGENT. (1) A registered agent
24 filing must be signed by the represented entity and state:

- 25 (a) The name of the entity's commercial registered agent; or
26 (b) If the entity does not have a commercial registered agent:
27 (i) The name and address of the entity's noncommercial registered
28 agent; or
29 (ii) The title of an office or other position with the entity,
30 if service of process, notices, and demands are to be sent to
31 whichever individual is holding that office or position, and the
32 address to which process, notices or demands are to be sent.

33 (2) The designation of a registered agent pursuant to subsection (1) (a)
34 or (b) (i) is an affirmation of fact by the represented entity that the agent
35 has consented to serve.

36 (3) The secretary of state shall make available in a record as soon as
37 practicable a daily list of filings that contain the name of a registered
38 agent. The list must:

- 39 (a) Be available for at least 14 calendar days;
40 (b) List in alphabetical order the names of the registered agents; and
41 (c) State the type of filing and name of the represented entity making
42 the filing.

43 30-20-405. LISTING OF COMMERCIAL REGISTERED AGENT. (1) A person may
44 become listed as a commercial registered agent by delivering to the secre-
45 tary of state for filing a commercial-registered-agent listing statement
46 signed by the person which states:

1 (a) The name of the individual or the name of the entity, type of entity,
2 and jurisdiction of formation of the entity;

3 (b) That the person is in the business of serving as a commercial regis-
4 tered agent in this state; and

5 (c) The address of a place of business of the person in this state to
6 which service of process, notices, and demands being served on or sent
7 to entities represented by the person may be delivered.

8 (2) A commercial-registered-agent listing statement may include the
9 information regarding acceptance by the agent of service of process, no-
10 tices, and demands in a form other than a written record as provided in
11 Section 30-20-412(4).

12 (3) If the name of a person delivering to the secretary of state for fil-
13 ing a commercial-registered-agent listing statement is not distinguishable
14 on the records of the secretary of state from the name of another commercial
15 registered agent listed under this section, the person shall adopt a fic-
16 titious name that is distinguishable and use that name in its statement and
17 when it does business in this state as a commercial registered agent.

18 (4) The secretary of state shall note the filing of a commercial-regis-
19 tered-agent listing statement in the index of filings maintained by the sec-
20 retary of state for each entity represented by the agent at the time of the
21 filing. The statement has the effect of amending the registered agent filing
22 for each of those entities to:

23 (a) Designate the person becoming listed as a commercial registered
24 agent as the commercial registered agent of each of those entities; and

25 (b) Delete the name and address of the former agent from the registered
26 agent filing of each of those entities.

27 30-20-406. TERMINATION OF LISTING OF COMMERCIAL REGISTERED AGENT. (1)
28 A commercial registered agent may terminate its listing as a commercial
29 registered agent by delivering to the secretary of state for filing a com-
30 mercial-registered-agent termination statement signed by the agent which
31 states:

32 (a) The name of the agent as listed under Section 30-20-405; and

33 (b) That the agent is no longer in the business of serving as a commer-
34 cial registered agent in this state.

35 (2) A commercial-registered-agent termination statement takes effect
36 at 12:01 a.m. on the 31st day after the day on which it is delivered to the
37 secretary of state for filing.

38 (3) The commercial registered agent promptly shall furnish each entity
39 represented by the agent notice in a record of the filing of the commercial-
40 registered-agent termination statement.

41 (4) When a commercial-registered-agent termination statement takes
42 effect, the commercial registered agent ceases to be the registered agent
43 for each entity formerly represented by it. Until an entity formerly repre-
44 sented by a terminated commercial registered agent designates a new regis-
45 tered agent, service of process may be made on the entity pursuant to Section
46 30-20-412. Termination of the listing of a commercial registered agent un-
47 der this section does not affect any contractual rights a represented entity
48 has against the agent or that the agent has against the entity.

1 30-20-407. CHANGE OF REGISTERED AGENT BY ENTITY. (1) A represented en-
2 tity may change the information on file under Section 30-20-404(1) by deliv-
3 ering to the secretary of state for filing a statement of change signed by the
4 entity which states:

5 (a) The name of the entity; and

6 (b) The information that is to be in effect as a result of the filing of
7 the statement of change.

8 (2) The interest holders or governors of a domestic entity need not ap-
9 prove the filing of:

10 (a) A statement of change under this section; or

11 (b) A similar filing changing the registered agent or registered of-
12 fice, if any, of the entity in any other jurisdiction.

13 (3) A statement of change under this section designating a new reg-
14 istered agent is an affirmation of fact by the represented entity that the
15 agent has consented to serve.

16 (4) As an alternative to using the procedure in this section, a repre-
17 sented entity may change the information on file under Section 30-20-404(1)
18 by amending its most recent registered agent filing in a manner provided by
19 the law of this state other than this title for amending the filing.

20 30-20-408. CHANGE OF NAME, ADDRESS, TYPE OF ENTITY, OR JURISDICTION OF
21 FORMATION BY NONCOMMERCIAL REGISTERED AGENT. (1) If a noncommercial regis-
22 tered agent changes its name, its address in effect with respect to a repre-
23 sented entity under Section 30-20-404(1), its type of entity, or its juris-
24 diction of formation, the agent shall deliver to the secretary of state for
25 filing, with respect to each entity represented by the agent, a statement of
26 change signed by the agent which states:

27 (a) The name of the entity;

28 (b) the name and address of the agent in effect with respect to the en-
29 tity;

30 (c) If the name of the agent has changed, the new name;

31 (d) if the address of the agent has changed, the new address; and

32 (e) If the agent is an entity:

33 (i) If the type of entity of the agent has changed, the new type of
34 entity; and

35 (ii) If the jurisdiction of formation of the agent has changed,
36 the new jurisdiction of formation.

37 (2) A noncommercial registered agent promptly shall furnish the rep-
38 represented entity with notice in a record of the delivery to the secretary of
39 state for filing of a statement of change and the changes made in the state-
40 ment.

41 30-20-409. CHANGE OF NAME, ADDRESS, TYPE OF ENTITY, OR JURISDICTION
42 OF FORMATION BY COMMERCIAL REGISTERED AGENT. (1) If a commercial registered
43 agent changes its name, its address as listed under Section 30-20-405(1),
44 its type of entity, or its jurisdiction of formation, the agent shall deliver
45 to the secretary of state for filing a statement of change signed by the agent
46 which states:

47 (a) The name of the agent as listed under Section 30-20-405(1);

48 (b) If the name of the agent has changed, the new name;

- 1 (c) If the address of the agent has changed, the new address; and
2 (d) If the agent is an entity:
3 (i) If the type of entity of the agent has changed, the new type of
4 entity; and
5 (ii) If the jurisdiction of formation of the agent has changed,
6 the new jurisdiction of formation.

7 (2) The filing by the secretary of state of a statement of change under
8 subsection (1) is effective to change the information regarding the agent
9 with respect to each entity represented by the agent.

10 (3) A commercial registered agent promptly shall furnish to each entity
11 represented by it a notice in a record of the filing by the secretary of state
12 of a statement of change relating to the name or address of the agent and the
13 changes made in the statement.

14 (4) If a commercial registered agent changes its address without deliv-
15 ering for filing a statement of change as required by this section, the sec-
16 retary of state may cancel the listing of the agent under Section 30-20-405.
17 A cancellation under this subsection has the same effect as a termination un-
18 der Section 1 406. Promptly after canceling the listing of an agent, the sec-
19 retary of state shall serve notice in a record in the manner provided in Sec-
20 tion 30-20-412(2) or (3) on:

21 (a) Each entity represented by the agent, stating that the agent has
22 ceased to be the registered agent for the entity and that, until the en-
23 tity designates a new registered agent, service of process may be made
24 on the entity as provided in Section 30-20-412; and

25 (b) The agent, stating that the listing of the agent has been canceled
26 under this section.

27 30-20-410. RESIGNATION OF REGISTERED AGENT. (1) A registered agent
28 may resign as agent for a represented entity by delivering to the secretary
29 of state for filing a statement of resignation signed by the agent which
30 states:

31 (a) The name of the entity;

32 (b) The name of the agent;

33 (c) That the agent resigns from serving as registered agent for the en-
34 tity; and

35 (d) The address of the entity to which the agent will send the notice
36 required by subsection (c).

37 (2) A statement of resignation takes effect on the earlier of:

38 (a) The 31st day after the day on which it is filed by the secretary of
39 state; or

40 (b) The designation of a new registered agent for the represented en-
41 tity.

42 (3) A registered agent promptly shall furnish to the represented entity
43 notice in a record of the date on which a statement of resignation was filed.

44 (4) When a statement of resignation takes effect, the person that re-
45 signed ceases to have responsibility under this part for any matter there-
46 after tendered to it as agent for the represented entity. The resignation
47 does not affect any contractual rights the entity has against the agent or
48 that the agent has against the entity.

1 (5) A registered agent may resign with respect to a represented entity
2 whether or not the entity is in good standing.

3 30-20-411. DESIGNATION OF REGISTERED AGENT BY NONREGISTERED FOREIGN
4 ENTITY OR NONFILING DOMESTIC ENTITY. (1) A nonregistered foreign entity or
5 domestic nonfiling entity may deliver to the secretary of state for filing a
6 statement designating a registered agent signed by the entity which states:

7 (a) The name, type of entity, and jurisdiction of formation of the en-
8 tity; and

9 (b) the information required by Section 30-20-404(1).

10 (2) A statement under subsection (1) is effective for five years after
11 the date of filing unless canceled or terminated earlier.

12 (3) A statement under subsection (1) must be signed by a person autho-
13 rized to manage the affairs of the nonregistered foreign entity or domes-
14 tic nonfiling entity. The signing of the statement is an affirmation of fact
15 that the person is authorized to manage the affairs of the entity and that the
16 agent has consented to serve.

17 (4) Designation of a registered agent under subsection (1) does not
18 register a nonregistered foreign entity to do business in this state.

19 (5) A statement under subsection (1) may not be rejected for filing be-
20 cause the name of the entity signing the statement is not distinguishable on
21 the records of the secretary of state from the name of another entity appear-
22 ing on those records. The filing of such a statement does not make the name of
23 the entity signing the statement unavailable for use by another entity.

24 (6) An entity that delivers to the secretary of state for filing a
25 statement under subsection (1) designating a registered agent may cancel the
26 statement by delivering to the secretary of state for filing a statement of
27 cancellation that states the name of the entity and that the entity is can-
28 canceling its designation of a registered agent in this state.

29 (7) A statement under subsection (1) for a nonregistered foreign entity
30 terminates on the date the entity becomes a registered foreign entity.

31 30-20-412. SERVICE OF PROCESS, NOTICE, OR DEMAND ON ENTITY. (1) A rep-
32 represented entity may be served with any process, notice, or demand required or
33 permitted by law by serving its registered agent.

34 (2) If a represented entity ceases to have a registered agent, or if its
35 registered agent cannot with reasonable diligence be served, the entity may
36 be served by registered or certified mail, return receipt requested, or by
37 similar commercial delivery service, addressed to the entity at the entity's
38 principal office. The address of the principal office must be as shown in the
39 entity's most recent annual report filed by the secretary of state. Service
40 is effected under this subsection on the earliest of:

41 (a) The date the entity receives the mail or delivery by the commercial
42 delivery service;

43 (b) The date shown on the return receipt, if signed by the entity; or

44 (c) Five days after its deposit with the United States Postal Service
45 or commercial delivery service, if correctly addressed and with suffi-
46 cient postage or payment.

47 (3) If process, notice, or demand cannot be served on an entity pursuant
48 to subsection (1) or (2), service may be made by handing a copy to the indi-

1 vidual in charge of any regular place of business or activity of the entity if
2 the individual served is not a plaintiff in the action.

3 (4) Service of process, notice, or demand on a registered agent must be
4 in a written record, but service may be made on a commercial registered agent
5 in other forms, and subject to such requirements, as the agent has stated in
6 its listing under Section 30-20-405 that it will accept.

7 (5) Service of process, notice, or demand may be made by other means un-
8 der law other than this title.

9 30-20-413. DUTIES OF REGISTERED AGENT. The only duties under this part
10 of a registered agent that has complied with this part are:

11 (1) To forward to the represented entity at the address most recently
12 supplied to the agent by the entity any process, notice, or demand pertaining
13 to the entity which is served on or received by the agent;

14 (2) To provide the notices required by this title to the entity at the
15 address most recently supplied to the agent by the entity;

16 (3) If the agent is a noncommercial registered agent, to keep current
17 the information required by Section 30-20-404(1) in the most recent regis-
18 tered agent filing for the entity; and

19 (4) If the agent is a commercial registered agent, to keep current the
20 information listed for it under Section 30-20-405(1).

21 30-20-414. JURISDICTION AND VENUE. The designation or maintenance in
22 this state of a registered agent does not by itself create the basis for per-
23 sonal jurisdiction over the represented entity in this state. The address of
24 the agent does not determine venue in an action or a proceeding involving the
25 entity.

26 SECTION 6. That Chapter 20, Title 30, Idaho Code, be, and the same is
27 hereby amended by the addition thereto of a NEW PART, to be known and desig-
28 nated as Part 5, Chapter 20, Title 30, Idaho Code, and to read as follows:

29 PART 5
30 FOREIGN ENTITIES

31 30-20-501. GOVERNING LAW. (1) The law of the jurisdiction of formation
32 of an entity governs:

33 (a) The internal affairs of the entity;

34 (b) The liability that a person has as an interest holder or governor
35 for a debt, obligation, or other liability of the entity;

36 (c) The liability of a series of a limited liability company, a statu-
37 tory trust, or any other unincorporated entity.

38 (2) A foreign entity is not precluded from registering to do business in
39 this state because of any difference between the law of the entity's juris-
40 diction of formation and the law of this state.

41 (3) Registration of a foreign entity to do business in this state does
42 not authorize the foreign entity to engage in any activity or exercise any
43 power that the domestic entity of the type to which it most closely corre-
44 sponds may not engage in or exercise in this state.

45 (4) A foreign professional entity rendering services in this state
46 shall be subject to the laws of this state and the code of ethics or profes-

1 sional responsibility that are applicable to the profession in which such
2 professional entity is rendering services in this state.

3 30-20-502. REGISTRATION TO DO BUSINESS IN THIS STATE. (1) A foreign
4 filing entity or foreign limited liability partnership may not do business
5 in this state until it registers with the secretary of state under this chap-
6 ter.

7 (2) A foreign filing entity or foreign limited liability partnership
8 doing business in this state may not maintain an action or proceeding in this
9 state unless it is registered to do business in this state.

10 (3) The failure of a foreign filing entity or foreign limited liability
11 partnership to register to do business in this state does not impair the va-
12 lidity of a contract or act of the foreign filing entity or foreign limited
13 liability partnership or preclude it from defending an action or proceeding
14 in this state.

15 (4) A limitation on the liability of an interest holder or governor of a
16 foreign filing entity or of a partner of a foreign limited liability partner-
17 ship is not waived solely because the foreign filing entity or foreign lim-
18 ited liability partnership does business in this state without registering.

19 (5) Section 30-20-501 (1) and (2) applies even if a foreign entity fails
20 to register under this chapter.

21 30-20-503. FOREIGN REGISTRATION STATEMENT. To register to do business
22 in this state, a foreign filing entity or foreign limited liability partner-
23 ship must deliver a foreign registration statement to the secretary of state
24 for filing. The statement must be signed by the entity and state:

25 (1) The name of the foreign filing entity or foreign limited liability
26 partnership and, if the name does not comply with Section 30-20-301, an al-
27 ternate name adopted pursuant to Section 30-20-506(1);

28 (2) the type of entity and, if it is a foreign limited partnership,
29 whether it is a foreign limited liability limited partnership;

30 (3) The entity's jurisdiction of formation;

31 (4) The street and mailing addresses of the entity's principal office
32 and, if the law of the entity's jurisdiction of formation requires the entity
33 to maintain an office in that jurisdiction, the street and mailing addresses
34 of the office;

35 (5) The information required by Section 30-20-404(1) and the name and
36 mailing address of at least one governor.

37 30-20-504. AMENDMENT OF FOREIGN REGISTRATION STATEMENT. A registered
38 foreign entity shall deliver to the secretary of state for filing an amend-
39 ment to its foreign registration statement if there is a change in:

40 (1) The name of the entity;

41 (2) The type of entity, including, if it is a foreign limited partner-
42 ship, whether the entity became or ceased to be a foreign limited liability
43 limited partnership;

44 (3) The entity's jurisdiction of formation;

45 (4) An address required by Section 30-20-503(4); or

46 (5) The information required by Section 30-20-404(1).

1 30-20-505. ACTIVITIES NOT CONSTITUTING DOING BUSINESS. (1) Activi-
2 ties of a foreign filing entity or foreign limited liability partnership
3 which do not constitute doing business in this state under this chapter in-
4 clude:

5 (a) Maintaining, defending, mediating, arbitrating, or settling an ac-
6 tion or proceeding;

7 (b) Carrying on any activity concerning its internal affairs, includ-
8 ing holding meetings of its interest holders or governors;

9 (c) Maintaining accounts in financial institutions;

10 (d) Maintaining offices or agencies for the transfer, exchange, and
11 registration of securities of the entity or maintaining trustees or de-
12 positories with respect to those securities;

13 (e) Selling through independent contractors;

14 (f) Soliciting or obtaining orders by any means if the orders require
15 acceptance outside this state before they become contracts;

16 (g) Creating or acquiring indebtedness, mortgages, or security inter-
17 ests in property;

18 (h) Securing or collecting debts or enforcing mortgages or security
19 interests in property securing the debts, and holding, protecting, or
20 maintaining property so acquired;

21 (i) Conducting an isolated transaction that is not in the course of sim-
22 ilar transactions;

23 (j) Owning, without more, property; and

24 (k) Doing business in interstate commerce.

25 (2) A person does not do business in this state solely by being an inter-
26 est holder or governor of a foreign entity that does business in this state.

27 (3) This section does not apply in determining the contacts or activi-
28 ties that may subject a foreign filing entity or foreign limited liability
29 partnership to service of process, taxation, or regulation under law of this
30 state other than this title.

31 30-20-506. NONCOMPLYING NAME OF FOREIGN ENTITY. (1) A foreign filing
32 entity or foreign limited liability partnership whose name does not comply
33 with Section 30-20-301 for an entity of its type may not register to do busi-
34 ness in this state until it adopts, for the purpose of doing business in this
35 state, an alternate name that complies with Section 30-20-301. A registered
36 foreign entity that registers under an alternate name under this subsection
37 need not comply with this state's assumed or fictitious name statute. After
38 registering to do business in this state with an alternate name, a registered
39 foreign entity shall do business in this state under:

40 (a) The alternate name;

41 (b) Its entity name, with the addition of its jurisdiction of forma-
42 tion clearly identified; or (3) an assumed or fictitious name the en-
43 tity is authorized to use under this state's assumed or fictitious name
44 statute.

45 (2) If a registered foreign entity changes its name to one that does not
46 comply with Section 30-20-301, it may not do business in this state until it
47 complies with subsection (1) by amending its registration to adopt an alter-
48 nate name that complies with Section 30-20-301.

1 30-20-507. WITHDRAWAL OF REGISTRATION OF REGISTERED FOREIGN EN-
2 TITY. (1) A registered foreign entity may withdraw its registration by
3 delivering a statement of withdrawal to the secretary of state for filing.
4 The statement of withdrawal must be signed by the entity and state:

5 (a) The name of the entity and its jurisdiction of formation;

6 (b) that the entity is not doing business in this state and that it with-
7 draws its registration to do business in this state;

8 (c) That the entity revokes the authority of its registered agent to ac-
9 cept service on its behalf in this state; and

10 (d) An address to which service of process may be made under subsection
11 (2).

12 (2) After the withdrawal of the registration of an entity, service of
13 process in any action or proceeding based on a cause of action arising during
14 the time the entity was registered to do business in this state may be made
15 pursuant to Section 30-20-412.

16 30-20-508. WITHDRAWAL DEEMED ON CONVERSION OR DOMESTICATION TO DOMES-
17 TIC FILING ENTITY OR DOMESTIC LIMITED LIABILITY PARTNERSHIP. A registered
18 foreign entity that converts or domesticates to any type of domestic filing
19 entity or to a domestic limited liability partnership is deemed to have with-
20 drawn its registration on the effective date of the conversion or domestica-
21 tion.

22 30-20-509. WITHDRAWAL ON DISSOLUTION OR CONVERSION TO NONFILING EN-
23 TITY OTHER THAN LIMITED LIABILITY PARTNERSHIP. (1) A registered foreign en-
24 tity that has dissolved and completed winding up or has converted to a domes-
25 tic or foreign nonfiling entity other than a limited liability partnership
26 shall deliver a statement of withdrawal to the secretary of state for filing.
27 The statement must be signed by the dissolved or converted entity and state:

28 (a) In the case of a foreign entity that has completed winding up:

29 (i) Its name and jurisdiction of formation; and

30 (ii) That the foreign entity surrenders its registration to do
31 business in this state; and

32 (b) In the case of a foreign entity that has converted to a domestic or
33 foreign nonfiling entity other than a limited liability partnership:

34 (i) The name of the converting foreign entity and its jurisdiction
35 of formation;

36 (ii) The type of nonfiling entity to which it has converted and its
37 jurisdiction of formation;

38 (iii) That it surrenders its registration to do business in this
39 state and revokes the authority of its registered agent to accept
40 service on its behalf; and

41 (iv) A mailing address to which service of process may be made un-
42 der subsection (2).

43 (2) After a withdrawal is effective under this section, service of
44 process in any action or proceeding based on a cause of action arising dur-
45 ing the time the foreign filing entity was registered to do business in this
46 state may be made pursuant to Section 30-20-412.

1 30-20-510. TRANSFER OF REGISTRATION. (1) If a registered foreign en-
2 tity merges into a nonregistered foreign entity or converts to a foreign en-
3 tity required to register with the secretary of state to do business in this
4 state, the foreign entity shall deliver to the secretary of state for filing
5 an application for transfer of registration. The application must be signed
6 by the surviving or converted entity and state:

7 (a) The name of the registered foreign entity before the merger or con-
8 version;

9 (b) The type of entity it was before the merger or conversion;

10 (c) The name of the applicant entity and, if the name does not comply
11 with Section 30-20-301, an alternate name adopted pursuant to Section
12 30-20-506(1);

13 (d) The type of entity of the applicant entity and its jurisdiction of
14 formation; and

15 (e) the following information regarding the applicant entity, if dif-
16 ferent than the information for the foreign entity before the merger or
17 conversion:

18 (i) The street and mailing addresses of the principal office of
19 the entity and, if the law of the entity's jurisdiction of forma-
20 tion requires it to maintain an office in that jurisdiction, the
21 street and mailing addresses of that office; and

22 (ii) The information required pursuant to Section 30-20-404(1).

23 (2) When an application for transfer of registration takes effect, the
24 registration of the registered foreign entity to do business in this state is
25 transferred without interruption to the entity into which it has merged or to
26 which it has been converted.

27 30-20-511. TERMINATION OF REGISTRATION. (1) The secretary of state
28 may terminate the registration of a registered foreign entity in the manner
29 provided in subsections (2) and (3) if the entity does not:

30 (a) Deliver its annual report to the secretary of state for filing not
31 later than the date it is due;

32 (b) Have a registered agent as required by Section 30-20-402; or

33 (c) Deliver to the secretary of state for filing a statement of change
34 under Section 30-20-407 not later than 30 days after a change occurs in
35 the name or address of the entity's registered agent.

36 (2) The secretary of state may terminate the registration of a regis-
37 tered foreign entity by:

38 (a) Filing a notice of termination or noting the termination in the
39 records of the secretary of state; and

40 (b) Delivering a copy of the notice or the information in the notation
41 to the entity's registered agent or, if the entity does not have a regis-
42 tered agent, to the entity's principal office.

43 (3) The notice must state or the information in the notation under sub-
44 section (2) must include:

45 (a) The effective date of the termination, which must be at least 60
46 days after the date the secretary of state delivers the copy; and

47 (b) the grounds for termination under subsection (1).

48 (4) The authority of a registered foreign entity to do business in this
49 state ceases on the effective date of the notice of termination or notation

1 under subsection (2), unless before that date the entity cures each ground
 2 for termination stated in the notice or notation. If the entity cures each
 3 ground, the secretary of state shall file a record so stating.

4 30-20-512. ACTION BY ATTORNEY GENERAL. The attorney general may main-
 5 tain an action to enjoin a foreign filing entity or foreign limited liability
 6 partnership from doing business in this state in violation of this title.

7 SECTION 7. That Chapter 20, Title 30, Idaho Code, be, and the same is
 8 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 9 nated as Part 6, Chapter 20, Title 30, Idaho Code, and to read as follows:

10 PART 6
 11 ADMINISTRATIVE DISSOLUTION

12 30-20-601. GROUNDS. The secretary of state may commence a proceeding
 13 under Section 30-20-602 to dissolve a domestic filing entity administra-
 14 tively if the entity does not:

- 15 (1) Deliver an annual report to the secretary of state by the date it is
 16 due;
 17 (2) Have a registered agent in this state for 60 consecutive days; or
 18 (3) The secretary of state has credible information that the domestic
 19 filing entity has failed to notify the secretary of state within sixty (60)
 20 days after the occurrence that its registered agent has been changed or that
 21 its registered agent has resigned.

22 30-20-602. PROCEDURE AND EFFECT. (1) If the secretary of state deter-
 23 mines that one or more grounds exist under Section 30-20-601 for adminis-
 24 tratively dissolving a domestic filing entity, the secretary of state shall
 25 serve the entity pursuant to Section 30-20-212 with notice in a record of the
 26 secretary of state's determination.

27 (2) If a domestic filing entity, not later than 60 days after service
 28 of the notice required by subsection (1), does not cure or demonstrate to the
 29 satisfaction of the secretary of state the nonexistence of each ground de-
 30 termined by the secretary of state, the secretary of state shall administra-
 31 tively dissolve the entity by signing a statement of administrative dissolu-
 32 tion that recites the grounds for dissolution and the effective date of dis-
 33 solution. The secretary of state shall file the statement and serve a copy on
 34 the entity pursuant to Section 30-20-212.

35 (3) A domestic filing entity that is dissolved administratively con-
 36 tinues its existence as an entity but may not carry on any activities except
 37 as necessary to wind up its activities and affairs and liquidate its assets
 38 in the manner provided in its organic law or to apply for reinstatement under
 39 Section 30-20-603.

40 (4) The administrative dissolution of a domestic filing entity does not
 41 terminate the authority of its registered agent.

42 30-20-603. REINSTATEMENT (1) A domestic filing entity that is dis-
 43 solved administratively under Section 30-20-602 may apply to the secretary
 44 of state for reinstatement not later than ten years after the effective date
 45 of dissolution. The application must be signed by the entity and state:

1 (a) The name of the entity at the time of its administrative dissolution
2 and, if needed, a different name that satisfies Section 30-20-301;

3 (b) The address of the principal office of the entity and the informa-
4 tion required by section 30-20-404(1);

5 (c) The effective date of the entity's administrative dissolution; and

6 (d) That the grounds for dissolution did not exist or have been cured.

7 (2) To be reinstated, an entity must pay all fees, taxes, interest, and
8 penalties that were due to the secretary of state at the time of its adminis-
9 trative dissolution and all fees, taxes, interest, and penalties that would
10 have been due to the secretary of state while the entity was dissolved admin-
11 istratively.

12 (3) If the secretary of state determines that an application under sub-
13 section (1) contains the information required by subsection (1), is satis-
14 fied that the information is correct, and determines that all payments re-
15 quired to be made to the secretary of state by subsection (2) have been made,
16 the secretary of state shall:

17 (a) Cancel the statement of administrative dissolution and prepare a
18 statement of reinstatement that states the Secretary of State's deter-
19 mination and the effective date of reinstatement;

20 (b) File the statement; and

21 (c) Serve a copy of the statement on the entity.

22 (4) When reinstatement under this section is effective:

23 (a) It relates back to and takes effect as of the effective date of the
24 administrative dissolution; and

25 (b) The domestic filing entity resumes carrying on its activities and
26 affairs as if the administrative dissolution had never occurred, except
27 for the rights of a person arising out of an act or omission in reliance
28 on the dissolution before the person knew or had reason to know of the
29 reinstatement.

30 30-20-604. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT. (1) If the
31 secretary of state denies a domestic filing entity's application for re-
32 instatement following administrative dissolution, the secretary of state
33 shall serve the entity with a notice in a record that explains the reasons for
34 denial.

35 (2) Within thirty (30) days after service of a notice of denial of rein-
36 statement under subsection (1) of this section, an entity may appeal from the
37 denial by petitioning the district court of Ada County to set aside the dis-
38 solution. The petition must be served on the secretary of state and contain a
39 copy of the secretary of state's notice of dissolution, the company's appli-
40 cation for reinstatement, and the secretary of state's notice of denial.

41 (3) The district court may, if grounds exist, order the secretary of
42 state to reinstate a dissolved entity or take other action the court consid-
43 ers appropriate.

44 SECTION 8. That Chapter 20, Title 30, Idaho Code, be, and the same is
45 hereby amended by the addition thereto of a NEW PART, to be known and desig-
46 nated as Part 7, Chapter 20, Title 30, Idaho Code, and to read as follows:

47 PART 7

48 MISCELLANEOUS PROVISIONS

1 30-20-701. RESERVATION OF POWER TO AMEND OR REPEAL. The legislature
2 of this state has power to amend or repeal all or part of this title at any
3 time, and all domestic and foreign entities subject to this title are gov-
4 erned by the amendment or repeal.

5 30-20-702. SUPPLEMENTAL PRINCIPLES OF LAW. Unless displaced by par-
6 ticular provisions of this title, the principles of law and equity supple-
7 ment this title.

8 30-20-703. UNIFORMITY OR CONSISTENCY OF APPLICATION AND CONSTRUC-
9 TION. In applying and construing the chapters of this title based on uniform
10 or model acts, consideration must be given to the need to promote uniformity
11 or consistency of the law with respect to its subject matter among states
12 that enact it.

13 30-20-704. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
14 COMMERCE ACT. This title modifies, limits, and supersedes the Electronic
15 Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et
16 seq., but does not modify, limit, or supersede Section 101(c) of that act,
17 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the
18 notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

19 30-20-705. SAVINGS CLAUSE. The repeal of a statute by this title does
20 not affect:

21 (1) The operation of the statute or any action taken under it before its
22 repeal;

23 (2) Any ratification, right, remedy, privilege, obligation, or liabil-
24 ity acquired, accrued, or incurred under the statute before its repeal;

25 (3) Any violation of the statute or any penalty, forfeiture, or punish-
26 ment incurred because of the violation before its repeal; or

27 (4) Any proceeding, reorganization, or dissolution commenced under the
28 statute before its repeal, and the proceeding, reorganization, or dissolu-
29 tion may be completed in accordance with the statute as if it had not been re-
30 pealed.

31 30-20-706. SEVERABILITY CLAUSE. If any provision of this title or its
32 application to any person or circumstance is held invalid, the invalidity
33 does not affect other provisions or applications of this title which can be
34 given effect without the invalid provision or application, and to this end
35 the provisions of this title are severable.

36 30-20-707. EFFECTIVE DATE. This title takes effect July 1, 2014.

37 30-20-708. PROFESSIONAL ENTITIES. (1) "Allied professional services"
38 means professional services that are so related in substance that they are
39 frequently offered in conjunction with one another as parts of the same ser-
40 vice package to the consumer.

41 (2) For the purpose of this title, the professions shall include the
42 practices of architecture, chiropractic, dentistry, engineering, landscape
43 architecture, law, medicine, nursing, occupational therapy, optometry,

1 physical therapy, podiatry, professional geology, psychology, certified
2 or licensed public accountancy, social work, surveying and veterinary
3 medicine, and no others.

4 (3) This title shall not be deemed to authorize a professional entity to
5 render allied professional services where the laws pertaining to specific
6 professions or the codes of ethics or professional responsibility of any of
7 the professions involved in such a proposed professional entity prohibit
8 such a combination of professional services.

9 (4) No professional entity may render professional services in this
10 state except through its managers, members, employees and agents who are
11 duly licensed or otherwise legally authorized to render such professional
12 services within this state. The term "employee," as used in this section,
13 does not include clerks, secretaries, bookkeepers, technicians and other
14 assistants who are not usually and ordinarily considered by custom and prac-
15 tice to be rendering professional services to the public for which a license
16 or other legal authorization is required.

17 (5) Nothing contained in this title shall be interpreted to abolish,
18 repeal, modify, restrict or limit the law now in effect in this state appli-
19 cable to the professional relationship and liabilities between the person
20 furnishing the professional services and the person receiving such profes-
21 sional services or to the standards for professional conduct. Any governor,
22 interest holder, agent, or employee of a professional entity shall remain
23 personally and fully liable and accountable for any negligent or wrongful
24 acts or misconduct committed by him, or by any person under his direct super-
25 vision and control, while rendering professional services on behalf of the
26 professional entity to the person for whom such professional services were
27 being rendered. The professional entity shall be liable up to the full value
28 of its property for any negligent or wrongful acts or misconduct committed
29 by any of its governors, interest holders, agents, or employees while they
30 are engaged on behalf of the professional entity in the rendering of profes-
31 sional services.

32 (6) The relationship of a person, whether as an individual or interest
33 holder of a professional entity, to a professional entity with which such
34 person is associated, whether as governor, interest holder, or employee,
35 shall in no way modify or diminish the jurisdiction over such person of the
36 governmental authority or state agency that licensed, certified, or regis-
37 tered such person for a particular profession.

38 (7) No professional entity may offer an interest to or accept as an in-
39 terest holder anyone other than an individual who is duly licensed or other-
40 wise legally authorized to render the same specific professional services as
41 those for which the entity was formed or professional entities, all of whose
42 interest holders are duly licensed or otherwise legally authorized to render
43 the same specific professional services as those for which the professional
44 entity was formed. No member of a professional entity shall enter into a vot-
45 ing trust agreement or any other type of agreement vesting another person
46 with the authority to exercise the voting power of his interest.

47 (8) If any governor, interest holder, agent, or employee of a profes-
48 sional entity who has been rendering professional services within this state
49 accepts employment that, pursuant to existing law, places restrictions or
50 limitations upon his continued rendering of such professional services, he

1 shall be dissociated, and the remaining governors and interest holders of
 2 the professional entity shall take such action as is required to terminate
 3 such interest.

4 (9) No member of a professional entity may sell or transfer his interest
 5 in such professional entity except to another individual or professional en-
 6 tity eligible to be a member of such professional entity.

7 (10) The provisions of this section shall not be considered as repeal-
 8 ing, modifying or restricting the applicable provisions of law regulating
 9 the several professions except insofar as such laws conflict with this sec-
 10 tion.

11 SECTION 9. That Title 30, Idaho Code, be, and the same is hereby amended
 12 by the addition thereto of a NEW CHAPTER, to be known and designated as Chap-
 13 ter 21, Title 30, Idaho Code, and to read as follows:

14 CHAPTER 21
 15 ENTITY TRANSACTIONS

16 SECTION 10. That Chapter 21, Title 30, Idaho Code, be, and the same is
 17 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 18 nated as Part 1, Chapter 21, Title 30, Idaho Code, and to read as follows:

19 PART 1
 20 GENERAL PROVISIONS

21 30-21-101. SHORT TITLE. This chapter may be cited as the Idaho Model
 22 Entity Transactions Act (2014).

23 30-21-102. DEFINITIONS. In this chapter:

24 (1) "Acquired entity" means the entity, all of one or more classes or
 25 series of interests in which are acquired in an interest exchange.

26 (2) "Acquiring entity" means the entity that acquires all of one or
 27 more classes or series of interests of the acquired entity in an interest
 28 exchange.

29 (3) "Approve" means, in the case of an entity, for its governors and in-
 30 terest holders to take whatever steps are necessary under the entity's or-
 31 ganic rules, organic law, and other law to:

32 (a) Propose a transaction subject to this chapter;

33 (b) Adopt and approve the terms and conditions of the transaction; and

34 (c) Conduct any required proceedings or otherwise obtain any required
 35 votes or consents of the governors or interest holders.

36 (4) "Conversion" means a transaction authorized by Part 4.

37 (5) "Converted entity" means the converting entity as it continues in
 38 existence after a conversion.

39 (6) "Converting entity" means the domestic entity that approves a plan
 40 of conversion pursuant to Section 30-21-403 or the foreign entity that ap-
 41 proves a conversion pursuant to the law of its jurisdiction of formation.

42 (7) "Domesticated entity" means the domesticating entity as it contin-
 43 ues in existence after a domestication.

44 (8) "Domesticating entity" means the domestic entity that approves a
 45 plan of domestication pursuant to Section 30-21-503 or the foreign entity

1 that approves a domestication pursuant to the law of its jurisdiction of for-
2 mation.

3 (9) "Domestication" means a transaction authorized by Part 5.

4 (10) "Interest exchange" means a transaction authorized by Part 3.

5 (11) "Interest holder liability" means:

6 (a) Personal liability for a liability of an entity which is imposed on
7 a person:

8 (i) Solely by reason of the status of the person as an interest
9 holder; or

10 (ii) By the organic rules of the entity which make one or more
11 specified interest holders or categories of interest holders li-
12 able in their capacity as interest holders for all or specified
13 liabilities of the entity; or

14 (b) An obligation of an interest holder under the organic rules of an
15 entity to contribute to the entity.

16 (12) "Merger" means a transaction in which two or more merging entities
17 are combined into a surviving entity pursuant to a record filed by the secre-
18 tary of state.

19 (13) "Merging entity" means an entity that is a party to a merger and
20 exists immediately before the merger becomes effective.

21 (14) "Plan" means a plan of merger, plan of interest exchange, plan of
22 conversion, or plan of domestication.

23 (15) "Plan of conversion" means a plan under Section 30-21-402.

24 (16) "Plan of domestication" means a plan under Section 30-21-502.

25 (17) "Plan of interest exchange" means a plan under Section 30-21-302.

26 (18) "Plan of merger" means a plan under Section 30-21-202.

27 (19) "Protected agreement" means:

28 (a) A record evidencing indebtedness and any related agreement in ef-
29 fect on July 1, 2007;

30 (b) An agreement that is binding on an entity on July 1, 2007;

31 (c) The organic rules of an entity in effect on July 1, 2007; or

32 (d) An agreement that is binding on any of the governors or interest
33 holders of an entity on July 1, 2007.

34 (20) "Statement of conversion" means a statement under Section 30-21-
35 405.

36 (21) "Statement of domestication" means a statement under Section
37 30-21-505.

38 (22) "Statement of interest exchange" means a statement under Section
39 30-21-305.

40 (23) "Statement of merger" means a statement under Section 30-21-205.

41 (24) "Surviving entity" means the entity that continues in existence
42 after or is created by a merger under Part 2.

43 30-21-103. RELATIONSHIP OF CHAPTER TO OTHER LAWS. (1) This title does
44 not authorize an act prohibited by, and does not affect the application or
45 requirements of, law other than this chapter.

46 (2) A transaction effected under this chapter may not create or impair
47 any right or obligation on the part of a person under a provision of the law of
48 this state other than this chapter relating to a change in control, takeover,
49 business combination, control-share acquisition, or similar transaction

1 involving a domestic merging, acquired, converting, or domesticating busi-
2 ness corporation unless:

3 (a) If the corporation does not survive the transaction, the transac-
4 tion satisfies any requirements of the provision; or

5 (b) If the corporation survives the transaction, the approval of the
6 plan is by a vote of the shareholders or directors which would be suf-
7 ficient to create or impair the right or obligation directly under the
8 provision.

9 30-21-104. REQUIRED NOTICE OR APPROVAL. (1) A domestic or foreign en-
10 tity that is required to give notice to, or obtain the approval of, a govern-
11 mental agency or officer of this state before engaging in a merger transac-
12 tion of a type covered by this chapter must give the notice or obtain the ap-
13 proval in order to be a party to an interest exchange, conversion, or domes-
14 tication.

15 (2) Property held for a charitable purpose under the law of this state
16 by a domestic or foreign entity immediately before a transaction under this
17 chapter becomes effective may not, as a result of the transaction, be di-
18 verted from the objects for which it was donated, granted, devised, or other-
19 wise transferred unless, to the extent required by or pursuant to the law of
20 this state concerning cypres or other law dealing with nondiversion of char-
21 itable assets, the entity obtains an appropriate order of the attorney gen-
22 eral specifying the disposition of the property.

23 (3) A bequest, devise, gift, grant, or promise contained in a will or
24 other instrument of donation, subscription, or conveyance that is made to a
25 merging entity that is not the surviving entity and that takes effect or re-
26 mains payable after the merger inures to the surviving entity. A trust obli-
27 gation that would govern property if transferred to the nonsurviving entity
28 applies to property that is transferred to the surviving entity under this
29 section.

30 30-21-105. STATUS OF FILINGS. A filing under this chapter signed by a
31 domestic entity becomes part of the public organic record of the entity if
32 the entity's organic law provides that similar filings under that law become
33 part of the public organic record of the entity.

34 30-21-106. NONEXCLUSIVITY. The fact that a transaction under this
35 chapter produces a certain result does not preclude the same result from
36 being accomplished in any other manner permitted by law other than this chap-
37 ter.

38 30-21-107. REFERENCE TO EXTERNAL FACTS. A plan may refer to facts as-
39 certainable outside the plan if the manner in which the facts will operate
40 upon the plan is specified in the plan. The facts may include the occur-
41 rence of an event or a determination or action by a person, whether or not
42 the event, determination, or action is within the control of a party to the
43 transaction.

44 30-21-108. ALTERNATIVE MEANS OF APPROVAL OF TRANSACTIONS. Except as
45 otherwise provided in the organic law or organic rules of a domestic entity,

1 approval of a transaction under this chapter by the unanimous vote or consent
 2 of its interest holders satisfies the requirements of this chapter for ap-
 3 proval of the transaction.

4 30-21-109. APPRAISAL RIGHTS. (1) An interest holder of a domestic
 5 merging, acquired, converting, or domesticating entity is entitled to ap-
 6 praisal rights in connection with the transaction if the interest holder
 7 would have been entitled to appraisal rights under the entity's organic law
 8 in connection with a merger in which the interest of the interest holder was
 9 changed, converted, or exchanged unless:

10 (a) The organic law permits the organic rules to limit the availability
 11 of appraisal rights; and

12 (b) The organic rules provide such a limit.

13 (2) An interest holder of a domestic merging, acquired, converting, or
 14 domesticating entity is entitled to contractual appraisal rights in connec-
 15 tion with a transaction under this chapter to the extent provided in:

16 (a) The entity's organic rules;

17 (b) The plan; or

18 (c) The case of a business corporation, by action of its governors.

19 (3) If an interest holder is entitled to contractual appraisal rights
 20 under subsection (2) and the entity's organic law does not provide proce-
 21 dures for the conduct of an appraisal rights proceeding, part 13, chapter 1,
 22 title 30, Idaho Code, applies to the extent practicable or as otherwise pro-
 23 vided in the entity's organic rules or the plan.

24 30-21-110. EXCLUDED ENTITIES AND TRANSACTIONS. (1) The following en-
 25 tities may not participate in a transaction under this chapter:

26 (a) Any corporation, partnership, cooperative association and entity
 27 engaged in the business of banking in the state of Idaho subject to the
 28 Idaho banking act, as provided in section 26-101, Idaho Code;

29 (b) Any entity subject to the Idaho credit union act, chapter 21, title
 30 26, Idaho Code;

31 (c) Any entity subject to chapters 28, 32, 34 and 48, title 41, Idaho
 32 Code;

33 (d) An "insurer" as defined in section 41-103, Idaho Code;

34 (e) A business and industrial development corporation (BIDCO) licensed
 35 under chapter 27, title 26, Idaho Code; and

36 (f) Perpetual or endowed care cemetery, as defined in section 27-403,
 37 Idaho Code, and subject to the endowment care cemetery act of 1963,
 38 chapter 4, title 27, Idaho Code.

39 (2) This chapter may not be used to effect a transaction that results in
 40 a domestic entity of a type that cannot be formed by the filing of a public
 41 organic record with the secretary of state, except for a general partnership
 42 and an unincorporated nonprofit association.

43 SECTION 11. That Chapter 21, Title 30, Idaho Code, be, and the same is
 44 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 45 nated as Part 2, Chapter 21, Title 30, Idaho Code, and to read as follows:

46 PART 2
 47 MERGER

1 30-21-201. MERGER AUTHORIZED. (1) Except as otherwise provided in
2 this section, by complying with this part:

3 (a) One or more domestic entities may merge with one or more domestic or
4 foreign entities into a domestic or foreign surviving entity; and

5 (b) Two or more foreign entities may merge into a domestic entity.

6 (2) Except as otherwise provided in this section, by complying with the
7 provisions of this part applicable to foreign entities a foreign entity may
8 be a party to a merger under this part or may be the surviving entity in such a
9 merger if the merger is authorized by the law of the foreign entity's juris-
10 diction of formation.

11 30-21-202. PLAN OF MERGER. (1) A domestic entity may become a party to
12 a merger under this part by approving a plan of merger. The plan must be in a
13 record and contain:

14 (a) As to each merging entity, its name, jurisdiction of formation, and
15 type of entity;

16 (b) If the surviving entity is to be created in the merger, a state-
17 ment to that effect and the entity's name, jurisdiction of formation,
18 and type of entity;

19 (c) The manner of converting the interests in each party to the merger
20 into interests, securities, obligations, money, other property, rights
21 to acquire interests or securities, or any combination of the forego-
22 ing;

23 (d) If the surviving entity exists before the merger, any proposed
24 amendments to its public organic record, if any, or to its private or-
25 ganic rules that are, or are proposed to be, in a record;

26 (e) If the surviving entity is to be created in the merger, its proposed
27 public organic record, if any, and the full text of its private organic
28 rules that are proposed to be in a record;

29 (f) The other terms and conditions of the merger; and

30 (g) Any other provision required by the law of a merging entity's juris-
31 diction of formation or the organic rules of a merging entity.

32 (2) In addition to the requirements of subsection (a), a plan of merger
33 may contain any other provision not prohibited by law.

34 30-21-203. APPROVAL OF MERGER. (1) A plan of merger is not effective
35 unless it has been approved:

36 (a) By a domestic merging entity:

37 (i) In accordance with the requirements, if any, in its organic
38 law and organic rules for approval of:

39 1. In the case of an entity that is not a limited cooperative
40 association, the merger; or

41 2. In the case of a limited cooperative association, a
42 transaction under this chapter; or

43 (ii) By all of the interest holders of the entity entitled to vote
44 on or consent to any matter if:

45 1. In the case of an entity that is not a business cor-
46 poration or limited cooperative association, neither its
47 organic law nor organic rules provide for approval of the
48 merger; or

1 2. In the case of an entity that is a limited cooperative as-
2 association, neither its organic law nor organic rules provide
3 for approval of a transaction under this chapter; and
4 (b) In a record, by each interest holder of a domestic merging entity
5 that will have interest holder liability for debts, obligations, and
6 other liabilities that arise after the merger becomes effective, un-
7 less, in the case of an entity that is not a business corporation or non-
8 profit corporation:
9 (i) The organic rules of the entity provide in a record for the ap-
10 approval of a merger in which some or all of its interest holders be-
11 come subject to interest holder liability by the vote or consent of
12 fewer than all the interest holders; and
13 (ii) The interest holder consented in a record to or voted for that
14 provision of the organic rules or became an interest holder after
15 the adoption of that provision.
16 (2) A merger under this part involving a foreign merging entity is not
17 effective unless the merger is approved by the foreign entity in accordance
18 with the law of the foreign entity's jurisdiction of formation.

19 30-21-204. AMENDMENT OR ABANDONMENT OF PLAN OF MERGER. (1) A plan of
20 merger may be amended only with the consent of each party to the plan, except
21 as otherwise provided in the plan.

22 (2) A domestic merging entity may approve an amendment of a plan of
23 merger:

24 (a) In the same manner as the plan was approved, if the plan does not
25 provide for the manner in which it may be amended; or

26 (b) By the governors or interest holders of the entity in the manner
27 provided in the plan, but an interest holder that was entitled to vote on
28 or consent to approval of the merger is entitled to vote on or consent to
29 any amendment of the plan that will change:

30 (i) The amount or kind of interests, securities, obligations,
31 money, other property, rights to acquire interests or securities,
32 or any combination of the foregoing, to be received by the interest
33 holders of any party to the plan;

34 (ii) The public organic record, if any, or private organic rules
35 of the surviving entity that will be in effect immediately after
36 the merger becomes effective, except for changes that do not re-
37 quire approval of the interest holders of the surviving entity un-
38 der its organic law or organic rules; or

39 (iii) Any other terms or conditions of the plan, if the change
40 would adversely affect the interest holder in any material re-
41 spect.

42 (3) After a plan of merger has been approved and before a statement of
43 merger becomes effective, the plan may be abandoned as provided in the plan.
44 Unless prohibited by the plan, a domestic merging entity may abandon the plan
45 in the same manner as the plan was approved.

46 (4) If a plan of merger is abandoned after a statement of merger has
47 been delivered to the secretary of state for filing and before the statement
48 becomes effective, a statement of abandonment, signed by a party to the plan,
49 must be delivered to the secretary of state for filing before the statement

1 of merger becomes effective. The statement of abandonment takes effect
2 on filing, and the merger is abandoned and does not become effective. The
3 statement of abandonment must contain:

- 4 (a) The name of each party to the plan of merger;
5 (b) The date on which the statement of merger was filed; and
6 (c) A statement that the merger has been abandoned in accordance with
7 this section.

8 30-21-205. STATEMENT OF MERGER -- EFFECTIVE DATE. (1) A statement of
9 merger must be signed by each merging entity and delivered to the secretary
10 of state for filing.

11 (2) A statement of merger must contain:

- 12 (a) The name, jurisdiction of formation, and type of entity of each
13 merging entity that is not the surviving entity;
14 (b) The name, jurisdiction of formation, and type of entity of the sur-
15 viving entity;
16 (c) If the statement of merger is not to be effective upon filing, the
17 later date and time on which it will become effective, which may not be
18 more than 90 days after the date of filing;
19 (d) A statement that the merger was approved by each domestic merging
20 entity, if any, in accordance with this chapter and by each foreign
21 merging entity, if any, in accordance with the law of its jurisdiction
22 of formation;
23 (e) If the surviving entity exists before the merger and is a domestic
24 filing entity, any amendment to its public organic record approved as
25 part of the plan of merger;
26 (f) If the surviving entity is created by the merger and is a domestic
27 filing entity, its public organic record, as an attachment;
28 (g) If the surviving entity is created by the merger and is a domestic
29 limited liability partnership, its statement of qualification, as an
30 attachment; and
31 (h) If the surviving entity is a foreign entity that is not a registered
32 foreign entity, a statement designating a registered agent in compli-
33 ance with Section 30-21-411.

34 (3) In addition to the requirements of subsection (2), a statement of
35 merger may contain any other provision not prohibited by law.

36 (4) If the surviving entity is a domestic entity, its public organic
37 record, if any, must satisfy the requirements of the law of this state, ex-
38 cept that the public organic record does not need to be signed and may omit
39 any provision that is not required to be included in a restatement of the pub-
40 lic organic record.

41 (5) A plan of merger that is signed by all the merging entities and meets
42 all the requirements of subsection (2) may be delivered to the secretary of
43 state for filing instead of a statement of merger and on filing has the same
44 effect. If a plan of merger is filed as provided in this subsection, ref-
45 erences in this chapter to a statement of merger refer to the plan of merger
46 filed under this subsection.

47 (6) A statement of merger becomes effective on the date and time of fil-
48 ing or the later date and time specified in the statement of merger.

1 30-21-206. EFFECT OF MERGER. (1) When a merger under this part becomes
2 effective:

3 (a) The surviving entity continues or comes into existence;

4 (b) Each merging entity that is not the surviving entity ceases to ex-
5 ist;

6 (c) All property of each merging entity vests in the surviving entity
7 without transfer, reversion, or impairment;

8 (d) All debts, obligations, and other liabilities of each merging en-
9 tity are debts, obligations, and other liabilities of the surviving en-
10 tity;

11 (e) Except as otherwise provided by law or the plan of merger, all the
12 rights, privileges, immunities, powers, and purposes of each merging
13 entity vest in the surviving entity;

14 (f) If the surviving entity exists before the merger:

15 (i) All its property continues to be vested in it without trans-
16 fer, reversion, or impairment;

17 (ii) It remains subject to all its debts, obligations, and other
18 liabilities; and

19 (iii) All its rights, privileges, immunities, powers, and pur-
20 poses continue to be vested in it;

21 (g) The name of the surviving entity may be substituted for the name of
22 any merging entity that is a party to any pending action or proceeding;

23 (h) If the surviving entity exists before the merger:

24 (i) Its public organic record, if any, is amended as provided in
25 the statement of merger; and

26 (ii) Its private organic rules that are to be in a record, if any,
27 are amended to the extent provided in the plan of merger;

28 (i) If the surviving entity is created by the merger:

29 (i) Its public organic record, if any, is effective; and

30 (ii) Its private organic rules are effective; and

31 (j) The interests in each merging entity which are to be converted in
32 the merger are converted, and the interest holders of those interests
33 are entitled only to the rights provided to them under the plan of merger
34 and to any appraisal rights they have under Section 30-21-109 and the
35 merging entity's organic law.

36 (2) Except as otherwise provided in the organic law or organic rules of
37 a merging entity, a merger under this part does not give rise to any rights
38 that an interest holder, governor, or third party would have upon a dissolu-
39 tion, liquidation, or winding up of the merging entity.

40 (3) When a merger under this part becomes effective, a person that did
41 not have interest holder liability with respect to any of the merging enti-
42 ties and becomes subject to interest holder liability with respect to a do-
43 mestic entity as a result of the merger has interest holder liability only
44 to the extent provided by the organic law of that entity and only for those
45 debts, obligations, and other liabilities that arise after the merger be-
46 comes effective.

47 (4) When a merger becomes effective, the interest holder liability of
48 a person that ceases to hold an interest in a domestic merging entity with
49 respect to which the person had interest holder liability is as follows:

1 (a) The merger does not discharge any interest holder liability under
2 the organic law of the domestic merging entity to the extent the inter-
3 est holder liability arose before the merger became effective.

4 (b) The person does not have interest holder liability under the or-
5 ganic law of the domestic merging entity for any debt, obligation, or
6 other liability that arises after the merger becomes effective.

7 (c) The organic law of the domestic merging entity continues to apply to
8 the release, collection, or discharge of any interest holder liability
9 preserved under paragraph (a) as if the merger had not occurred and the
10 surviving entity were the domestic merging entity.

11 (d) The person has whatever rights of contribution from any other per-
12 son as are provided by law other than this chapter or the organic rules
13 of the domestic merging entity with respect to any interest holder lia-
14 bility preserved under paragraph (a) as if the merger had not occurred.

15 (5) When a merger under this part becomes effective, a foreign entity
16 that is the surviving entity may be served with process in this state for the
17 collection and enforcement of any debts, obligations, or other liabilities
18 of a domestic merging entity in accordance with applicable law.

19 (6) When a merger under this part becomes effective, registration to do
20 business in this state of any foreign merging entity that is not the surviv-
21 ing entity is canceled.

22 SECTION 12. That Chapter 21, Title 30, Idaho Code, be, and the same is
23 hereby amended by the addition thereto of a NEW PART, to be known and desig-
24 nated as Part 3, Chapter 21, Title 30, Idaho Code, and to read as follows:

25 PART 3
26 INTEREST EXCHANGE

27 30-21-301. INTEREST EXCHANGE AUTHORIZED. (1) Except as otherwise pro-
28 vided in this section, by complying with this part:

29 (a) A domestic entity may acquire all of one or more classes or series
30 of interests of another domestic or foreign entity in exchange for in-
31 terests, securities, obligations, money, other property, rights to ac-
32 quire interests or securities, or any combination of the foregoing; or

33 (b) All of one or more classes or series of interests of a domestic en-
34 tity may be acquired by another domestic or foreign entity in exchange
35 for interests, securities, obligations, money, other property, rights
36 to acquire interests or securities, or any combination of the forego-
37 ing.

38 (2) Except as otherwise provided in this section, by complying with the
39 provisions of this part applicable to foreign entities a foreign entity may
40 be the acquiring or acquired entity in an interest exchange under this part
41 if the interest exchange is authorized by the law of the foreign entity's ju-
42 risdiction of formation.

43 (3) If a protected agreement contains a provision that applies to a
44 merger of a domestic entity but does not refer to an interest exchange, the
45 provision applies to an interest exchange in which the domestic entity is the
46 acquired entity as if the interest exchange were a merger until the provision
47 is amended after July 1, 2007.

1 30-21-302. PLAN OF INTEREST EXCHANGE. (1) A domestic entity may be the
2 acquired entity in an interest exchange under this part by approving a plan
3 of interest exchange. The plan must be in a record and contain:

4 (a) The name and type of entity of the acquired entity;

5 (b) The name, jurisdiction of formation, and type of entity of the ac-
6 quiring entity;

7 (c) The manner of converting the interests in the acquired entity into
8 interests, securities, obligations, money, other property, rights to
9 acquire interests or securities, or any combination of the foregoing;

10 (d) Any proposed amendments to the public organic record, if any, or
11 private organic rules that are, or are proposed to be, in a record of the
12 acquired entity;

13 (e) The other terms and conditions of the interest exchange; and

14 (f) Any other provision required by the law of this state or the organic
15 rules of the acquired entity.

16 (2) In addition to the requirements of subsection (1), a plan of inter-
17 est exchange may contain any other provision not prohibited by law.

18 30-21-303. APPROVAL OF INTEREST EXCHANGE. (1) A plan of interest ex-
19 change is not effective unless it has been approved:

20 (a) By a domestic acquired entity:

21 (i) In accordance with the requirements, if any, in its organic
22 law and organic rules for approval of an interest exchange;

23 (ii) Except as otherwise provided in subsection (4), if neither
24 its organic law nor organic rules provide for approval of an inter-
25 est exchange, in accordance with the requirements, if any, in its
26 organic law and organic rules for approval of:

27 1. In the case of an entity that is not a business corpora-
28 tion, a merger, as if the interest exchange were a merger;

29 2. In the case of a business corporation, a merger requir-
30 ing approval by a vote of the interest holders of the busi-
31 ness corporation, as if the interest exchange were that type
32 of merger; or

33 3. In the case of a limited cooperative association, a
34 transaction under this chapter; or

35 (iii) By all of the interest holders of the entity entitled to vote
36 on or consent to any matter if:

37 1. In the case of an entity that is not a business corpo-
38 ration or limited cooperative association, neither its or-
39 ganic law nor organic rules provide for approval of an inter-
40 est exchange or merger; or

41 2. In the case of a limited cooperative association, neither
42 its organic law nor organic rules provide for approval of an
43 interest exchange or a transaction under this chapter; and

44 (b) In a record, by each interest holder of a domestic acquired entity
45 that will have interest holder liability for debts, obligations, and
46 other liabilities that arise after the interest exchange becomes effec-
47 tive, unless, in the case of an entity that is not a business corporation
48 or nonprofit corporation:

1 (i) The organic rules of the entity provide in a record for the ap-
2 proval of an interest exchange or a merger in which some or all of
3 its interest holders become subject to interest holder liability
4 by the vote or consent of fewer than all the interest holders; and
5 (ii) The interest holder consented in a record to or voted for that
6 provision of the organic rules or became an interest holder after
7 the adoption of that provision.

8 (2) An interest exchange involving a foreign acquired entity is not ef-
9 fective unless it is approved by the foreign entity in accordance with the
10 law of the foreign entity's jurisdiction of formation.

11 (3) Except as otherwise provided in its organic law or organic rules,
12 the interest holders of the acquiring entity are not required to approve the
13 interest exchange.

14 (4) A provision of the organic law of a domestic acquired entity that
15 would permit a merger between the acquired entity and the acquiring entity
16 to be approved without the vote or consent of the interest holders of the ac-
17 quired entity because of the percentage of interests in the acquired entity
18 held by the acquiring entity does not apply to approval of an interest ex-
19 change under subsection (1) (a) (ii).

20 30-21-304. AMENDMENT OR ABANDONMENT OF PLAN OF INTEREST EXCHANGE. (1)
21 A plan of interest exchange may be amended only with the consent of each party
22 to the plan, except as otherwise provided in the plan.

23 (2) A domestic acquired entity may approve an amendment of a plan of in-
24 terest exchange:

25 (a) In the same manner as the plan was approved, if the plan does not
26 provide for the manner in which it may be amended; or

27 (b) By the governors or interest holders of the entity in the manner
28 provided in the plan, but an interest holder that was entitled to vote on
29 or consent to approval of the interest exchange is entitled to vote on or
30 consent to any amendment of the plan that will change:

31 (i) The amount or kind of interests, securities, obligations,
32 money, other property, rights to acquire interests or securities,
33 or any combination of the foregoing, to be received by any of the
34 interest holders of the acquired entity under the plan;

35 (ii) The public organic record, if any, or private organic rules
36 of the acquired entity that will be in effect immediately after the
37 interest exchange becomes effective, except for changes that do
38 not require approval of the interest holders of the acquired en-
39 tity under its organic law or organic rules; or

40 (iii) Any other terms or conditions of the plan, if the change
41 would adversely affect the interest holder in any material re-
42 spect.

43 (3) After a plan of interest exchange has been approved and before a
44 statement of interest exchange becomes effective, the plan may be abandoned
45 as provided in the plan. Unless prohibited by the plan, a domestic acquired
46 entity may abandon the plan in the same manner as the plan was approved.

47 (4) If a plan of interest exchange is abandoned after a statement of
48 interest exchange has been delivered to the secretary of state for filing
49 and before the statement becomes effective, a statement of abandonment,

1 signed by the acquired entity, must be delivered to the secretary of state
2 for filing before the statement of interest exchange becomes effective. The
3 statement of abandonment takes effect on filing, and the interest exchange
4 is abandoned and does not become effective. The statement of abandonment
5 must contain:

- 6 (a) The name of the acquired entity;
7 (b) The date on which the statement of interest exchange was delivered
8 to the secretary of state for filing; and
9 (c) A statement that the interest exchange has been abandoned in accor-
10 dance with this section.

11 30-21-305. STATEMENT OF INTEREST EXCHANGE -- EFFECTIVE DATE. (1) A
12 statement of interest exchange must be signed by a domestic acquired entity
13 and delivered to the secretary of state for filing.

14 (2) A statement of interest exchange must contain:

- 15 (a) The name and type of entity of the acquired entity;
16 (b) The name, jurisdiction of formation, and type of entity of the ac-
17 quiring entity;
18 (c) If the statement of interest exchange is not to be effective upon
19 filing, the later date and time on which it will become effective, which
20 may not be more than 90 days after the date of filing;
21 (d) A statement that the plan of interest exchange was approved by the
22 acquired entity in accordance with this part; and
23 (e) Any amendments to the acquired entity's public organic record, if
24 any, approved as part of the plan of interest exchange.

25 (3) In addition to the requirements of subsection (2), a statement of
26 interest exchange may contain any other provision not prohibited by law.

27 (4) A plan of interest exchange that is signed by a domestic acquired
28 entity and meets all the requirements of subsection (2) may be delivered to
29 the secretary of state for filing instead of a statement of interest exchange
30 and on filing has the same effect. If a plan of interest exchange is deliv-
31 ered to the secretary of state for filing as provided in this subsection,
32 references in this chapter to a statement of interest exchange refer to the
33 plan of interest exchange filed under this subsection.

34 (5) A statement of interest exchange becomes effective on the date and
35 time of filing or the later date and time specified in the statement of inter-
36 est exchange.

37 30-21-306. EFFECT OF INTEREST EXCHANGE. (1) When an interest exchange
38 becomes effective:

- 39 (a) The interests in the acquired entity that are the subject of the in-
40 terest exchange cease to exist or are converted or exchanged, and the
41 interest holders of those interests are entitled only to the rights pro-
42 vided to them under the plan of interest exchange and to any appraisal
43 rights they have under Section 30-21-109 and the acquired entity's or-
44 ganic law;
45 (b) The acquiring entity becomes the interest holder of the interests
46 in the acquired entity stated in the plan of interest exchange to be ac-
47 quired by the acquiring entity;

1 (c) The public organic record, if any, of the acquired entity is amended
2 as provided in the statement of interest exchange; and

3 (d) The private organic rules of the acquired entity that are to be in a
4 record, if any, are amended to the extent provided in the plan of inter-
5 est exchange.

6 (2) Except as otherwise provided in the organic law or organic rules of
7 the acquired entity, the interest exchange does not give rise to any rights
8 that an interest holder, governor, or third party would have upon a dissolu-
9 tion, liquidation, or winding up of the acquired entity.

10 (3) When an interest exchange becomes effective, a person that did not
11 have interest holder liability with respect to the acquired entity and be-
12 comes subject to interest holder liability with respect to a domestic entity
13 as a result of the interest exchange has interest holder liability only to
14 the extent provided by the organic law of the entity and only for those debts,
15 obligations, and other liabilities that arise after the interest exchange
16 becomes effective.

17 (4) When an interest exchange becomes effective, the interest holder
18 liability of a person that ceases to hold an interest in a domestic acquired
19 entity with respect to which the person had interest holder liability is as
20 follows:

21 (a) The interest exchange does not discharge any interest holder lia-
22 bility under the organic law of the domestic acquired entity to the ex-
23 tent the interest holder liability arose before the interest exchange
24 became effective.

25 (b) The person does not have interest holder liability under the or-
26 ganic law of the domestic acquired entity for any debt, obligation, or
27 other liability that arises after the interest exchange becomes effec-
28 tive.

29 (c) The organic law of the domestic acquired entity continues to apply
30 to the release, collection, or discharge of any interest holder liabil-
31 ity preserved under paragraph (a) as if the interest exchange had not
32 occurred.

33 (d) The person has whatever rights of contribution from any other per-
34 son as are provided by law other than this chapter or the organic law or
35 organic rules of the domestic acquired entity with respect to any inter-
36 est holder liability preserved under paragraph (a) as if the interest
37 exchange had not occurred.

38 SECTION 13. That Chapter 21, Title 30, Idaho Code, be, and the same is
39 hereby amended by the addition thereto of a NEW PART, to be known and desig-
40 nated as Part 4, Chapter 21, Title 30, Idaho Code, and to read as follows:

41 PART 4
42 CONVERSION

43 30-21-401. CONVERSION AUTHORIZED. (1) By complying with this part, a
44 domestic entity may become:

45 (a) A domestic entity that is a different type of entity; or

46 (b) A foreign entity that is a different type of entity, if the conver-
47 sion is authorized by the law of the foreign jurisdiction.

1 (2) By complying with the provisions of this part applicable to foreign
2 entities a foreign entity may become a domestic entity of a different type if
3 the conversion is authorized by the law of the foreign entity's jurisdiction
4 of formation.

5 (3) If a protected agreement contains a provision that applies to a
6 merger of a domestic entity but does not refer to a conversion, the provision
7 applies to a conversion of the entity as if the conversion were a merger until
8 the provision is amended after July 1, 2007.

9 30-21-402. PLAN OF CONVERSION. (1) A domestic entity may convert to a
10 different type of entity under this part by approving a plan of conversion.
11 The plan must be in a record and contain:

12 (a) The name and type of entity of the converting entity;

13 (b) The name, jurisdiction of formation, and type of entity of the con-
14 verted entity;

15 (c) The manner of converting the interests in the converting entity
16 into interests, securities, obligations, money, other property, rights
17 to acquire interests or securities, or any combination of the forego-
18 ing;

19 (d) The proposed public organic record of the converted entity if it
20 will be a filing entity;

21 (e) The full text of the private organic rules of the converted entity
22 that are proposed to be in a record;

23 (f) The other terms and conditions of the conversion; and

24 (g) Any other provision required by the law of this state or the organic
25 rules of the converting entity.

26 (2) In addition to the requirements of subsection (1), a plan of conver-
27 sion may contain any other provision not prohibited by law.

28 30-21-403. APPROVAL OF CONVERSION. (1) A plan of conversion is not ef-
29 fective unless it has been approved:

30 (a) By a domestic converting entity:

31 (i) In accordance with the requirements, if any, in its organic
32 rules for approval of a conversion;

33 (ii) If its organic rules do not provide for approval of a conver-
34 sion, in accordance with the requirements, if any, in its organic
35 law and organic rules for approval of:

36 1. In the case of an entity that is not a business corpora-
37 tion, a merger, as if the conversion were a merger; or

38 2. In the case of a business corporation, a merger requiring
39 approval by a vote of the interest holders of the business
40 corporation, as if the conversion were that type of merger;
41 or

42 (iii) By all of the interest holders of the entity entitled to vote
43 on or consent to any matter if:

44 1. In the case of any entity that is not a business corpo-
45 ration or limited cooperative association, neither its or-
46 ganic law nor organic rules provide for approval of a conver-
47 sion or a merger; or

1 2. In the case of a limited cooperative association, neither
2 its organic law nor organic rules provide for approval of a
3 conversion or a transaction under this chapter; and

4 (b) In a record, by each interest holder of a domestic converting entity
5 that will have interest holder liability for debts, obligations, and
6 other liabilities that arise after the conversion becomes effective,
7 unless, in the case of an entity that is not a business or nonprofit cor-
8 poration:

9 (i) The organic rules of the entity provide in a record for the ap-
10 proval of a conversion or a merger in which some or all of its in-
11 terest holders become subject to interest holder liability by the
12 vote or consent of fewer than all the interest holders; and

13 (ii) The interest holder consented in a record to or voted for that
14 provision of the organic rules or became an interest holder after
15 the adoption of that provision.

16 (2) A conversion of a foreign converting entity is not effective unless
17 it is approved by the foreign entity in accordance with the law of the foreign
18 entity's jurisdiction of formation.

19 30-21-404. AMENDMENT OR ABANDONMENT OF PLAN OF CONVERSION. (1) A plan
20 of conversion of a domestic converting entity may be amended:

21 (a) In the same manner as the plan was approved, if the plan does not
22 provide for the manner in which it may be amended; or

23 (b) By the governors or interest holders of the entity in the manner
24 provided in the plan, but an interest holder that was entitled to vote on
25 or consent to approval of the conversion is entitled to vote on or con-
26 sent to any amendment of the plan that will change:

27 (i) The amount or kind of interests, securities, obligations,
28 money, other property, rights to acquire interests or securities,
29 or any combination of the foregoing, to be received by any of the
30 interest holders of the converting entity under the plan;

31 (ii) The public organic record, if any, or private organic rules
32 of the converted entity that will be in effect immediately after
33 the conversion becomes effective, except for changes that do not
34 require approval of the interest holders of the converted entity
35 under its organic law or organic rules; or

36 (iii) Any other terms or conditions of the plan, if the change
37 would adversely affect the interest holder in any material re-
38 spect.

39 (2) After a plan of conversion has been approved by a domestic convert-
40 ing entity and before a statement of conversion becomes effective, the plan
41 may be abandoned:

42 (a) As provided in the plan; or

43 (b) Unless prohibited by the plan, in the same manner as the plan was
44 approved.

45 (3) If a plan of conversion is abandoned after a statement of conversion
46 has been delivered to the secretary of state for filing and before the state-
47 ment becomes effective, a statement of abandonment, signed by the entity,
48 must be delivered to the secretary of state for filing before the statement
49 of conversion becomes effective. The statement of abandonment takes effect

1 on filing, and the conversion is abandoned and does not become effective.
2 The statement of abandonment must contain:

- 3 (a) The name of the converting entity;
4 (b) The date on which the statement of conversion was delivered to the
5 secretary of state for filing; and
6 (c) A statement that the conversion has been abandoned in accordance
7 with this section.

8 30-21-405. STATEMENT OF CONVERSION -- EFFECTIVE DATE. (1) A statement
9 of conversion must be signed by the converting entity and delivered to the
10 secretary of state for filing.

11 (2) A statement of conversion must contain:

- 12 (a) The name, jurisdiction of formation, and type of entity of the con-
13 verting entity;
14 (b) The name, jurisdiction of formation, and type of entity of the con-
15 verted entity;
16 (c) If the statement of conversion is not to be effective upon filing,
17 the later date and time on which it will become effective, which may not
18 be more than 90 days after the date of filing;
19 (d) If the converting entity is a domestic entity, a statement that the
20 plan of conversion was approved in accordance with this part or, if the
21 converting entity is a foreign entity, a statement that the conversion
22 was approved by the foreign converting entity in accordance with the law
23 of its jurisdiction of formation;
24 (e) If the converted entity is a domestic filing entity, the text of its
25 public organic record, as an attachment;
26 (f) If the converted entity is a domestic limited liability partner-
27 ship, the text of its statement of qualification, as an attachment; and
28 (g) If the converted entity is a foreign entity that is not a registered
29 foreign entity, a statement designating a registered agent in compli-
30 ance with Section 30-20-411.

31 (3) In addition to the requirements of subsection (2), a statement of
32 conversion may contain any other provision not prohibited by law.

33 (4) If a converted entity is a domestic entity, its public organic
34 record, if any, must satisfy the requirements of the law of this state, ex-
35 cept that the public organic record does not need to be signed and may omit
36 any provision that is not required to be included in a restatement of the
37 public organic record.

38 (5) A plan of conversion that is signed by a domestic converting entity
39 and meets all the requirements of subsection (2) may be delivered to the sec-
40 retary of state for filing instead of a statement of conversion and on filing
41 has the same effect. If a plan of conversion is filed as provided in this sub-
42 section, references in this chapter to a statement of conversion refer to the
43 plan of conversion filed under this subsection.

44 (6) A statement of conversion becomes effective on the date and time of
45 filing or the later date and time specified in the statement of conversion.

46 30-21-406. EFFECT OF CONVERSION. (1) When a conversion becomes effec-
47 tive:

- 48 (a) The converted entity is:

- 1 (i) Organized under and subject to the organic law of the con-
2 verted entity; and
3 (ii) The same entity without interruption as the converting en-
4 tity;
- 5 (b) All property of the converting entity continues to be vested in the
6 converted entity without transfer, reversion, or impairment;
- 7 (c) All debts, obligations, and other liabilities of the converting en-
8 tity continue as debts, obligations, and other liabilities of the con-
9 verted entity;
- 10 (d) Except as otherwise provided by law or the plan of conversion, all
11 of the rights, privileges, immunities, powers, and purposes of the con-
12 verting entity remain in the converted entity;
- 13 (e) The name of the converted entity may be substituted for the name of
14 the converting entity in any pending action or proceeding;
- 15 (f) If a converted entity is a filing entity, its public organic record
16 is effective;
- 17 (g) If the converted entity is a limited liability partnership, its
18 statement of qualification is effective simultaneously;
- 19 (h) The private organic rules of the converted entity that are to be in
20 a record, if any, approved as part of the plan of conversion are effec-
21 tive; and
- 22 (i) The interests in the converting entity are converted, and the in-
23 terest holders of the converting entity are entitled only to the rights
24 provided to them under the plan of conversion and to any appraisal
25 rights they have under Section 30-21-109 and the converting entity's
26 organic law.
- 27 (2) Except as otherwise provided in the organic law or organic rules of
28 the converting entity, the conversion does not give rise to any rights that
29 an interest holder, governor, or third party would have upon a dissolution,
30 liquidation, or winding up of the converting entity.
- 31 (3) When a conversion becomes effective, a person that did not have in-
32 terest holder liability with respect to the converting entity and becomes
33 subject to interest holder liability with respect to a domestic entity as
34 a result of the conversion has interest holder liability only to the extent
35 provided by the organic law of the entity and only for those debts, obliga-
36 tions, and other liabilities that arise after the conversion becomes effec-
37 tive.
- 38 (4) When a conversion becomes effective:
- 39 (a) The conversion does not discharge any interest holder liability un-
40 der the organic law of a domestic converting entity to the extent the in-
41 terest holder liability arose before the conversion became effective.
- 42 (b) A person does not have interest holder liability under the organic
43 law of a domestic converting entity for any debt, obligation, or other
44 liability that arises after the conversion becomes effective.
- 45 (c) The organic law of a domestic converting entity continues to apply
46 to the release, collection, or discharge of any interest holder liabil-
47 ity preserved under paragraph (a) as if the conversion had not occurred.
- 48 (d) A person has whatever rights of contribution from any other person
49 as are provided by other law or the organic rules of the domestic con-

1 30-21-503. APPROVAL OF DOMESTICATION. (1) A plan of domestication is
2 not effective unless it has been approved:

3 (a) By a domestic domesticating entity:

4 (i) In accordance with the requirements, if any, in its organic
5 rules for approval of a domestication;

6 (ii) If its organic rules do not provide for approval of a domes-
7 tication, in accordance with the requirements, if any, in its or-
8 ganic law and organic rules for approval of:

9 1. In the case of an entity that is not a business corpora-
10 tion, a merger, as if the domestication were a merger; or

11 2. In the case of a business corporation, a merger requir-
12 ing approval by a vote of the interest holders of the busi-
13 ness corporation, as if the domestication were that type of
14 merger; or

15 (iii) By all of the interest holders of the entity entitled to vote
16 on or consent to any matter if:

17 1. In the case of an entity that is not a business corpo-
18 ration or limited cooperative association, neither its or-
19 ganic law nor organic rules provide for approval of a domes-
20 tication or a merger;

21 2. In the case of a limited cooperative association, neither
22 its organic law nor organic rules provide for approval of a
23 domestication or a transaction under this chapter; and

24 (b) In a record, by each interest holder of a domestic domesticating en-
25 tity that will have interest holder liability for debts, obligations,
26 and other liabilities that arise after the domestication becomes effec-
27 tive, unless, in the case of an entity that is not a business corporation
28 or nonprofit corporation:

29 (i) The organic rules of the entity in a record provide for the ap-
30 proval of a domestication or merger in which some or all of its in-
31 terest holders become subject to interest holder liability by the
32 vote or consent of fewer than all of the interest holders; and

33 (ii) The interest holder consented in a record to or voted for that
34 provision of the organic rules or became an interest holder after
35 the adoption of that provision.

36 (2) A domestication of a foreign domesticating entity is not effective
37 unless it is approved in accordance with the law of the foreign entity's ju-
38 risdiction of formation.

39 30-21-504. AMENDMENT OR ABANDONMENT OF PLAN OF DOMESTICATION. (1) A
40 plan of domestication of a domestic domesticating entity may be amended:

41 (a) In the same manner as the plan was approved, if the plan does not
42 provide for the manner in which it may be amended; or

43 (b) By the governors or interest holders of the entity in the manner
44 provided in the plan, but an interest holder that was entitled to vote
45 on or consent to approval of the domestication is entitled to vote on or
46 consent to any amendment of the plan that will change:

47 (i) The amount or kind of interests, securities, obligations,
48 money, other property, rights to acquire interests or securities,

1 or any combination of the foregoing, to be received by any of the
2 interest holders of the domesticating entity under the plan;

3 (ii) The public organic record, if any, or private organic rules
4 of the domesticated entity that will be in effect immediately af-
5 ter the domestication becomes effective, except for changes that
6 do not require approval of the interest holders of the domesti-
7 cated entity under its organic law or organic rules; or

8 (iii) Any other terms or conditions of the plan, if the change
9 would adversely affect the interest holder in any material re-
10 spect.

11 (2) After a plan of domestication has been approved by a domestic domes-
12 ticating entity and before a statement of domestication becomes effective,
13 the plan may be abandoned:

14 (a) As provided in the plan; or

15 (b) Unless prohibited by the plan, in the same manner as the plan was
16 approved.

17 (3) If a plan of domestication is abandoned after a statement of domes-
18 tication has been delivered to the secretary of state for filing and before
19 the statement becomes effective, a statement of abandonment, signed by the
20 entity, must be delivered to the secretary of state for filing before the
21 statement of domestication becomes effective. The statement of abandonment
22 takes effect on filing, and the domestication is abandoned and does not be-
23 come effective. The statement of abandonment must contain:

24 (a) The name of the domesticating entity;

25 (b) The date on which the statement of domestication was filed; and

26 (c) A statement that the domestication has been abandoned in accordance
27 with this section.

28 30-21-505. STATEMENT OF DOMESTICATION -- EFFECTIVE DATE. (1) A state-
29 ment of domestication must be signed by the domesticating entity and deliv-
30 ered to the secretary of state for filing.

31 (2) A statement of domestication must contain:

32 (a) The name, jurisdiction of formation, and type of entity of the do-
33 mesticating entity;

34 (b) The name and jurisdiction of formation of the domesticated entity;

35 (c) If the statement of domestication is not to be effective upon fil-
36 ing, the later date and time on which it will become effective, which may
37 not be more than 90 days after the date of filing;

38 (d) If the domesticating entity is a domestic entity, a statement that
39 the plan of domestication was approved in accordance with this part or,
40 if the domesticating entity is a foreign entity, a statement that the
41 domestication was approved in accordance with the law of its jurisdic-
42 tion of formation;

43 (e) If the domesticated entity is a domestic filing entity, its public
44 organic record, as an attachment;

45 (f) If the domesticated entity is a domestic limited liability partner-
46 ship, its statement of qualification, as an attachment; and

47 (g) If the domesticated entity is a foreign entity that is not a reg-
48 istered foreign entity, a statement designating a registered agent in
49 compliance with Section 30-20-411.

1 (3) In addition to the requirements of subsection (2), a statement of
2 domestication may contain any other provision not prohibited by law.

3 (4) If the domesticated entity is a domestic entity, its public organic
4 record, if any, must satisfy the requirements of the law of this state, but
5 the public organic record does not need to be signed and may omit any provi-
6 sion that is not required to be included in a restatement of the public or-
7 ganic record.

8 (5) A plan of domestication that is signed by a domesticating domestic
9 entity and meets all the requirements of subsection (2) may be delivered to
10 the secretary of state for filing instead of a statement of domestication and
11 on filing has the same effect. If a plan of domestication is filed as pro-
12 vided in this subsection, references in this chapter to a statement of domes-
13 tication refer to the plan of domestication filed under this subsection.

14 (6) A statement of domestication becomes effective on the date and time
15 of filing or the later date and time specified in the statement of domestica-
16 tion.

17 30-21-506. EFFECT OF DOMESTICATION. (1) When a domestication becomes
18 effective:

19 (a) The domesticated entity is:

20 (i) Organized under and subject to the organic law of the domesti-
21 cated entity; and

22 (ii) The same entity without interruption as the domesticating
23 entity;

24 (b) All property of the domesticating entity continues to be vested in
25 the domesticated entity without transfer, reversion, or impairment;

26 (c) All debts, obligations, and other liabilities of the domesticating
27 entity continue as debts, obligations, and other liabilities of the do-
28 mesticated entity;

29 (d) Except as otherwise provided by law or the plan of domestication,
30 all of the rights, privileges, immunities, powers, and purposes of the
31 domesticating entity remain in the domesticated entity;

32 (e) The name of the domesticated entity may be substituted for the name
33 of the domesticating entity in any pending action or proceeding;

34 (f) If the domesticated entity is a filing entity, its public organic
35 record is effective;

36 (g) If the domesticated entity is a limited liability partnership, its
37 statement of qualification is effective simultaneously;

38 (h) The private organic rules of the domesticated entity that are to be
39 in a record, if any, approved as part of the plan of domestication are
40 effective; and

41 (i) The interests in the domesticating entity are converted to the
42 extent and as approved in connection with the domestication, and the
43 interest holders of the domesticating entity are entitled only to the
44 rights provided to them under the plan of domestication and to any ap-
45 praisal rights they have under Section 30-21-109 and the domesticating
46 entity's organic law.

47 (2) Except as otherwise provided in the organic law or organic rules of
48 the domesticating entity, the domestication does not give rise to any rights

1 that an interest holder, governor, or third party would have upon a dissolu-
2 tion, liquidation, or winding up of the domesticating entity.

3 (3) When a domestication becomes effective, a person that did not have
4 interest holder liability with respect to the domesticating entity and be-
5 comes subject to interest holder liability with respect to a domestic entity
6 as a result of the domestication has interest holder liability only to the
7 extent provided by the organic law of the entity and only for those debts,
8 obligations, and other liabilities that arise after the domestication be-
9 comes effective.

10 (4) When a domestication becomes effective:

11 (a) The domestication does not discharge any interest holder liability
12 under the organic law of a domesticating domestic entity to the extent
13 the interest holder liability arose before the domestication became ef-
14 fective.

15 (b) A person does not have interest holder liability under the organic
16 law of a domestic domesticating entity for any debt, obligation, or
17 other liability that arises after the domestication becomes effective.

18 (c) The organic law of a domestic domesticating entity continues to ap-
19 ply to the release, collection, or discharge of any interest holder lia-
20 bility preserved under paragraph (a) as if the domestication had not oc-
21 curred.

22 (d) A person has whatever rights of contribution from any other person
23 as are provided by other law or the organic rules of a domestic domes-
24 ticating entity with respect to any interest holder liability preserved
25 under paragraph (a) as if the domestication had not occurred.

26 (5) When a domestication becomes effective, a foreign entity that is
27 the domesticated entity may be served with process in this state for the col-
28 lection and enforcement of any of its debts, obligations, and other liabili-
29 ties in accordance with applicable law.

30 (6) If a domesticating entity is a registered foreign entity, the reg-
31 istration to do business in this state of the domesticating entity is can-
32 celed when the domestication becomes effective.

33 (7) A domestication does not require the entity to wind up its affairs
34 and does not constitute or cause the dissolution of the entity.

35 SECTION 15. That Title 30, Idaho Code, be, and the same is hereby
36 amended by the addition thereto of a NEW CHAPTER, to be known and designated
37 as Chapter 22, Title 30, Idaho Code, and to read as follows:

38 CHAPTER 22
39 GENERAL PARTNERSHIPS

40 SECTION 16. That Chapter 22, Title 30, Idaho Code, be, and the same is
41 hereby amended by the addition thereto of a NEW PART, to be known and desig-
42 nated as Part 1, Chapter 22, Title 30, Idaho Code, and to read as follows:

43 PART 1
44 GENERAL PROVISIONS

45 30-22-101. SHORT TITLE. This chapter may be cited as the Idaho Uniform
46 Partnership Act (2013).

1 30-22-102. DEFINITIONS. In this chapter:

2 (1) "Business" includes every trade, occupation, and profession.

3 (2) "Contribution", except in the phrase "right of contribution",
4 means property or a benefit described in section 30-22-403 provided by a
5 person to a partnership to become a partner or in the person's capacity as a
6 partner.

7 (3) "Distribution" means a transfer of money or other property from a
8 partnership to a person on account of a transferable interest or in a per-
9 son's capacity as a partner. The term:

10 (a) Includes:

11 (i) A redemption or other purchase by a partnership of a transfer-
12 able interest; and

13 (ii) A transfer to a partner in return for the partner's relin-
14 quishment of any right to participate as a partner in the manage-
15 ment or conduct of the partnership's business or have access to
16 records or other information concerning the partnership's busi-
17 ness; and

18 (b) Does not include amounts constituting reasonable compensation for
19 present or past service or payments made in the ordinary course of busi-
20 ness under a bona fide retirement plan or other bona fide benefits pro-
21 gram.

22 (4) "Foreign limited liability partnership" means a foreign partner-
23 ship whose partners have limited liability for the debts, obligations, or
24 other liabilities of the foreign partnership under a provision similar to
25 section 30-22-306(3).

26 (5) "Foreign partnership" means an unincorporated entity formed under
27 the law of a jurisdiction other than this state which would be a partnership
28 if formed under the law of this state. The term includes a foreign limited
29 liability partnership.

30 (6) "Partner" means a person that:

31 (a) Has become a partner in a partnership under section 30-22-402 or was
32 a partner in a partnership when the partnership became subject to this
33 chapter under section 30-22-110; and

34 (b) Has not dissociated as a partner under section 30-22-601.

35 (7) "Partnership" means an association of two or more persons to carry
36 on as co-owners a business for profit formed under this chapter or that be-
37 comes subject to this chapter under Article 2 or section 30-22-111. The term
38 includes a limited liability partnership.

39 (8) "Partnership agreement" means the agreement, whether or not re-
40 ferred to as a partnership agreement and whether oral, implied, in a record,
41 or in any combination thereof, of all the partners of a partnership concern-
42 ing the matters described in section 33-22-105(1). The term includes the
43 agreement as amended or restated.

44 (9) "Partnership at will" means a partnership in which the partners
45 have not agreed to remain partners until the expiration of a definite term or
46 the completion of a particular undertaking.

47 (10) "Transferable interest" means the right, as initially owned by a
48 person in the person's capacity as a partner, to receive distributions from a
49 partnership in accordance with the partnership agreement, whether or not the

1 person remains a partner or continues to own any part of the right. The term
2 applies to any fraction of the interest, by whomever owned.

3 (11) "Transferee" means a person to which all or part of a transferable
4 interest has been transferred, whether or not the transferor is a partner.

5 30-22-103. KNOWLEDGE -- NOTICE. (1) A person knows a fact if the per-
6 son:

7 (a) Has actual knowledge of it; or

8 (b) Is deemed to know it under subsection (4) (a) or law other than this
9 title.

10 (2) A person has notice of a fact if the person:

11 (a) Has reason to know the fact from all the facts known to the person at
12 the time in question; or

13 (b) As deemed to have notice of the fact under subsection (4) (b) .

14 (3) Subject to section 30-20-212, a person notifies another person of
15 a fact by taking steps reasonably required to inform the other person in or-
16 dinary course, whether or not those steps cause the other person to know the
17 fact.

18 (4) A person not a partner is deemed:

19 (a) To know of a limitation on authority to transfer real property as
20 provided in section 30-22-303(7); and

21 (b) To have notice of:

22 (i) A partner's dissociation 90 days after a statement of disso-
23 ciation under section 30-22-704 becomes effective; and

24 (ii) A partnership's:

25 1. Dissolution 90 days after a statement of dissolution un-
26 der section 30-22-802 becomes effective;

27 2. Termination 90 days after a statement of termination un-
28 der section 30-22-802 becomes effective; and

29 3. Participation in a merger, interest exchange, conver-
30 sion, or domestication 90 days after articles of merger, in-
31 terest exchange, conversion, or domestication under Chapter
32 21 become effective.

33 (5) A partner's knowledge or notice of a fact relating to the partner-
34 ship is effective immediately as knowledge of or notice to the partnership,
35 except in the case of a fraud on the partnership committed by or with the con-
36 sent of that partner.

37 30-22-104. GOVERNING LAW. The internal affairs of a partnership and
38 the liability of a partner as a partner for the debts, obligations, or other
39 liabilities of the partnership are governed by:

40 (1) In the case of a limited liability partnership, the law of this
41 state; and

42 (2) In the case of a partnership that is not a limited liability part-
43 nership, the law of the state of the jurisdiction in which the partnership
44 has its principal office.

45 30-22-105. PARTNERSHIP AGREEMENT -- SCOPE, FUNCTION AND LIMITA-
46 TIONS. (1) Except as otherwise provided in subsections (3) and (4), the
47 partnership agreement governs:

- 1 (a) Relations among the partners as partners and between the partners
2 and the partnership;
- 3 (b) The business of the partnership and the conduct of that business;
4 and
- 5 (c) The means and conditions for amending the partnership agreement.
- 6 (2) To the extent the partnership agreement does not provide for a mat-
7 ter described in subsection (1), this chapter governs the matter.
- 8 (3) A partnership agreement may not:
- 9 (a) Vary the law applicable under section 30-22-104(1);
- 10 (b) Vary the provisions of section 30-22-110;
- 11 (c) Vary the provisions of section 30-22-307;
- 12 (d) Unreasonably restrict the duties and rights under section 30-22-
13 408, but the partnership agreement may impose reasonable restrictions
14 on the availability and use of information obtained under that section
15 and may define appropriate remedies, including liquidated damages, for
16 a breach of any reasonable restriction on use;
- 17 (e) Eliminate the duty of loyalty or the duty of care, except as other-
18 wise provided in subsection (4);
- 19 (f) Eliminate the contractual obligation of good faith and fair deal-
20 ing under section 30-22-409(4), but the partnership agreement may pre-
21 scribe the standards, if not manifestly unreasonable, by which the per-
22 formance of the obligation is to be measured;
- 23 (g) Relieve or exonerate a person from liability for conduct involving
24 bad faith, willful or intentional misconduct, or knowing violation of
25 law;
- 26 (h) Vary the power to dissociate as a partner under section 30-22-
27 602(1), except to require the notice under section 30-22-601(1) to be in
28 a record;
- 29 (i) Vary the right of a court to expel a partner in the events specified
30 in section 30-22-601(5);
- 31 (j) Vary the causes of dissolution specified in section 30-22-801(4);
32 or
- 33 (k) Vary the requirement to wind up the partnership's business as spec-
34 ified in section 30-22-802(1), (2) (a), and (4);
- 35 (l) Vary the right of a partner to approve a merger, interest ex-
36 change, conversion, or domestication under section 30-21-203(1) (b),
37 30-21-303(1) (b), 30-21-403(1) (b), or 30-21-503(1) (b);
- 38 (m) Vary any requirement, procedure, or other provision of this title
39 pertaining to:
- 40 (i) Registered agents; or
- 41 (ii) The secretary of state, including provisions pertaining to
42 records authorized or required to be delivered to the secretary of
43 state for filing under this title; or
- 44 (n) Except as otherwise provided in sections 30-22-106 and 30-22-
45 107(2), restrict the rights under this title of a person other than a
46 partner.
- 47 (4) Subject to subsection (3) (g), without limiting other terms that may
48 be included in a partnership agreement, the following rules apply:
- 49 (a) The partnership agreement may:

- 1 (i) Specify the method by which a specific act or transaction that
2 would otherwise violate the duty of loyalty may be authorized or
3 ratified by one or more disinterested and independent persons af-
4 ter full disclosure of all material facts; and
5 (ii) Revise the prohibition stated in section 30-22-406(2) (b) to
6 refer solely to the partnership's total assets being less than the
7 sum of its total liabilities.
- 8 (b) If not manifestly unreasonable, the partnership agreement may:
9 (i) Alter or eliminate the aspects of the duty of loyalty stated
10 in section 30-22-409(b);
11 (ii) Identify specific types or categories of activities that do
12 not violate the duty of loyalty;
13 (iii) Alter the duty of care, except to authorize intentional mis-
14 conduct or knowing violation of law; and
15 (iv) Alter or eliminate any other fiduciary duty.
- 16 (5) The court shall decide as a matter of law whether a term of a part-
17 nership agreement is manifestly unreasonable under subsection (3) (f) or
18 (4) (b). The court:
19 (a) Shall make its determination as of the time the challenged term be-
20 came part of the partnership agreement and by considering only circum-
21 stances existing at that time; and
22 (b) May invalidate the term only if, in light of the purposes and busi-
23 ness of the partnership, it is readily apparent that:
24 (i) The objective of the term is unreasonable; or
25 (ii) The term is an unreasonable means to achieve the provision's
26 objective.

27 30-22-106. PARTNERSHIP AGREEMENT; EFFECT ON PARTNERSHIP AND PERSON
28 BECOMING PARTNER; PREFORMATION AGREEMENT. (1) A partnership is bound by and
29 may enforce the partnership agreement, whether or not the partnership has
30 itself manifested assent to the agreement.

31 (2) A person that becomes a partner of a partnership is deemed to assent
32 to the partnership agreement.

33 (3) Two or more persons intending to become the initial partners of a
34 partnership may make an agreement providing that upon the formation of the
35 partnership the agreement will become the partnership agreement.

36 30-22-107. PARTNERSHIP AGREEMENT; EFFECT ON THIRD PARTIES AND RELA-
37 TIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP. (1) A partnership
38 agreement may specify that its amendment requires the approval of a person
39 that is not a party to the agreement or the satisfaction of a condition. An
40 amendment is ineffective if its adoption does not include the required ap-
41 proval or satisfy the specified condition.

42 (2) The obligations of a partnership and its partners to a person in the
43 person's capacity as a transferee or person dissociated as a partner are gov-
44 erned by the partnership agreement. Subject only to a court order issued un-
45 der section 30-22-504(2) (b) to effectuate a charging order, an amendment to
46 the partnership agreement made after a person becomes a transferee or is dis-
47 sociated as a partner:

- 1 (a) Is effective with regard to any debt, obligation, or other liability
 2 of the partnership or its partners to the person in the person's ca-
 3 pacity as a transferee or person dissociated as a partner; and
 4 (b) Is not effective to the extent the amendment:
 5 (i) Imposes a new debt, obligation, or other liability on the
 6 transferee or person dissociated as a partner; or
 7 (ii) Prejudices the rights under section 30-22-701 of a person
 8 that dissociated as a partner before the amendment was made.
 9 (3) If a record delivered by a partnership to the secretary of state
 10 for filing becomes effective under this title and contains a provision that
 11 would be ineffective under section 33-22-105(3) or (4) (b) if contained in
 12 the partnership agreement, the provision is ineffective in the record.
 13 (4) Subject to subsection (3), if a record delivered by a partnership
 14 to the secretary of state for filing becomes effective under this title and
 15 conflicts with a provision of the partnership agreement:
 16 (a) The agreement prevails as to partners, persons dissociated as part-
 17 ners, and transferees; and
 18 (b) The record prevails as to other persons to the extent they reason-
 19 ably rely on the record.

20 30-22-108. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY
 21 OF STATE. Except as otherwise provided in section 30-20-209, a record de-
 22 livered to the secretary of state for filing pursuant to this title must be
 23 signed as follows:

- 24 (1) Except as otherwise provided in subsections (2) and (3), a record
 25 signed by a partnership must be signed by a person authorized by the partner-
 26 ship.
 27 (2) A record filed on behalf of a dissolved partnership that has no
 28 partner must be signed by the person winding up the partnership's business
 29 under section 30-22-802 (3) or a person appointed under section 30-22-802 (4)
 30 to wind up the business.
 31 (3) A statement of denial by a person under section 30-22-304 must be
 32 signed by that person.
 33 (4) Any other record delivered on behalf of a person to the secretary of
 34 state for filing must be signed by that person.

35 30-22-109. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a
 36 record delivered to the secretary of state for filing under this title and
 37 filed by the secretary of state contains inaccurate information, a person
 38 that suffers loss by reliance on the information may recover damages for the
 39 loss from a partner, if:

- 40 (1) The record was delivered for filing on behalf of the partnership;
 41 and
 42 (2) The partner had notice of the inaccuracy for a reasonably suffi-
 43 cient time before the information was relied upon so that, before the re-
 44 liance, the partner reasonably could have:
 45 (a) Effected an amendment under section 30-22-901 (6);
 46 (b) Filed a petition under section 30-22-109; or

1 (c) Delivered to the secretary of state for filing a statement of change
 2 under section 30-20-407 or a statement of correction under section
 3 30-20-205.

4 30-22-110. APPLICATION TO EXISTING RELATIONSHIPS. (1) Before July 1,
 5 2015, this chapter governs only:

6 (a) A partnership formed on or after July 1, 2013; and

7 (b) Except as otherwise provided in subsection (3), a partnership
 8 formed before July 1, 2013, which elects, in the manner provided in its
 9 partnership agreement or by law for amending the partnership agreement,
 10 to be subject to this chapter.

11 (2) Except as otherwise provided in subsection (3), on and after July 1,
 12 2015, this chapter governs all partnerships.

13 (3) With respect to a partnership that elects pursuant to subsection
 14 (1) (b) to be subject to this chapter, after the election takes effect the
 15 provisions of this chapter relating to the liability of the partnership's
 16 partners to third parties apply:

17 (a) Before July 1, 2015, to:

18 (i) A third party that had not done business with the partnership
 19 in the year before the election took effect; and

20 (ii) A third party that had done business with the partnership in
 21 the year before the election took effect only if the third party
 22 knows or has received a notification of the election; and

23 (b) On and after July 1, 2015, to all third parties, but those provi-
 24 sions remain inapplicable to any obligation incurred while those provi-
 25 sions were inapplicable under paragraph (a) (ii).

26 SECTION 17. That Chapter 22, Title 30, Idaho Code, be, and the same is
 27 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 28 nated as Part 2, Chapter 22, Title 30, Idaho Code, and to read as follows:

29 PART 2
 30 NATURE OF PARTNERSHIP

31 30-22-201. PARTNERSHIP AS ENTITY. (1) A partnership is an entity dis-
 32 tinct from its partners.

33 (2) A partnership is the same entity regardless of whether the partner-
 34 ship has a statement of qualification in effect under section 30-22-901.

35 30-22-202. FORMATION OF PARTNERSHIP. (1) Except as otherwise pro-
 36 vided in subsection (2), the association of two or more persons to carry on
 37 as co-owners a business for profit forms a partnership, whether or not the
 38 persons intend to form a partnership.

39 (2) An association formed under a statute other than this chapter, a
 40 predecessor statute, or a comparable statute of another jurisdiction is not
 41 a partnership under this chapter.

42 (3) In determining whether a partnership is formed, the following rules
 43 apply:

44 (a) Joint tenancy, tenancy in common, tenancy by the entirety, joint
 45 property, common property, or part ownership does not by itself estab-

1 (1) Each partner is an agent of the partnership for the purpose of its
2 business. An act of a partner, including the signing of an instrument in
3 the partnership name, for apparently carrying on in the ordinary course the
4 partnership business or business of the kind carried on by the partnership
5 binds the partnership, unless the partner did not have authority to act for
6 the partnership in the particular matter and the person with which the part-
7 ner was dealing knew, or had notice, that the partner lacked authority.

8 (2) An act of a partner which is not apparently for carrying on in the
9 ordinary course the partnership's business or business of the kind carried
10 on by the partnership binds the partnership only if the act was actually au-
11 thorized by all the other partners.

12 30-22-302. TRANSFER OF PARTNERSHIP PROPERTY. (1) Partnership prop-
13 erty may be transferred as follows:

14 (a) Subject to the effect of a statement of partnership authority under
15 section 30-22-303, partnership property held in the name of the part-
16 nership may be transferred by an instrument of transfer executed by a
17 partner in the partnership name.

18 (b) Partnership property held in the name of one or more partners with
19 an indication in the instrument transferring the property to them of
20 their capacity as partners or of the existence of a partnership, but
21 without an indication of the name of the partnership, may be transferred
22 by an instrument of transfer executed by the persons in whose name the
23 property is held.

24 (c) Partnership property held in the name of one or more persons other
25 than the partnership, without an indication in the instrument transfer-
26 ring the property to them of their capacity as partners or of the exist-
27 tence of a partnership, may be transferred by an instrument of transfer
28 executed by the persons in whose name the property is held.

29 (2) A partnership may recover partnership property from a transferee
30 only if it proves that execution of the instrument of initial transfer did
31 not bind the partnership under section 30-22-301 and:

32 (a) As to a subsequent transferee who gave value for property trans-
33 ferred under subsection (1)(a) and (b), proves that the subsequent
34 transferee knew or had received a notification that the person who ex-
35 ecuted the instrument of initial transfer lacked authority to bind the
36 partnership; or

37 (b) As to a transferee who gave value for property transferred under
38 subsection (1)(c), proves that the transferee knew or had received a no-
39 tification that the property was partnership property and that the per-
40 son who executed the instrument of initial transfer lacked authority to
41 bind the partnership.

42 (3) A partnership may not recover partnership property from a subse-
43 quent transferee if the partnership would not have been entitled to recover
44 the property, under subsection (2), from any earlier transferee of the prop-
45 erty.

46 (4) If a person holds all the partners' interests in the partnership,
47 all the partnership property vests in that person. The person may execute a
48 document in the name of the partnership to evidence vesting of the property
49 in that person and may file or record the document.

1 30-22-303. STATEMENT OF PARTNERSHIP AUTHORITY. (1) A partnership may
2 deliver to the secretary of state for filing a statement of partnership au-
3 thority. The statement:

4 (a) Must include:

5 (i) The name of the partnership; and

6 (ii) The partnership is not a limited liability partnership, the
7 street and mailing addresses of its principal office;

8 (b) With respect to any position that exists in or with respect to the
9 partnership, may state the authority, or limitations on the authority,
10 of all persons holding the position to:

11 (i) Execute an instrument transferring real property held in the
12 name of the partnership; or

13 (ii) Enter into other transactions on behalf of, or otherwise act
14 for or bind, the partnership; and

15 (c) May state the authority, or limitations on the authority, of a spe-
16 cific person to:

17 (i) Execute an instrument transferring real property held in the
18 name of the partnership; or

19 (ii) Enter into other transactions on behalf of, or otherwise act
20 for or bind, the partnership.

21 (2) To amend or cancel a statement of authority filed by the secretary
22 of state, a partnership must deliver to the secretary of state for filing an
23 amendment or cancellation stating:

24 (a) The name of the partnership;

25 (b) The street and mailing addresses of the partnership's principal of-
26 fice;

27 (c) The date the statement being affected became effective; and

28 (d) The contents of the amendment or a declaration that the statement is
29 canceled.

30 (3) A statement of authority affects only the power of a person to bind a
31 partnership to persons that are not partners.

32 (4) Subject to subsection (3) and section 30-22-103(4) (a), and except
33 as otherwise provided in subsections (6), (7), and (8), a limitation on the
34 authority of a person or a position contained in an effective statement of
35 authority is not by itself evidence of any person's knowledge or notice of
36 the limitation.

37 (5) Subject to subsection (3), a grant of authority not pertaining to
38 transfers of real property and contained in an effective statement of au-
39 thority is conclusive in favor of a person that gives value in reliance on the
40 grant, except to the extent that if the person gives value:

41 (a) The person has knowledge to the contrary;

42 (b) The statement has been canceled or restrictively amended under sub-
43 section (2); or

44 (c) A limitation on the grant is contained in another statement of au-
45 thority that became effective after the statement containing the grant
46 became effective.

47 (6) Subject to subsection (3), an effective statement of authority that
48 grants authority to transfer real property held in the name of the partner-
49 ship is conclusive in favor of a person that gives value in reliance on the

1 grant without knowledge to the contrary, except to the extent that when the
2 person gives value:

3 (a) The statement has been canceled or restrictively amended under sub-
4 section (2); or

5 (b) A limitation on the grant is contained in another statement of au-
6 thority that became effective after the statement containing the grant
7 became effective.

8 (7) Subject to subsection (3), if an effective statement of authority
9 containing a limitation on the authority to transfer real property held in
10 the name of a partnership is filed by the secretary of state, all persons are
11 deemed to know of the limitation.

12 (8) Subject to subsection (9), an effective statement of dissolution is
13 a cancellation of any filed statement of authority for the purposes of sub-
14 section (6) and is a limitation on authority for purposes of subsection (7).

15 (9) After a statement of dissolution becomes effective, a partnership
16 may deliver to the secretary of state for filing a statement of authority
17 that is designated as a post-dissolution statement of authority. The state-
18 ment operates as provided in subsections (6) and (7).

19 (10) Unless canceled earlier, an effective statement of authority is
20 canceled by operation of law five years after the date on which the state-
21 ment, or its most recent amendment, becomes effective.

22 (11) An effective statement of denial operates as a restrictive amend-
23 ment under this section.

24 30-22-304. STATEMENT OF DENIAL. A person named in a filed statement
25 of authority granting that person authority may deliver to the secretary of
26 state for filing a statement of denial that:

27 (1) Provides the name of the partnership and the caption of the state-
28 ment of authority to which the statement of denial pertains; and

29 (2) Denies the grant of authority.

30 30-22-305. PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CON-
31 DUCT. (1) A partnership is liable for loss or injury caused to a person, or
32 for a penalty incurred, as a result of a wrongful act or omission, or other
33 actionable conduct, of a partner acting in the ordinary course of business of
34 the partnership or with the actual or apparent authority of the partnership.

35 (2) If, in the course of the partnership's business or while acting
36 with actual or apparent authority of the partnership, a partner receives or
37 causes the partnership to receive money or property of a person not a part-
38 ner, and the money or property is misapplied by a partner, the partnership is
39 liable for the loss.

40 30-22-306. PARTNER'S LIABILITY. (1) Except as otherwise provided in
41 subsections (2) and (3), all partners are liable jointly and severally for
42 all debts, obligations, and other liabilities of the partnership unless oth-
43 erwise agreed by the claimant or provided by law.

44 (2) A person that becomes a partner is not personally liable for a debt,
45 obligation, or other liability of the partnership incurred before the person
46 became a partner.

1 (3) A debt, obligation, or other liability of a partnership incurred
2 while the partnership is a limited liability partnership is solely the debt,
3 obligation, or other liability of the limited liability partnership. A
4 partner is not personally liable, directly or indirectly, by way of con-
5 tribution or otherwise, for a debt, obligation, or other liability of the
6 limited liability partnership solely by reason of being or so acting as a
7 partner. This subsection applies:

8 (a) Despite anything inconsistent in the partnership agreement that
9 existed immediately before the vote or consent required to become a lim-
10 ited liability partnership under section 30-22-901(2); and

11 (b) Regardless of the dissolution of the limited liability partner-
12 ship.

13 (4) The failure of a limited liability partnership to observe any for-
14 malities relating to the exercise of its powers or management of its business
15 is not a ground for imposing liability on any partner of the partnership for a
16 debt, obligation, or other liability of the partnership.

17 (5) The cancellation or administrative revocation of a limited liabil-
18 ity partnership's statement of qualification does not affect the limitation
19 under this section on the liability of a partner for a debt, obligation, or
20 other liability of the partnership incurred while the statement was in ef-
21 fect.

22 30-22-307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS. (1) A
23 partnership may sue and be sued in the name of the partnership.

24 (2) To the extent not inconsistent with section 30-22-306, a partner
25 may be joined in an action against the partnership or named in a separate ac-
26 tion.

27 (3) A judgment against a partnership is not by itself a judgment against
28 a partner. A judgment against a partnership may not be satisfied from a part-
29 ner's assets unless there is also a judgment against the partner.

30 (4) A judgment creditor of a partner may not levy execution against the
31 assets of the partner to satisfy a judgment based on a claim against the part-
32 nership unless the partner is personally liable for the claim under section
33 30-22-306 and:

34 (a) A judgment based on the same claim has been obtained against the
35 partnership and a writ of execution on the judgment has been returned
36 unsatisfied in whole or in part;

37 (b) The partnership is a debtor in bankruptcy;

38 (c) The partner has agreed that the creditor need not exhaust partner-
39 ship assets;

40 (d) A court grants permission to the judgment creditor to levy execu-
41 tion against the assets of a partner based on a finding that partnership
42 assets subject to execution are clearly insufficient to satisfy the
43 judgment, that exhaustion of partnership assets is excessively burden-
44 some, or that the grant of permission is an appropriate exercise of the
45 court's equitable powers; or

46 (e) Liability is imposed on the partner by law or contract independent
47 of the existence of the partnership.

1 (5) This section applies to any partnership liability or obligation re-
2 sulting from a representation by a partner or purported partner under sec-
3 tion 30-22-308.

4 30-22-308. LIABILITY OF PURPORTED PARTNER. (1) If a person, by words
5 or conduct, purports to be a partner, or consents to being represented by an-
6 other as a partner, in a partnership or with one or more persons not part-
7 ners, the purported partner is liable to a person to whom the representation
8 is made, if that person, relying on the representation, enters into a trans-
9 action with the actual or purported partnership. If the representation, ei-
10 ther by the purported partner or by a person with the purported partner's
11 consent, is made in a public manner, the purported partner is liable to a per-
12 son who relies upon the purported partnership even if the purported partner
13 is not aware of being held out as a partner to the claimant. If partnership
14 liability results, the purported partner is liable with respect to that lia-
15 bility as if the purported partner were a partner. If no partnership liabil-
16 ity results, the purported partner is liable with respect to that liability
17 jointly and severally with any other person consenting to the representa-
18 tion.

19 (2) If a person is thus represented to be a partner in an existing part-
20 nership, or with one or more persons not partners, the purported partner is
21 an agent of persons consenting to the representation to bind them to the same
22 extent and in the same manner as if the purported partner were a partner, with
23 respect to persons who enter into transactions in reliance upon the repre-
24 sentation. If all the partners of the existing partnership consent to the
25 representation, a partnership act or obligation results. If fewer than all
26 the partners of the existing partnership consent to the representation, the
27 person acting and the partners consenting to the representation are jointly
28 and severally liable.

29 (3) A person is not liable as a partner merely because the person is
30 named by another in a statement of partnership authority.

31 (4) A person does not continue to be liable as a partner merely because
32 of a failure to file a statement of dissociation or to amend a statement of
33 partnership authority to indicate the partner's dissociation from the part-
34 nership.

35 (5) Except as otherwise provided in subsections (1) and (2), persons
36 who are not partners as to each other are not liable as partners to other per-
37 sons.

38 SECTION 19. That Chapter 22, Title 30, Idaho Code, be, and the same is
39 hereby amended by the addition thereto of a NEW PART, to be known and desig-
40 nated as Part 4, Chapter 22, Title 30, Idaho Code, and to read as follows:

41 PART 4

42 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

43 30-22-401. PARTNER'S RIGHTS AND DUTIES. (1) Each partner is entitled
44 to an equal share of the partnership profits and, except in the case of a lim-
45 ited liability partnership, is chargeable with a share of the partnership
46 losses in proportion to the partner's share of the profits.

1 (2) A partnership shall reimburse a partner for any payment made by the
2 partner in the course of the partner's activities on behalf of the partner-
3 ship, if the partner complied with this section and section 30-22-409 in mak-
4 ing the payment.

5 (3) A partnership shall indemnify and hold harmless a person with re-
6 spect to any claim or demand against the person and any debt, obligation,
7 or other liability incurred by the person by reason of the person's former
8 or present capacity as partner, if the claim, demand, debt, obligation, or
9 other liability does not arise from the person's breach of this section or
10 section 30-22-407 or 30-22-409.

11 (4) In the ordinary course of its business, a partnership may advance
12 reasonable expenses, including attorney's fees and costs, incurred by a per-
13 son in connection with a claim or demand against the person by reason of the
14 person's former or present capacity as a partner, if the person promises to
15 repay the partnership if the person ultimately is determined not to be enti-
16 tled to be indemnified under subsection (3).

17 (5) A partnership may purchase and maintain insurance on behalf of
18 a partner against liability asserted against or incurred by the part-
19 ner in that capacity or arising from that status even if, under section
20 33-22-105(3)(g), the partnership agreement could not eliminate or limit
21 the person's liability to the partnership for the conduct giving rise to the
22 liability.

23 (6) A partnership shall reimburse a partner for an advance to the part-
24 nership beyond the amount of capital the partner agreed to contribute.

25 (7) A payment or advance made by a partner which gives rise to a partner-
26 ship obligation under subsection (2) or (6) constitutes a loan to the part-
27 nership which accrues interest from the date of the payment or advance.

28 (8) Each partner has equal rights in the management and conduct of the
29 partnership's business.

30 (9) A partner may use or possess partnership property only on behalf of
31 the partnership.

32 (10) A partner is not entitled to remuneration for services performed
33 for the partnership, except for reasonable compensation for services ren-
34 dered in winding up the business of the partnership.

35 (11) A difference arising as to a matter in the ordinary course of busi-
36 ness of a partnership may be decided by a majority of the partners. An act
37 outside the ordinary course of business of a partnership, an amendment to
38 the partnership agreement, and the approval of a transaction under chapter
39 21 may be undertaken only with the affirmative vote or consent of all of the
40 partners.

41 30-22-402. BECOMING PARTNER. (1) Upon formation of a partnership, a
42 person becomes a partner under section 30-22-202(1).

43 (2) After formation of a partnership, a person becomes a partner:

44 (a) As provided in the partnership agreement;

45 (b) As a result of a transaction effective under chapter 21; or

46 (c) With the consent of all the partners.

47 (3) A person may become a partner without either:

48 (a) Acquiring a transferable interest; or

1 (b) Making or being obligated to make a contribution to the partner-
2 ship.

3 30-22-403. FORM OF CONTRIBUTION. A contribution may consist of prop-
4 erty transferred to, services performed for, or another benefit provided to
5 the partnership or an agreement to transfer property to, perform services
6 for, or provide another benefit to the partnership.

7 30-22-404. LIABILITY FOR CONTRIBUTION. (1) A person's obligation to
8 make a contribution to a partnership is not excused by the person's death,
9 disability, dissolution, or other inability to perform personally.

10 (2) If a person does not fulfill an obligation to make a contribution
11 other than money, the person is obligated at the option of the partnership to
12 contribute money equal to the value of the part of the contribution which has
13 not been made.

14 (3) The obligation of a person to make a contribution may be compromised
15 only by consent of all partners. If a creditor of a limited liability part-
16 nership extends credit or otherwise acts in reliance on an obligation de-
17 scribed in subsection (1), without notice of a compromise under this subsec-
18 tion, the creditor may enforce the obligation.

19 30-22-405. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLU-
20 TION. (1) Any distributions made by a partnership before its dissolution
21 and winding up must be in equal shares among partners, except to the extent
22 necessary to comply with a transfer effective under section 30-22-503 or
23 charging order in effect under section 30-22-504.

24 (2) A person has a right to a distribution before the dissolution and
25 winding up of a partnership only if the partnership decides to make an in-
26 terim distribution.

27 (3) A person does not have a right to demand or receive a distribution
28 from a partnership in any form other than money. Except as otherwise pro-
29 vided in section 30-22-806, a partnership may distribute an asset in kind
30 only if each part of the asset is fungible with each other part and each per-
31 son receives a percentage of the asset equal in value to the person's share of
32 distributions.

33 (4) If a partner or transferee becomes entitled to receive a distribu-
34 tion, the partner or transferee is entitled to all remedies available to,
35 a creditor of the partnership with respect to the distribution. However,
36 the partnership's obligation to make a distribution is subject to offset for
37 any amount owed to the partnership by the partner or a person dissociated as
38 partner on whose account the distribution is made.

39 30-22-406. LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PART-
40 NERSHIP. (1) A limited liability partnership may not make a distribution,
41 including a distribution under section 30-22-806, if after the distribu-
42 tion:

43 (a) The limited liability partnership would not be able to pay its debts
44 as they become due in the ordinary course of the partnership's business;
45 or

1 (b) The limited liability partnership's total assets would be less than
2 the sum of its total liabilities plus, unless the partnership agreement
3 permits otherwise, the amount that would be needed, if the partner-
4 ship were to be dissolved and wound up at the time of the distribution,
5 to satisfy the preferential rights upon dissolution and winding up of
6 partners and transferees whose preferential rights are superior to the
7 right to receive distributions of the persons receiving the distribu-
8 tion.

9 (2) A limited liability partnership may base a determination that a
10 distribution is not prohibited under subsection (1) on:

11 (a) Financial statements prepared on the basis of accounting practices
12 and principles that are reasonable in the circumstances; or

13 (b) A fair valuation or other method that is reasonable under the cir-
14 cumstances.

15 (3) Except as otherwise provided in subsection (5), the effect of a dis-
16 tribution under subsection (1) is measured:

17 (a) In the case of a distribution as defined in section 30-22-
18 102(3) (a), as of the earlier of the date:

19 (i) Money or other property is transferred or debt is incurred by
20 the limited liability partnership; or

21 (ii) The person entitled to the distribution ceases to own the in-
22 terest or

23 (b) In the case of any other distribution of indebtedness, as of the
24 date the indebtedness is distributed; and

25 (c) In all other cases, as of the date:

26 (i) The distribution is authorized, if the payment occurs not
27 later than 120 days after that date; or

28 (ii) The payment is made, if the payment occurs more than 120 days
29 after the distribution is authorized.

30 (4) A limited liability partnership's indebtedness to a partner or
31 transferee incurred by reason of a distribution made in accordance with
32 this section is at parity with the limited liability company's indebtedness
33 to its general, unsecured creditors, except to the extent subordinated by
34 agreement.

35 (5) A limited liability partnership's indebtedness, including indebt-
36 edness issued as a distribution, is not a liability for purposes of subsec-
37 tion (1) if the terms of the indebtedness provide that payment of principal
38 and interest is made only if and to the extent that a payment of a distribu-
39 tion could then be made under this section. If the indebtedness is issued as
40 a distribution, each payment of principal or interest is treated as a distri-
41 bution, the effect of which is measured on the date the payment is made.

42 (6) In measuring the effect of a distribution under section 30-22-806,
43 the liabilities of a dissolved limited liability partnership do not include
44 any claim that has been disposed of under sections 30-22-807, 30-22-808, and
45 30-22-809.

46 30-22-407. LIABILITY OF IMPROPER DISTRIBUTIONS BY LIMITED LIABILITY
47 PARTNERSHIP. (1) If a partner of a limited liability partnership consents
48 to a distribution made in violation of section 30-22-406 and in consenting to
49 the distribution fails to comply with section 30-22-409, the partner is per-

1 sonally liable to the partnership for the amount of the distribution which
2 exceeds the amount that could have been distributed without the violation of
3 section 30-22-406.

4 (2) A person that receives a distribution knowing that the distribu-
5 tion violated section 30-22-406 is personally liable to the limited liabil-
6 ity partnership but only to the extent that the distribution received by the
7 person exceeded the amount that could have been properly paid under section
8 30-22-406.

9 (3) A person against which an action is commenced because the person is
10 liable under subsection (1) may:

11 (a) Implead any other person that is liability under subsection (1) and
12 seek to enforce a right of contribution from the person; and

13 (b) Implead any person that received a distribution in violation of
14 subsection (2) and seek to enforce a right of contribution from the per-
15 son in the amount the person received in violation of subsection (2).

16 (4) An action under this section is barred unless commenced not later
17 than two years after the distribution.

18 30-22-408. RIGHTS OF PARTNERS AND PERSONS DISSOCIATED AS PARTNER TO
19 INFORMATION. (1) A partnership shall keep its books and records, if any, at
20 its principal office.

21 (2) On reasonable notice, a partner may inspect and copy during regular
22 business hours, at a reasonable location specified by the partnership, any
23 record maintained by the partnership regarding the partnership's business,
24 financial condition, and other circumstances, to the extent the information
25 is material to the partner's rights and duties under the partnership agree-
26 ment or this title.

27 (3) The partnership shall furnish to each partner:

28 (a) Without demand, any information concerning the partnership's
29 business, financial condition, and other circumstances which the part-
30 nership knows and is material to the proper exercise of the partner's
31 rights and duties under the partnership agreement or this title, except
32 to the extent the partnership can establish that it reasonably believes
33 the member already knows the information; and

34 (b) On demand, any other information concerning the partnership's
35 business, financial condition, and other circumstances, except to the
36 extent the demand or information demanded is unreasonable or otherwise
37 improper under the circumstances.

38 (4) The duty to furnish information under subsection (3) also applies
39 to each partner to the extent the partner knows any of the information de-
40 scribed in subsection (3).

41 (5) Subjection to subsection (10), on 10 days' demand made in a record
42 received by a partnership, a person dissociated as a partner may have access
43 to information to which the person was entitled while a partner if:

44 (a) The information pertains to the period during which the person was a
45 partner;

46 (b) The person seeks the information in good faith; and

47 (c) The person satisfies the requirements imposed on a partner by sub-
48 section (2).

1 (6) Not later than 10 days after receiving a demand under subsection
2 (5), the partnership in a record shall inform the person that made the demand
3 of:

4 (a) The information that the partnership will provide in response to
5 the demand and when and where the partnership will provide the informa-
6 tion; and

7 (b) The partnership's reasons for declining, if the partnership de-
8 clines to provide any demanded information.

9 (7) A partnership may charge a person that makes a demand under this
10 section the reasonable costs of copying, limited to the costs of labor and
11 material.

12 (8) A partner or person dissociated as a partner may exercise rights un-
13 der this section through an agent or, in the case of an individual under legal
14 disability, a legal representative. Any restriction or condition imposed by
15 the partnership agreement or under subsection (10) applies both to the agent
16 or legal representative and the partner or person dissociated as a partner.

17 (9) The rights under this section do not extend to a person as trans-
18 feree.

19 (10) In addition to any restriction or condition stated in the partner-
20 ship agreement, a partnership, as a matter within the ordinary course of its
21 business, may impose reasonable restrictions and conditions on access to and
22 use of information to be furnished under this section, including designating
23 information confidential and imposing nondisclosure and safeguarding obli-
24 gations on the recipient. In a dispute concerning the reasonableness of a
25 restriction under this subsection, the partnership has the burden of proving
26 reasonableness.

27 30-22-409. STANDARDS OF CONDUCT FOR PARTNERS. (1) A partner owes to
28 the partnership and the other partners the duties of loyalty and care stated
29 in subsections (2) and (3).

30 (2) The fiduciary duty of loyalty of a partner includes the duties:

31 (a) To account to the partnership and hold as trustee for it any prop-
32 erty, profit, or benefit derived by the partner:

33 (i) In the conduct or winding up of the partnership's business;

34 (ii) From a use by the partner of the partnership's property; or

35 (iii) From the appropriation of a partnership opportunity;

36 (b) To refrain from dealing with the partnership in the conduct or wind-
37 ing up of the partnership business as or on behalf of a person having an
38 interest adverse to the partnership; and

39 (c) To refrain from competing with the partnership in the conduct of the
40 partnership's business before the dissolution of the partnership.

41 (3) The duty of care of a partner in the conduct or winding up of the
42 partnership business is to refrain from engaging in grossly negligent or
43 reckless conduct, willfully intentional misconduct, or a knowing violation
44 of law.

45 (4) A partner shall discharge the duties and obligations under this ti-
46 tle or under the partnership agreement and exercise any rights consistently
47 with the contractual obligation of good faith and fair dealing.

1 (5) A partner does not violate a duty or obligation under this title or
2 under the partnership agreement solely because the partner's conduct fur-
3 thers the partner's own interest.

4 (6) All the partners may authorize or ratify, after full disclosure of
5 all material facts, a specific act or transaction that otherwise would vio-
6 late the duty of loyalty.

7 (7) It is a defense to a claim under subsection (2) (b) and any compa-
8 rable claim in equity or at common law that the transaction was fair to the
9 partnership.

10 (8) If, as permitted by subsection (6) or the partnership agreement, a
11 partner enters into a transaction with the partnership which otherwise would
12 be prohibited by subsection (2) (b), the partner's rights and obligations
13 arising from the transaction are the same as those of a person that is not a
14 partner.

15 30-22-410. ACTIONS BY PARTNERSHIP AND PARTNERS. (1) A partnership may
16 maintain an action against a partner for a breach of the partnership agree-
17 ment, or for the violation of a duty to the partnership, causing harm to the
18 partnership.

19 (2) A partner may maintain an action against the partnership or another
20 partner for legal or equitable relief, with or without an accounting as to
21 partnership business, to:

22 (a) Enforce the partner's rights under the partnership agreement;

23 (b) Enforce the partner's rights under this title; or

24 (c) Enforce the rights and otherwise protect the interests of the part-
25 ner.

26 (3) The accrual of, and any time limitation on, a right of action for a
27 remedy under this section is governed by other law. A right to an accounting
28 upon a dissolution and winding up does not revive a claim barred by law.

29 30-22-411. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PAR-
30 TICULAR UNDERTAKING. (1) If a partnership for a definite term or particular
31 undertaking is continued, without an express agreement, after the expira-
32 tion of the term or completion of the undertaking, the rights and duties of
33 the partners remain the same as they were at the expiration or completion, so
34 far as is consistent with a partnership at will.

35 (2) If the partners, or those of them who habitually acted in the busi-
36 ness during the term or undertaking, continue the business without any set-
37 tlement or liquidation of the partnership, they are presumed to have agreed
38 that the partnership will continue.

39 SECTION 20. That Chapter 22, Title 30, Idaho Code, be, and the same is
40 hereby amended by the addition thereto of a NEW PART, to be known and desig-
41 nated as Part 5, Chapter 22, Title 30, Idaho Code, and to read as follows:

42 PART 5

43 TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

44 30-22-501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is
45 not a co-owner of partnership property and has no interest in partnership
46 property which can be transferred, either voluntarily or involuntarily.

1 30-22-502. NATURE OF TRANSFERABLE INTEREST. A transferable interest
2 is personal property.

3 30-22-503. TRANSFER OF TRANSFERABLE INTEREST. (1) A transfer, in
4 whole or in part, of a transferable interest:

5 (a) Is permissible, except the transfer of a transferable interest in a
6 professional entity is not permissible without compliance with section
7 30-20-709(9);

8 (b) Does not by itself cause a person's dissociation or a dissolution
9 and winding up of the partnership business; and

10 (c) Subject to section 30-22-505, does not entitle the transferee to:

11 (i) Participate in the management or conduct of the partnership's
12 business; or

13 (ii) Except as otherwise provided in subsection (3), have ac-
14 cess to records or other information concerning the partnership's
15 business.

16 (2) A transferee has the right to:

17 (a) Receive, in accordance with the transfer, distributions to which
18 the transferor would otherwise be entitled; and

19 (b) Seek under section 30-22-801(5) a judicial determination that it is
20 equitable to wind up the partnership business.

21 (3) In a dissolution and winding up of a partnership, a transferee is
22 entitled to an account of the partnership's transactions only from the date
23 of the latest account agreed to by all the partners.

24 (4) Except as otherwise provided in section 30-22-601(4)(b), if a part-
25 ner transfers a transferable interest, the transferor retains the rights of
26 a partner other than the transferable interest transferred and retains all
27 the duties and obligations of a partner.

28 (5) A partnership need not give effect to a transferee's rights under
29 this section until the partnership knows or has notice of the transfer.

30 (6) A transfer of a transferable interest in violation of a restriction
31 on transfer contained in the partnership agreement is ineffective as to a
32 person having knowledge or notice of the restriction at the time of transfer.

33 (7) If a partner transfers a transferable interest to a person that be-
34 comes a partner with respect to the transferred interest, the transferee is
35 liable for the partner's obligations under sections 30-22-404 and 30-22-407
36 known to the transferee when the transferee becomes a partner.

37 30-22-504. CHARGING ORDER. (1) On application by a judgment creditor
38 of a partner or transferee, a court may enter a charging order against the
39 transferable interest of the judgment debtor for the unsatisfied amount of
40 the judgment. A charging order constitutes a lien on a judgment debtor's
41 transferable interest and requires the partnership to pay over to the person
42 to which the charging order was issued any distribution that otherwise would
43 be paid to the judgment debtor.

44 (2) To the extent necessary to effectuate the collection of distribu-
45 tions pursuant to a charging order in effect under subsection (1), the court
46 may:

1 (a) Appoint a receiver of the distributions subject to the charging or-
 2 der, with the power to make all inquiries the judgment debtor might have
 3 made; and

4 (b) Make all other orders necessary to give effect to the charging or-
 5 der.

6 (3) Upon a showing that distributions under a charging order will not
 7 pay the judgment debt within a reasonable time, the court may foreclose the
 8 lien and order the sale of the transferable interest. The purchaser at the
 9 foreclosure sale obtains only the transferable interest, does not thereby
 10 become a partner, and is subject to section 30-22-503.

11 (4) At any time before foreclosure under subsection (3), the partner or
 12 transferee whose transferable interest is subject to a charging order under
 13 subsection (1) may extinguish the charging order by satisfying the judgment
 14 and filing a certified copy of the satisfaction with the court that issued
 15 the charging order.

16 (5) At any time before foreclosure under subsection (3), a partnership
 17 or one or more partners whose transferable interests are not subject to the
 18 charging order may pay to the judgment creditor the full amount due under the
 19 judgment and thereby succeed to the rights of the judgment creditor, includ-
 20 ing the charging order.

21 (6) This title does not deprive any partner or transferee of the benefit
 22 of any exemption law applicable to the transferable interest of the partner
 23 or transferee.

24 (7) This section provides the exclusive remedy by which a person seek-
 25 ing to enforce a judgment against a partner or transferee, in the capacity
 26 of judgment creditor, may satisfy the judgment from the judgment debtor's
 27 transferable interest.

28 30-22-505. POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER. If a
 29 partner dies, the deceased partner's legal representative may exercise:

30 (1) The rights of a transferee provided in section 30-22-503(3); and

31 (2) For purposes of settling the estate, the rights the deceased part-
 32 ner had under section 30-22-408.

33 SECTION 21. That Chapter 22, Title 30, Idaho Code, be, and the same is
 34 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 35 nated as Part 6, Chapter 22, Title 30, Idaho Code, and to read as follows:

36 PART 6
 37 DISSOCIATION

38 30-22-601. EVENTS CAUSING DISSOCIATION. A person is dissociated as a
 39 partner when:

40 (1) The partnership has notice of the person's express will to withdraw
 41 as a partner, but, if the person specified a withdrawal date later than the
 42 date the partnership had notice, on that later date;

43 (2) An event stated in the partnership agreement as causing the per-
 44 son's dissociation occurs;

45 (3) The person is expelled as a partner pursuant to the partnership
 46 agreement;

- 1 (4) The person is expelled as a partner by the unanimous vote or consent
2 of the other partners if:
- 3 (a) It is unlawful to carry on the partnership business with the person
4 as a partner;
- 5 (b) There has been a transfer of all of the person's transferable inter-
6 est in the partnership, other than:
- 7 (i) A transfer for security purposes; or
8 (ii) A charging order in effect under section 30-22-504 which has
9 not been foreclosed;
- 10 (c) The person is a corporation and:
- 11 (i) The partnership notifies the person that it will be expelled
12 as a partner because the person has filed a certificate of dissolu-
13 tion or the equivalent, its charter has been revoked, or its right
14 to conduct business has been suspended by the jurisdiction of its
15 incorporation; and
16 (ii) Not later than 90 days after the notification, the certifi-
17 cate of dissolution or the equivalent has not been revoked or the
18 charter or right to conduct business has not been reinstated; or
- 19 (d) The person is an unincorporated entity that has been dissolved and
20 whose business is being wound up;
- 21 (5) On application by the partnership or another partner, the person is
22 expelled as a partner by judicial order because the person:
- 23 (a) Has engaged or is engaging in wrongful conduct that has affected
24 adversely and materially, or will affect adversely and materially, the
25 partnership's business;
- 26 (b) Has committed willfully or persistently, or is committing will-
27 fully and persistently, a material breach of the partnership agreement
28 or a duty or obligation under section 30-22-409; or
- 29 (c) Engaged or is engaging in conduct relating to the partnership's
30 business which makes it not reasonably practicable to carry on the busi-
31 ness with the person as a partner;
- 32 (6) The person:
- 33 (a) Becomes a debtor in bankruptcy;
- 34 (b) Executes an assignment for the benefit of creditors; or
- 35 (c) Seeks, consents to, or acquiesces in the appointment of a trustee,
36 receiver, or liquidator of the person or of all or substantially all of
37 the person's property;
- 38 (7) In the case of an individual:
- 39 (a) The individual dies;
- 40 (b) A guardian or general conservator for the individual is appointed;
41 or
- 42 (c) A court orders that the individual has otherwise become incapable
43 of performing the individual's duties as a partner under this title or
44 the partnership agreement;
- 45 (8) In the case of a person that is a testamentary or inter vivos trust
46 or is acting as a partner by virtue of being a trustee of such a trust, the
47 trust's entire transferable interest in the partnership is distributed;
- 48 (9) In the case of a person that is an estate or is acting as a partner by
49 virtue of being a personal representative of an estate, the estate's entire

1 transferable interest in the partnership is distributed, but not merely by
2 reason of the substitution of a successor personal representative;

3 (10) In the case of a person that is not an individual, corporation, un-
4 incorporated entity, trust, or estate, the existence of the person termi-
5 nates;

6 (11) The partnership participates in a merger under chapter 21 and:

7 (a) The partnership is not the surviving entity; or

8 (b) Otherwise as a result of the merger, the person ceases to be a part-
9 ner;

10 (12) The partnership participates in an interest exchange under chap-
11 ter 21 and, as a result of the interest exchange, the person ceases to be a
12 partner;

13 (13) The partnership participates in a conversion under chapter 21;

14 (14) The partnership participates in a domestication under chapter 21
15 and, as a result of the domestication, the person ceases to be a partner;

16 (15) The partnership dissolves and completes winding up;

17 (16) In the case of a professional entity, restrictions or limitations
18 are placed upon a partner's ability to continue to render professional ser-
19 vices.

20 30-22-602. POWER TO DISSOCIATE AS PARTNER -- WRONGFUL DISSOCIA-
21 TION. (1) A person has the power to dissociate as a partner at any time,
22 rightfully or wrongfully, by withdrawing as a partner by express will under
23 section 30-22-601(1).

24 (2) A person's dissociation as a partner is wrongful only if the disso-
25 ciation:

26 (a) Is in breach of an express provision of the partnership agreement;
27 or

28 (b) In the case of a partnership for a definite term or particular un-
29 dertaking, occurs before the expiration of the term or the completion of
30 the undertaking and:

31 (i) The person withdraws by express will, unless the withdrawal
32 follows not later than 90 days after another person's dissociation
33 by death or otherwise under section 30-22-601(6) through (10) or
34 wrongful dissociation under this subsection;

35 (ii) The person is expelled by judicial order under section 30-22-
36 601(5);

37 (iii) The person is dissociated under section 30-22-601(6); or

38 (iv) In the case of a person that is not an individual, trust other
39 than a business trust, or an estate, the person is expelled or oth-
40 erwise dissociated because it willfully dissolved or terminated.

41 (3) A person that wrongfully dissociates is liable to the partnership
42 and to the other partners for damages caused by the dissociation. The li-
43 ability is in addition to any debt, obligation, or other liability of the
44 partner to the partnership or the other partners.

45 30-22-603. EFFECT OF DISSOCIATION. (1) If a person's dissociation re-
46 sults in a dissolution and winding up of the partnership business, Part 8 ap-
47 plies; otherwise, Part 7 applies.

48 (2) If a person is dissociated:

1 (a) The person's right to participate in the management and conduct of
 2 the partnership business terminates, except as otherwise provided in
 3 section 30-22-802(3); and

4 (b) The person's duties and obligations under section 30-22-409:

5 (i) End with regard to matters arising and events occurring after
 6 the person's dissociation; and

7 (ii) Continue only with regard to matters arising and events
 8 occurring before the person's dissociation, unless the partner
 9 participates in winding up the partnership's business pursuant to
 10 section 30-22-802.

11 (3) A person's dissociation does not of itself discharge the person
 12 from a debt, obligation, or other liability to the partnership or the other
 13 partners which the person incurred while a partner.

14 SECTION 22. That Chapter 22, Title 30, Idaho Code, be, and the same is
 15 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 16 nated as Part 7, Chapter 22, Title 30, Idaho Code, and to read as follows:

17 PART 7

18 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

19 30-22-701. PERSONS DISSOCIATED AS A PARTNER WITHOUT DISSOLUTION OF
 20 PARTNERSHIP. (1) If a person is dissociated as a partner without the dis-
 21 sociation resulting in a dissolution and winding up of the partnership
 22 business under section 30-22-801, the partnership shall cause the person's
 23 interest in the partnership to be purchased for a buyout price determined
 24 pursuant to subsection (2).

25 (2) The buyout price of the interest of a person dissociated as a part-
 26 ner is the amount that would have been distributable to the person under sec-
 27 tion 30-22-806(2) if, on the date of dissociation, the assets of the partner-
 28 ship were sold and the partnership were wound up, with the sale price equal to
 29 the greater of:

30 (a) The liquidation value; or

31 (b) The value based on a sale of the entire business as a going concern
 32 without the person.

33 (3) Interest accrues on the buyout price from the date of dissociation
 34 to the date of payment, but damages for wrongful dissociation under section
 35 30-22-602(2), and all other amounts owing, whether or not presently due,
 36 from the person dissociated as a partner to the partnership, must be offset
 37 against the buyout price.

38 (4) A partnership shall defend, indemnify, and hold harmless a person
 39 dissociated as a partner whose interest is being purchased against all part-
 40 nership liabilities, whether incurred before or after the dissociation, ex-
 41 cept liabilities incurred by an act of the person under section 30-22-702.

42 (5) If no agreement for the purchase of the interest of a person disso-
 43 ciated as a partner is reached not later than 120 days after a written demand
 44 for payment, the partnership shall pay, or cause to be paid, in money to the
 45 person the amount the partnership estimates to be the buyout price and ac-
 46 crued interest, reduced by any offsets and accrued interest under subsection
 47 (3).

1 (6) If a deferred payment is authorized under subsection (8), the part-
2 nership may tender a written offer to pay the amount it estimates to be the
3 buyout price and accrued interest, reduced by any offsets under subsection
4 (3), stating the time of payment, the amount and type of security for pay-
5 ment, and the other terms and conditions of the obligation.

6 (7) The payment or tender required by subsection (5) or (6) must be ac-
7 companied by the following:

8 (a) A statement of partnership assets and liabilities as of the date of
9 dissociation;

10 (b) The latest available partnership balance sheet and income state-
11 ment, if any;

12 (c) An explanation of how the estimated amount of the payment was calcu-
13 lated; and

14 (d) Written notice that the payment is in full satisfaction of the obli-
15 gation to purchase unless, not later than 120 days after the written no-
16 tice, the person dissociated as a partner commences an action to deter-
17 mine the buyout price, any offsets under subsection (3), or other terms
18 of the obligation to purchase.

19 (8) A person that wrongfully dissociates as a partner before the expi-
20 ration of a definite term or the completion of a particular undertaking is
21 not entitled to payment of any part of the buyout price until the expiration
22 of the term or completion of the undertaking, unless the person establishes
23 to the satisfaction of the court that earlier payment will not cause undue
24 hardship to the business of the partnership. A deferred payment must be ade-
25 quately secured and bear interest.

26 (9) A person dissociated as a partner may maintain an action against the
27 partnership, pursuant to section 30-22-410(2)(b), to determine the buyout
28 price of that person's interest, any offsets under subsection (3), or other
29 terms of the obligation to purchase. The action must be commenced not later
30 than 120 days after the partnership has tendered payment or an offer to pay
31 or within one year after written demand for payment if no payment or offer
32 to pay is tendered. The court shall determine the buyout price of the per-
33 son's interest, any offset due under subsection (3), and accrued interest,
34 and enter judgment for any additional payment or refund. If deferred payment
35 is authorized under subsection (8), the court shall also determine the secu-
36 rity for payment and other terms of the obligation to purchase. The court may
37 assess reasonable attorney's fees and the fees and expenses of appraisers
38 or other experts for a party to the action, in amounts the court finds equi-
39 table, against a party that the court finds acted arbitrarily, vexatiously,
40 or not in good faith. The finding may be based on the partnership's failure
41 to tender payment or an offer to pay or to comply with subsection (7).

42 30-22-702. POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS PART-
43 NER. (1) After a person is dissociated as a partner without the dissociation
44 resulting in a dissolution and winding up of the partnership business and be-
45 fore the partnership is merged out of existence, converted, or domesticated
46 under chapter 21 or dissolved, the partnership is bound by an act of the per-
47 son only if:

48 (a) The act would have bound the partnership under section 30-22-301
49 before dissociation; and

- 1 (b) At the time the other party enters into the transaction:
 2 (i) Less than two years has passed since the dissociation; and
 3 (ii) The other party does not know or have notice of the dissociation and reasonably believes that the person is a partner.
 4
 5 (2) If a partnership is bound under subsection (1), the person dissociated as a partner which caused the partnership to be bound is liable:
 6
 7 (a) To the partnership for any damage caused to the partnership arising from the obligation incurred under subsection (1); and
 8
 9 (b) If a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the liability.
 10
 11

12 30-22-703. LIABILITY OF PERSON DISSOCIATED AS PARTNER TO OTHER PERSONS. (1) A person's dissociation as a partner does not of itself discharge the person's liability as a partner for a debt, obligation, or other liability of the partnership incurred before dissociation. Except as otherwise provided in subsection (2), the person is not liable for a partnership obligation incurred after dissociation.
 13
 14
 15
 16
 17

18 (2) A person that has dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership business is liable on a transaction entered into by the partnership after the dissociation only if:
 19
 20
 21

- 22 (a) Partner would be liable on the transaction; and
 23 (b) At the time the other party enters into the transaction:
 24 (i) Less than two years has passed since the dissociation; and
 25 (ii) The other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a partner.
 26

27 (3) By agreement with a creditor of a partnership and the partnership, a person dissociated as a partner may be released from liability for an obligation of the partnership.
 28
 29

30 (4) A person dissociated as a partner is released from liability for an obligation of the partnership if the partnership's creditor, with knowledge or notice of the person's dissociation but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation.
 31
 32
 33
 34

35 30-22-704. STATEMENT OF DISSOCIATION. (1) A person dissociated as a partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.
 36
 37
 38

39 (2) A statement of dissociation is a limitation on the authority of a person dissociated as a partner for the purposes of section 30-22-303(4) and (5).
 40
 41

42 30-22-705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or name of a person dissociated as a partner as part of the partnership name, by partners continuing the business does not of itself make the person dissociated as a partner liable for an obligation of the partners or the partnership continuing the business.
 43
 44
 45
 46

1 SECTION 23. That Chapter 22, Title 30, Idaho Code, be, and the same is
2 hereby amended by the addition thereto of a NEW PART, to be known and desig-
3 nated as Part 8, Chapter 22, Title 30, Idaho Code, and to read as follows:

4 PART 8
5 DISSOLUTION AND WINDING UP

6 30-22-801. EVENTS CAUSING DISSOLUTION. A partnership is dissolved,
7 and its business must be wound up, only upon the occurrence of any of the
8 following:

9 (1) In a partnership at will, the partnership has notice of a person's
10 express will to withdraw as a partner, other than a partner that has dissoci-
11 ated under section 30-22-601(2) through (10), but, if the person specifies a
12 withdrawal date later than the date the partnership had notice, on the later
13 date;

14 (2) In a partnership for a definite term or particular undertaking:

15 (a) Within 90 days after a person's dissociation by death or otherwise
16 under section 30-22-601(6) through (10) or wrongful dissociation un-
17 der section 30-22-602(2), the affirmative vote or consent of at least
18 half of the remaining partners to wind up the partnership business,
19 for which purpose a person's rightful dissociation pursuant to section
20 30-22-602(2)(b)(i) constitutes the expression of that partner's con-
21 sent to wind up the partnership business;

22 (b) The express consent of all the partners to wind up the partnership
23 business;

24 (c) Or the expiration of the term or the completion of the undertaking;

25 (3) An event or circumstance that the partnership agreement states
26 causes dissolution;

27 (4) On application by a partner, the entry by the district court of an
28 order dissolving the partnership on the ground that:

29 (a) Conduct of all or substantially all the partnership's business is
30 unlawful;

31 (b) The economic purpose of the partnership is likely to be unreason-
32 ably frustrated;

33 (c) Another partner has engaged in conduct relating to the partnership
34 business which makes it not reasonably practicable to carry on the busi-
35 ness in partnership with that partner; or

36 (d) It is not otherwise reasonably practicable to carry on the partner-
37 ship business in conformity with the partnership agreement;

38 (5) On application by a transferee, the entry by the district court of
39 an order dissolving the partnership on the ground that it is equitable to
40 wind up the partnership business:

41 (a) After the expiration of the term or completion of the undertaking,
42 if the partnership was for a definite term or particular undertaking at
43 the time of the transfer or entry of the charging order that gave rise to
44 the transfer; or

45 (b) At any time, if the partnership was a partnership at will at the
46 time of the transfer or entry of the charging order that gave rise to the
47 transfer; or

48 (6) The passage of 90 consecutive days during which the partnership
49 does not have at least two partners.

1 30-22-802. WINDING UP. (1) A dissolved partnership shall wind up its
2 business and, except as otherwise provided in section 30-22-803, the part-
3 nership continues after dissolution only for the purpose of winding up.

4 (2) In winding up its business, the partnership:

5 (a) Shall discharge the partnership's debts, obligations, and other
6 liabilities, settle and close the partnership's business, and marshal
7 and distribute the assets of the partnership; and

8 (b) May:

9 (i) Deliver to the secretary of state for filing a statement of
10 dissolution stating the name of the partnership and that the part-
11 nership is dissolved;

12 (ii) Preserve the partnership business and property as a going
13 concern for a reasonable time;

14 (iii) Prosecute and defend actions and proceedings, whether
15 civil, criminal, or administrative;

16 (iv) Transfer the partnership's property;

17 (v) Settle disputes by mediation or arbitration;

18 (vi) Deliver to the secretary of state for filing a statement of
19 termination stating the name of the partnership and that the part-
20 nership is terminated; and

21 (vii) Perform other acts necessary or appropriate to the winding
22 up.

23 (3) A person whose dissociation as a partner resulted in dissolution
24 may participate in winding up as if still a partner, unless the dissociation
25 was wrongful.

26 (4) If a dissolved partnership does not have a partner and no person has
27 the right to participate in winding up under subsection (3), the personal or
28 legal representative of the last person to have been a partner may wind up the
29 partnership's business. If the representative does not exercise that right,
30 a person to wind up the partnership's business may be appointed by the con-
31 sent of transferees owning a majority of the rights to receive distributions
32 at the time the consent is to be effective. A person appointed under this
33 subsection has the powers of a partner under section 30-22-804 but is not li-
34 able for the debts, obligations, and other liabilities of the partnership
35 solely by reason of having or exercising those powers or otherwise acting to
36 wind up the partnership's business.

37 (5) On the application of any partner or person entitled under subsec-
38 tion (3) to participate in winding up, the district court may order judicial
39 supervision of the winding up of a dissolved partnership, including the ap-
40 pointment of a person to wind up the partnership's business, if:

41 (a) The partnership does not have a partner and within a reasonable time
42 following the dissolution no person has been appointed under subsection
43 (3); or

44 (b) The applicant establishes other good cause.

45 30-22-803. RESCINDING DISSOLUTION. (1) A partnership may rescind its
46 dissolution, unless a statement of termination applicable to the partner-
47 ship is effective or the district court has entered an order under section
48 30-22-801(4) or (5) dissolving the partnership.

49 (2) Rescinding dissolution under this section requires:

- 1 (a) The affirmative vote or consent of each partner;
- 2 (b) If a statement of dissolution applicable to the partnership has
- 3 been filed by the secretary of state but has not become effective, de-
- 4 livery to the secretary of state for filing of a statement of withdrawal
- 5 under section 30-20-204 applicable to the statement of dissolution; and
- 6 (c) If a statement of dissolution applicable to the partnership is ef-
- 7 fective, the delivery to the secretary of state for filing of a state-
- 8 ment of correction under section 30-20-205 stating that dissolution has
- 9 been rescinded under this section.
- 10 (3) If a partnership rescinds its dissolution:
- 11 (a) The partnership resumes carrying on its business as if dissolution
- 12 had never occurred;
- 13 (b) Subject to paragraph (c), any liability incurred by the partnership
- 14 after the dissolution and before the rescission is effective is deter-
- 15 mined as if dissolution had never occurred; and
- 16 (c) The rights of a third party arising out of conduct in reliance on the
- 17 dissolution before the third party knew or had notice of the rescission
- 18 may not be adversely affected.

- 19 30-22-804. POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. (1) A part-
- 20 nership is bound by a partner's act after dissolution which:
- 21 (a) Is appropriate for winding up the partnership business; or
- 22 (b) Would have bound the partnership under section 30-22-301 before
- 23 dissolution, if, at the time the other party enters into the transac-
- 24 tion, the other party does not know or have notice of the dissolution.
- 25 (2) A person dissociated as a general partner binds a partnership
- 26 through an act occurring after dissolution if:
- 27 (a) At the time the other party enters into the transaction:
- 28 (i) Less than two years has passed since the dissociation; and
- 29 (ii) The other party does not have notice of the dissociation and
- 30 reasonably believes that the person is a partner; and
- 31 (b) The act:
- 32 (i) Is appropriate for winding up the partnership's business; or
- 33 (ii) Would have bound the partnership under section 30-22-301 be-
- 34 fore dissolution and at the time the other party enters into the
- 35 transaction the other party does not know or have notice of the
- 36 dissolution.

- 37 30-22-805. LIABILITY AFTER DISSOLUTION. (1) If a partner having
- 38 knowledge of the dissolution causes a partnership to incur an obligation
- 39 under section 30-22-804(1) by an act that is not appropriate for winding up
- 40 the partnership business, the partner is liable:
- 41 (a) To the partnership for any damage caused to the partnership arising
- 42 from the obligation; and
- 43 (b) If another partner or person dissociated as a partner is liable for
- 44 the obligation, to that other partner or person for any damage caused to
- 45 that other partner or person arising from the liability.
- 46 (2) If a person dissociated as a partner causes a partnership to incur
- 47 an obligation under section 30-22-804(2), the person is liable:

1 (a) To the partnership for any damage caused to the partnership arising
2 from the obligation; and

3 (b) If a partner or another person dissociated as a partner is liable
4 for the obligation, to the partner or other person for any damage caused
5 to the partner or other person arising from the obligation.

6 30-22-806. DISPOSITION OF ASSETS IN WINDING UP -- WHEN CONTRIBUTIONS
7 REQUIRED. (1) In winding up its business, a partnership shall apply its as-
8 sets, including the contributions required by this section, to discharge the
9 partnership's obligations to creditors, including partners that are credi-
10 tors.

11 (2) After a partnership complies with subsection (1), any surplus must
12 be distributed in the following order, subject to any charging order in ef-
13 fect under section 30-22-504:

14 (a) To each person owning a transferable interest that reflects contri-
15 butions made and not previously returned, an amount equal to the value
16 of the unreturned contributions; and

17 (b) Among partners in proportion to their respective rights to share in
18 distributions immediately before the dissolution of the partnership,
19 except to the extent necessary to comply with any transfer effective un-
20 der section 30-22-503.

21 (3) If a partnership's assets are insufficient to satisfy all its obli-
22 gations under subsection (1), with respect to each unsatisfied obligation
23 incurred when the partnership was not a limited liability partnership, the
24 following rules apply:

25 (a) Each person that was a partner when the obligation was incurred
26 and that has not been released from the obligation under section
27 30-22-703(3) and (4) shall contribute to the partnership to enable the
28 partnership to satisfy the obligation. The contribution due from each
29 of those persons is in proportion to the right to receive distributions
30 in the capacity of partner in effect for each of those persons when the
31 obligation was incurred.

32 (b) If a person does not contribute the full amount required under para-
33 graph (a) with respect to an unsatisfied obligation of the partnership,
34 the other persons required to contribute by paragraph (a) on account
35 of the obligation shall contribute the additional amount necessary to
36 discharge the obligation. The additional contribution due from each
37 of those other persons is in proportion to the right to receive distri-
38 butions in the capacity of partner in effect for each of those other
39 persons when the obligation was incurred.

40 (c) If a person does not make the additional contribution required by
41 paragraph (b), further additional contributions are determined and due
42 in the same manner as provided in that paragraph.

43 (4) A person that makes an additional contribution under subsection
44 (3) (b) or (c) may recover from any person whose failure to contribute under
45 subsection (3) (a) or (b) necessitated the additional contribution. A per-
46 son may not recover under this subsection more than the amount additionally
47 contributed. A person's liability under this subsection may not exceed the
48 amount the person failed to contribute.

1 (5) If a partnership does not have sufficient surplus to comply with
 2 subsection (2)(a), any surplus must be distributed among the owners of
 3 transferable interests in proportion to the value of the respective unre-
 4 turned contributions.

5 (6) All distributions made under subsections (2) and (3) must be paid in
 6 money.

7 30-22-807. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNER-
 8 SHIP. A partnership is dissolved, and its business must be wound up, only
 9 upon the occurrence of any of the following:

10 (1) Except as otherwise provided in subsection (4), a dissolved limited
 11 liability partnership may give notice of a known claim under subsection (2),
 12 which has the effect provided in subsection (3).

13 (2) A dissolved limited liability partnership may in a record notify
 14 its known claimants of the dissolution. The notice must:

15 (a) Specify the information required to be included in a claim;

16 (b) State that a claim must be in writing and provide a mailing address
 17 to which the claim is to be sent;

18 (c) State the deadline for receipt of a claim, which may not be less than
 19 120 days after the date the notice is received by the claimant;

20 (d) State that the claim will be barred if not received by the deadline;
 21 and

22 (e) Unless the partnership has been throughout its existence a limited
 23 liability partnership, state that the barring of a claim against the
 24 partnership will also bar any corresponding claim against any partner
 25 or person dissociated as a partner which is based on section 30-22-306.

26 (3) A claim against a dissolved limited liability partnership is barred
 27 if the requirements of subsection (2) are met and:

28 (a) The claim is not received by the specified deadline; or

29 (b) If the claim is timely received but rejected by the limited liabil-
 30 ity partnership:

31 (i) The partnership causes the claimant to receive a notice in a
 32 record stating that the claim is rejected and will be barred unless
 33 the claimant commences an action against the partnership to en-
 34 force the claim not later than 90 days after the claimant receives
 35 the notice; and

36 (ii) The claimant does not commence the required action not later
 37 than 90 days after the claimant receives the notice.

38 (4) This section does not apply to a claim based on an event occurring
 39 after the effective date of dissolution or a liability that on that date is
 40 contingent.

41 30-22-808. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNER-
 42 SHIP. (1) A dissolved limited liability partnership may publish notice of
 43 its dissolution and request persons having claims against the partnership to
 44 present them in accordance with the notice.

45 (2) A notice under subsection (1) must:

46 (a) Be published at least once in a newspaper of general circulation in
 47 the county in this state in which the dissolved limited liability part-
 48 nership's principal office is located or, if the principal office is not

1 located in this state, in the county in which the office of the partner-
2 ship's registered agent is or was last located;

3 (b) Describe the information required to be contained in a claim, state
4 that the claim must be in writing, and provide a mailing address to which
5 the claim is to be sent;

6 (c) State that a claim against the partnership is barred unless an ac-
7 tion to enforce the claim is commenced not later than three years after
8 publication of the notice; and

9 (d) Unless the partnership has been throughout its existence a limited
10 liability partnership, state that the barring of a claim against the
11 partnership will also bar any corresponding claim against any partner
12 or person dissociated as a partner which is based on section 30-22-306.

13 (3) If a dissolved limited liability partnership publishes a notice in
14 accordance with subsection (2), the claim of each of the following claimants
15 is barred unless the claimant commences an action to enforce the claim
16 against the partnership not later than three years after the publication
17 date of the notice:

18 (a) A claimant that did not receive notice in a record under section
19 30-22-807;

20 (b) A claimant whose claim was timely sent to the partnership but not
21 acted on; and

22 (c) A claimant whose claim is contingent at, or based on an event occur-
23 ring after, the effective date of dissolution.

24 (4) A claim not barred under this section or section 30-22-807 may be
25 enforced:

26 (a) Against a dissolved limited liability partnership, to the extent of
27 its undistributed assets;

28 (b) Except as otherwise provided in section 30-22-809(4), if assets
29 of the partnership have been distributed after dissolution, against
30 a partner or transferee to the extent of that person's proportionate
31 share of the claim or of the partnership's assets distributed to the
32 partner or transferee after dissolution, whichever is less, but a per-
33 son's total liability for all claims under this paragraph may not exceed
34 the total amount of assets distributed to the person after dissolution;
35 and

36 (c) Against any person liable on the claim under sections 30-22-306,
37 30-22-703, and 30-22-805.

38 30-22-809. COURT PROCEEDINGS. (1) A dissolved limited liability
39 partnership that has published a notice under section 30-22-808 may file an
40 application with the district court in the county where the partnership's
41 principal office is located or, if the principal office is not located in
42 this state, where the office of its registered agent is located, for a de-
43 termination of the amount and form of security to be provided for payment of
44 claims that are contingent, have not been made known to the partnership, or
45 are based on an event occurring after the effective date of dissolution but
46 which, based on the facts known to the dissolved partnership, are reasonably
47 expected to arise after the effective date of dissolution. Security is not
48 required for any claim that is or is reasonably anticipated to be barred
49 under section 30-22-807.

1 (2) Not later than 10 days after the filing of an application under sub-
 2 section (1), the dissolved limited liability partnership shall give notice
 3 of the proceeding to each claimant holding a contingent claim known to the
 4 partnership.

5 (3) In any proceeding under this section, the court may appoint a
 6 guardian ad litem to represent all claimants whose identities are unknown.
 7 The reasonable fees and expenses of the guardian, including all reasonable
 8 expert witness fees, must be paid by the dissolved limited liability part-
 9 nership.

10 (4) A dissolved limited liability partnership that provides security
 11 in the amount and form ordered by the court under subsection (1) satisfies
 12 the partnership's obligations with respect to claims that are contingent,
 13 have not been made known to the partnership, or are based on an event occur-
 14 ring after the effective date of dissolution, and the claims may not be en-
 15 forced against a partner or transferee who receives assets in liquidation.

16 (5) This section applies only to a debt, obligation, or other liability
 17 incurred while a partnership was a limited liability partnership.

18 30-22-810. LIABILITY OF PARTNER AND PERSON DISSOCIATED AS PART-
 19 NER WHEN CLAIM AGAINST LIMITED LIABILITY PARTNERSHIP BARRED. If a claim
 20 against a dissolved limited liability partnership is barred under section
 21 30-22-807, 30-22-808, or 30-22-809, any corresponding claim under section
 22 30-22-306, 30-22-703, or 30-22-805 is also barred.

23 SECTION 24. That Chapter 22, Title 30, Idaho Code, be, and the same is
 24 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 25 nated as Part 9, Chapter 22, Title 30, Idaho Code, and to read as follows:

26 PART 9
 27 LIMITED LIABILITY PARTNERSHIP

28 30-22-901. STATEMENT OF QUALIFICATION. (1) A partnership may become a
 29 limited liability partnership pursuant to this section.

30 (2) The terms and conditions on which a partnership becomes a limited
 31 liability partnership must be approved by the vote or consent necessary to
 32 amend the partnership agreement except, in the case of a partnership agree-
 33 ment that expressly addresses obligations to contribute to the partnership,
 34 the vote or consent necessary to amend those provisions.

35 (3) After the approval required by subsection (2), a partnership may
 36 become a limited liability partnership by delivering to the secretary of
 37 state for filing a statement of qualification. The statement must contain:

38 (a) The name of the partnership, which must comply with sections 30-20-
 39 301 and 30-20-302(3);

40 (b) The street address of the partnership's principal office and, if
 41 different, the street address of an office in this state, if any;

42 (c) The information required by section 1-404(1);

43 (d) A statement that the partnership elects to become a limited liabil-
 44 ity partnership; and

45 (e) If the partnership is a professional entity, a statement that
 46 the partnership is a professional limited liability partnership and
 47 the principal profession or professions for which the partnership's

1 partners are duly licensed or otherwise legally authorized to render
2 professional services.

3 (4) A partnership's status as a limited liability partnership remains
4 effective, regardless of changes in the partnership, until it is canceled
5 pursuant to subsection (6) or administratively revoked pursuant to section
6 30-22-902.

7 (5) The status of a partnership as a limited liability partnership and
8 the liability of its partners for the debts, obligations, or other liabil-
9 ities of the partnership while it is a limited liability partnership is not
10 affected by errors or later changes in the information required to be con-
11 tained in the statement of qualification.

12 (6) A limited liability partnership may amend or cancel its statement
13 of qualification by delivering to the secretary of state for filing a state-
14 ment of amendment or cancellation. The statement must be voted for or con-
15 sented to by all partners and state the name of the limited liability part-
16 nership and in the case of:

17 (a) An amendment, state the amendment; and

18 (b) A cancellation, state that the statement of qualification is can-
19 celed.

20 30-22-902. ADMINISTRATIVE REVOCATION OF STATEMENT OF QUALIFICA-
21 TION. (1) The secretary of state may commence a proceeding under subsections
22 (2) and (3) to revoke the statement of qualification of a limited liability
23 partnership administratively if the partnership does not:

24 (a) Deliver an annual report to the secretary of state by the date it is
25 due;

26 (b) Have a registered agent in this state for 60 consecutive days; or

27 (c) The secretary of state has credible information that the lim-
28 ited liability partnership has failed to notify the secretary of state
29 within sixty (60) days after the occurrence that its registered agent
30 has been changed or that its registered agent has resigned.

31 (2) If the secretary of state determines that one or more grounds exist
32 for administratively revoking a statement of qualification, the secretary
33 of state shall serve the partnership pursuant to section 30-20-212 with no-
34 tice in a record of the secretary of state's determination.

35 (3) If a limited liability partnership, not later than 60 days after
36 service of the notice is effected under subsection (2), does not cure or
37 demonstrate to the satisfaction of the secretary of state the nonexistence
38 of each ground determined by the secretary of state, the secretary of state
39 shall administratively revoke the statement of qualification by signing a
40 statement of administrative revocation that recites the grounds for revoca-
41 tion and the effective date of the revocation. The secretary of state shall
42 file the statement and serve a copy on the partnership pursuant to section
43 30-20-212.

44 (4) An administrative revocation under subsection (3) affects only a
45 partnership's status as a limited liability partnership and is not an event
46 causing dissolution of the partnership.

47 (5) The administrative revocation of a statement of qualification of a
48 limited liability partnership does not terminate the authority of its regis-
49 tered agent.

1 30-22-903. REINSTATEMENT. (1) A partnership whose statement of qual-
2 ification has been revoked administratively under section 30-22-902 may ap-
3 ply to the secretary of state for reinstatement of the statement of qualifi-
4 cation not later than ten years after the effective date of the revocation.
5 The application must state:

6 (a) The name of the partnership at the time of the administrative re-
7 vocation of its statement of qualification and, if needed, a different
8 name that satisfies section 30-20-301;

9 (b) The address of the principal office of the partnership and the in-
10 formation required by section 30-20-404(1);

11 (c) The effective date of administrative revocation of the partner-
12 ship's statement of qualification; and

13 (d) That the grounds for revocation did not exist or have been cured.

14 (2) To have its statement of qualification reinstated, a partnership
15 must pay all fees, taxes, and penalties that were due to the secretary of
16 state at the time of the administrative revocation and all fees, taxes, and
17 penalties that would have been due to the secretary of state while the part-
18 nership's statement of qualification was revoked administratively.

19 (3) If the secretary of state determines that the application contains
20 the information required by subsection (1), is satisfied that the informa-
21 tion is correct, and determines that all payments required to be made to the
22 secretary of state by subsection (2) have been made, the secretary of state
23 shall cancel the statement of revocation and prepare a statement of rein-
24 statement that states the secretary of state's determination and the effec-
25 tive date of reinstatement, file the statement, and serve a copy on the part-
26 nership.

27 (4) When reinstatement under this section is effective:

28 (a) It relates back to and takes effect as of the effective date of the
29 administrative revocation; and

30 (b) The partnership's status as a limited liability partnership con-
31 tinues as if the revocation had never occurred, except for the rights of
32 a person arising out of an act or omission in reliance on the revocation
33 before the person knew or had notice of the reinstatement.

34 30-22-904. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT. (1) If the
35 secretary of state denies a partnership's application for reinstatement
36 following administrative revocation of the partnership's statement of qual-
37 ification, the secretary of state shall serve the partnership with notice in
38 a record that explains the reasons for the denial.

39 (2) Within thirty (30) days after service of a notice of denial of re-
40 instatement under subsection (1) of this section, a partnership may appeal
41 from the denial by petitioning the district court of Ada County to set aside
42 the revocation. The petition must be served on the secretary of state and
43 contain a copy of the secretary of state's notice of revocation, the com-
44 pany's application for reinstatement, and the secretary of state's notice of
45 denial.

46 (3) The district court may, if grounds exist, order the secretary of
47 state to reinstate a partnership or take other action the court considers ap-
48 propriate.

1 SECTION 25. That Title 30, Idaho Code, be, and the same is hereby
 2 amended by the addition thereto of a NEW CHAPTER, to be known and designated
 3 as Chapter 23, Title 30, Idaho Code, and to read as follows:

4 CHAPTER 23
 5 LIMITED PARTNERSHIPS

6 SECTION 26. That Chapter 23, Title 30, Idaho Code, be, and the same is
 7 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 8 nated as Part 1, Chapter 23, Title 30, Idaho Code, and to read as follows:

9 PART 1
 10 GENERAL PROVISIONS

11 30-23-101. SHORT TITLE. This chapter may be cited as the Idaho Uniform
 12 Limited Partnership Act (2014).

13 30-23-102. DEFINITIONS. In this chapter:

14 (1) "Certificate of limited partnership" means the certificate re-
 15 quired by section 30-23-201. The term includes the certificate as amended
 16 or restated.

17 (2) "Contribution", except in the phrase "right of contribution,"
 18 means property or a benefit described in section 30-23-501 which is provided
 19 by a person to a limited partnership to become a partner or in the person's
 20 capacity as a partner.

21 (3) "Distribution" means a transfer of money or other property from a
 22 limited partnership to a person on account of a transferable interest or in
 23 the person's capacity as a partner. The term:

24 (a) Includes:

25 (i) A redemption or other purchase by a limited partnership of a
 26 transferable interest; and

27 (ii) A transfer to a partner in return for the partner's relin-
 28 quishment of any right to participate as a partner in the manage-
 29 ment or conduct of the partnership's activities and affairs or to
 30 have access to records or other information concerning the part-
 31 nership's activities and affairs; and

32 (b) Does not include amounts constituting reasonable compensation for
 33 present or past service or payments made in the ordinary course of busi-
 34 ness under a bona fide retirement plan or other bona fide benefits pro-
 35 gram.

36 (4) "Foreign limited liability partnership" means a foreign limited
 37 partnership whose general partners have limited liability for the debts,
 38 obligations, or other liabilities of the foreign limited partnership under a
 39 provision similar to section 30-23-404(3).

40 (5) "Foreign limited partnership" means an unincorporated entity
 41 formed under the law of a jurisdiction other than this state which would be a
 42 limited partnership if formed under the law of this state. The term includes
 43 a foreign limited liability limited partnership.

44 (6) "General partner" means a person that:

- 1 (a) Has become a general partner under section 30-23-401 or was a gen-
 2 eral partner in a partnership when the partnership became subject to
 3 this chapter under section 30-23-112; and
 4 (b) Has not dissociated as a general partner under section 30-23-603.
 5 (7) "Limited partner" means a person that:
 6 (a) Has become a limited partner under section 30-23-301 or was a lim-
 7 ited partner in a limited partnership when the partnership became sub-
 8 ject to this chapter under section 30-23-112; and
 9 (b) Has not dissociated under section 30-23-601.
 10 (8) "Partner" means a limited partner or general partner.
 11 (9) "Partnership agreement" means the agreement, whether or not re-
 12 ferred to as a partnership agreement and whether oral, implied, in a record,
 13 or in any combination thereof, of all the partners of a limited partnership
 14 concerning the matters described in section 30-23-105(1). The term includes
 15 the agreement as amended or restated.
 16 (10) "Required information" means the information that a limited part-
 17 nership is required to maintain under section 30-23-108.
 18 (11) "Transferable interest" means the right, as initially owned by a
 19 person in the person's capacity as a partner, to receive distributions from
 20 a limited partnership in accordance with the partnership agreement, whether
 21 or not the person remains a partner or continues to own any part of the right.
 22 The term applies to any fraction of the interest, by whomever owned.
 23 (12) "Transferee" means a person to which all or part of a transferable
 24 interest has been transferred, whether or not the transferor is a partner.
 25 The term includes a person that owns a transferable interest under section
 26 30-23-602(1) (c) or 30-23-605(1) (d) .
- 27 30-23-103. KNOWLEDGE -- NOTICE. (1) A person knows a fact if the per-
 28 son:
 29 (a) Has actual knowledge of it; or
 30 (b) Is deemed to know it under law other than this title.
 31 (2) A person has notice of a fact if the person:
 32 (a) Has reason to know the fact from all the facts known to the person at
 33 the time in question; or
 34 (b) As deemed to have notice of the fact under subsection (3) or (4) .
 35 (3) A certificate of limited partnership on file in the office of the
 36 secretary of state is notice that the partnership is a limited partnership
 37 and the persons designated in the certificate as general partners are gen-
 38 eral partners. Except as otherwise provided in subsection (4), the certifi-
 39 cate is not notice of any other fact.
 40 (4) A person not a partner is deemed to have notice of:
 41 (a) Another person's dissociation as a general partner 90 days after
 42 the effective date of an amendment to the certificate of limited part-
 43 nership which states that the other person has dissociated or 90 days
 44 after the effective date of a statement of dissociation pertaining to
 45 the other person, whichever occurs first;
 46 (b) A limited partnership's:
 47 (i) Dissolution 90 days after an amendment to the certifi-
 48 cate of limited partnership stating that the limited part-
 49 nership is dissolved becomes effective;

1 (ii) Termination 90 days after a statement of termination
 2 under section 30-23-802(2)(b)(v) becomes effective; and
 3 (iii) Participation in a merger, interest exchange, conver-
 4 sion, or domestication 90 days after articles of merger, in-
 5 terest exchange, conversion, or domestication under chapter
 6 21 become effective.

7 (5) Subject to section 30-20-212, a person notifies another person of
 8 a fact by taking steps reasonably required to inform the other person in or-
 9 dinary course, whether or not those steps cause the other person to know the
 10 fact.

11 (6) A general partner's knowledge or notice of a fact relating to the
 12 limited partnership is effective immediately as knowledge of or notice to
 13 the partnership, except in the case of a fraud on the partnership committed
 14 by or with the consent of the general partner. A limited partner's knowledge
 15 or notice of a fact relating to the partnership is not effective as knowledge
 16 of or notice to the partnership.

17 30-23-104. GOVERNING LAW. The law of this state governs:

18 (1) The internal affairs of a limited partnership; and
 19 (2) The liability of a partner as partner for the debts, obligations, or
 20 other liabilities of a limited partnership.

21 30-23-105. PARTNERSHIP AGREEMENT -- SCOPE -- FUNCTION -- LIMITA-
 22 TIONS. (1) Except as otherwise provided in subsections (3) and (4), the
 23 partnership agreement governs:

24 (a) Relations among the partners as partners and between the partners
 25 and the partnership;
 26 (b) The activities and affairs of the partnership and the conduct of
 27 those activities and affairs; and
 28 (c) The means and conditions for amending the partnership agreement.
 29 (2) To the extent the partnership agreement does not provide for a mat-
 30 ter described in subsection (1), this chapter governs the matter.
 31 (3) A partnership agreement may not:
 32 (a) Vary a limited partnership's capacity under section 30-23-111 to
 33 sue and be sued in its own name;
 34 (b) Vary the law applicable under section 30-23-104;
 35 (c) Vary any requirement, procedure, or other provision of this title
 36 pertaining to:
 37 (i) Registered agents; or
 38 (ii) The secretary of state, including provisions pertaining to
 39 records authorized or required to be delivered to the secretary of
 40 state for filing under this title;
 41 (d) Vary the provisions of section 30-23-204;
 42 (e) Vary the right of a general partner under section 30-23-406(2)(b)
 43 to vote on or consent to an amendment to the certificate of limited part-
 44 nership which deletes a statement that the limited partnership is a lim-
 45 ited liability limited partnership;
 46 (f) Eliminate the duty of loyalty or the duty of care except as other-
 47 wise provided in subsection (4);

1 (g) Eliminate the contractual obligation of good faith and fair deal-
 2 ing under sections 30-23-305(1) and 30-23-409(4), but the partnership
 3 agreement may prescribe the standards, if not manifestly unreasonable,
 4 by which the performance of the obligation is to be measured;

5 (h) Relieve or exonerate a person from liability for conduct involving
 6 bad faith, willful or intentional misconduct, or knowing violation of
 7 law;

8 (i) Vary the information required under section 30-23-108 or unrea-
 9 sonably restrict the duties and rights under section 30-23-304 or
 10 30-23-407, but the partnership agreement may impose reasonable re-
 11 strictions on the availability and use of information obtained under
 12 those sections and may define appropriate remedies, including liqui-
 13 dated damages, for a breach of any reasonable restriction on use;

14 (j) Vary the power of a person to dissociate as a general partner un-
 15 der section 30-23-604(1) except to require that the notice under sec-
 16 tion 30-23-603(1) be in a record;

17 (k) Vary the causes of dissolution specified in section 30-23-
 18 801(1) (f);

19 (l) Vary the requirement to wind up the partnership's activities and
 20 affairs as specified in section 30-23-802(1), (2) (a), and (4);

21 (m) Unreasonably restrict the right of a partner to maintain an action
 22 under Part 9;

23 (n) Vary the provisions of section 30-23-905, but the partnership
 24 agreement may provide that the partnership may not have a special lit-
 25 igation committee;

26 (o) Vary the right of a partner to approve a merger, interest ex-
 27 change, conversion, or domestication under section 30-21-203(1) (b),
 28 30-21-303(1) (b), 30-21-403(1) (b), or 30-21-503(1) (b); or

29 (p) Except as otherwise provided in sections 30-23-106 and 30-23-
 30 107(2), restrict the rights under this title of a person other than a
 31 partner.

32 (4) Subject to subsection (3) (h), without limiting other terms that may
 33 be included in a partnership agreement, the following rules apply:

34 (a) The partnership agreement may specify the method by which a spe-
 35 cific act or transaction that would otherwise violate the duty of loy-
 36 alty may be authorized or ratified by one or more disinterested and in-
 37 dependent persons after full disclosure of all material facts.

38 (b) If not manifestly unreasonable, the partnership agreement may:

39 (i) Alter or eliminate the aspects of the duty of loyalty stated
 40 in section 30-23-409(2);

41 (ii) Identify specific types or categories of activities that do
 42 not violate the duty of loyalty;

43 (iii) Alter the duty of care, but may not authorize intentional
 44 misconduct or knowing violation of law; and

45 (iv) Alter or eliminate any other fiduciary duty.

46 (5) The court shall decide as a matter of law whether a term of a part-
 47 nership agreement is manifestly unreasonable under subsection (3) (g) or
 48 (4) (b). The court:

1 (a) Shall make its determination as of the time the challenged term be-
2 came part of the partnership agreement and by considering only circum-
3 stances existing at that time; and

4 (b) May invalidate the term only if, in light of the purposes, activ-
5 ities, and affairs of the limited partnership, it is readily apparent
6 that:

7 (i) The objective of the term is unreasonable; or

8 (ii) The term is an unreasonable means to achieve the provision's
9 objective.

10 30-23-106. PARTNERSHIP AGREEMENT -- EFFECT ON LIMITED PARTNERSHIP AND
11 PERSON BECOMING PARTNER -- PREFORMATION AGREEMENT. (1) A limited partner-
12 ship is bound by and may enforce the partnership agreement, whether or not
13 the partnership has itself manifested assent to the partnership agreement.

14 (2) A person that becomes a partner of a limited partnership is deemed
15 to assent to the partnership agreement.

16 (3) Two or more persons intending to become the initial partners of a
17 limited partnership may make an agreement providing that upon the formation
18 of the partnership the agreement will become the partnership agreement.

19 30-23-107. PARTNERSHIP AGREEMENT -- EFFECT ON THIRD PARTIES -- RELA-
20 TIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED PARTNERSHIP. (1) A part-
21 nership agreement may specify that its amendment requires the approval of a
22 person that is not a party to the agreement or the satisfaction of a condi-
23 tion. An amendment is ineffective if its adoption does not include the re-
24 quired approval or satisfy the specified condition.

25 (2) The obligations of a limited partnership and its partners to a per-
26 son in the person's capacity as a transferee or person dissociated as a part-
27 ner are governed by the partnership agreement. Subject only to a court or-
28 der issued under section 30-23-703(2) (b) to effectuate a charging order, an
29 amendment to the partnership agreement made after a person becomes a trans-
30 feree or is dissociated as a partner:

31 (a) Is effective with regard to any debt, obligation, or other liabil-
32 ity of the limited partnership or its partners to the person in the per-
33 son's capacity as a transferee or person dissociated as a partner; and

34 (b) Is not effective to the extent the amendment imposes a new debt,
35 obligation, or other liability on the transferee or person dissociated
36 as a partner.

37 (3) If a record delivered by a limited partnership to the secretary of
38 state for filing becomes effective and contains a provision that would be in-
39 effective under section 30-23-105(3) or (4) (b) if contained in the partner-
40 ship agreement, the provision is ineffective in the record.

41 (4) Subject to subsection (3), if a record delivered by a limited part-
42 nership to the secretary of state for filing becomes effective and conflicts
43 with a provision of the partnership agreement:

44 (a) The agreement prevails as to partners, persons dissociated as part-
45 ners, and transferees; and

46 (b) The record prevails as to other persons to the extent they reason-
47 ably rely on the record.

1 30-23-108. REQUIRED INFORMATION. A limited partnership shall main-
2 tain at its principal office the following information:

3 (1) A current list showing the full name and last known street and mail-
4 ing address of each partner, separately identifying the general partners, in
5 alphabetical order, and the limited partners, in alphabetical order;

6 (2) A copy of the initial certificate of limited partnership and all
7 amendments to and restatements of the certificate, together with signed
8 copies of any powers of attorney under which any certificate, amendment, or
9 restatement has been signed;

10 (3) A copy of any filed articles of merger, interest exchange, conver-
11 sion, or domestication;

12 (4) A copy of the partnership's federal, state, and local income tax re-
13 turns and reports, if any, for the three most recent years;

14 (5) A copy of any partnership agreement made in a record and any amend-
15 ment made in a record to any partnership agreement;

16 (6) A copy of any financial statement of the partnership for the three
17 most recent years;

18 (7) A copy of the three most recent annual reports delivered by the
19 partnership to the secretary of state pursuant to section 30-20-213;

20 (8) A copy of any record made by the partnership during the past three
21 years of any consent given by or vote taken of any partner pursuant to this
22 title or the partnership agreement; and

23 (9) Unless contained in a partnership agreement made in a record, a
24 record stating:

25 (a) A description and statement of the agreed value of contributions
26 other than money made and agreed to be made by each partner;

27 (b) The times at which, or events on the happening of which, any addi-
28 tional contributions agreed to be made by each partner are to be made;

29 (c) For any person that is both a general partner and a limited partner,
30 a specification of what transferable interest the person owns in each
31 capacity; and

32 (d) Any events upon the happening of which the partnership is to be dis-
33 solved and its activities and affairs wound up.

34 30-23-109. DUAL CAPACITY. A person may be both a general partner and
35 a limited partner. A person that is both a general and limited partner has
36 the rights, powers, duties, and obligations provided by this title and the
37 partnership agreement in each of those capacities. When the person acts as
38 a general partner, the person is subject to the obligations, duties, and re-
39 strictions under this title and the partnership agreement for general part-
40 ners. When the person acts as a limited partner, the person is subject to the
41 obligations, duties, and restrictions under this title and the partnership
42 agreement for limited partners.

43 30-23-110. NATURE, PURPOSE AND DURATION OF LIMITED PARTNERSHIP. (1) A
44 limited partnership is an entity distinct from its partners. A limited part-
45 nership is the same entity regardless of whether its certificate states that
46 the limited partnership is a limited liability limited partnership.

47 (2) A limited partnership may have any lawful purpose.

48 (3) A limited partnership has perpetual duration.

1 30-23-111. POWERS. A limited partnership has the capacity to sue and
2 be sued in its own name and the power to do all things necessary or convenient
3 to carry on its activities and affairs.

4 30-23-112. APPLICATION TO EXISTING RELATIONSHIPS. (1) Before July 1,
5 2015, this chapter governs only:

6 (a) A limited partnership formed on or after July 1, 2013; and

7 (b) Except as otherwise provided in subsections (3) and (4), a limited
8 partnership formed before July 1, 2013, which elects, in the manner pro-
9 vided in its partnership agreement or by law for amending the partner-
10 ship agreement, to be subject to this chapter.

11 (2) Except as otherwise provided in subsection (3), on and after July 1,
12 2015, this chapter governs all limited partnerships.

13 (3) With respect to a limited partnership formed before July 1, 2006,
14 the following rules apply except as the partners otherwise elect in the man-
15 ner provided in the partnership agreement or by law for amending the partner-
16 ship agreement:

17 (a) Section 30-23-110(3) does not apply and the limited partnership has
18 whatever duration it had under the law applicable immediately before
19 July 1, 2006.

20 (b) The limited partnership is not required to amend its certificate of
21 limited partnership to comply with section 30-23-201(2)(e).

22 (c) Sections 30-23-601 and 30-23-602 do not apply and a limited partner
23 has the same right and power to dissociate from the limited partnership,
24 with the same consequences, as existed immediately before July 1, 2006.

25 (d) Section 30-23-603(4) does not apply.

26 (e) Section 30-23-603(5) does not apply and a court has the same power
27 to expel a general partner as the court had immediately before July 1,
28 2006.

29 (f) Section 30-23-801(1)(c) and (d) does not apply and the connection
30 between a person's dissociation as a general partner and the dissolu-
31 tion of the limited partnership is the same as existed immediately be-
32 fore July 1, 2006.

33 (4) With respect to a limited partnership that elects pursuant to sub-
34 section (1)(b) to be subject to this chapter, after the election takes effect
35 the provisions of this chapter relating to the liability of the limited part-
36 nership's general partners to third parties apply:

37 (a) Before July 1, 2015, to:

38 (i) A third party that had not done business with the limited
39 partnership in the year before the election took effect; and

40 (ii) A third party that had done business with the limited part-
41 nership in the year before the election took effect only if the
42 third party knows or has received a notification of the election;
43 and

44 (b) On and after July 1, 2015, to all third parties, but those provi-
45 sions remain inapplicable to any obligation incurred while those provi-
46 sions were inapplicable under paragraph (a)(ii).

47 SECTION 27. That Chapter 23, Title 30, Idaho Code, be, and the same is
48 hereby amended by the addition thereto of a NEW PART, to be known and desig-
49 nated as Part 2, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 2

FORMATION -- CERTIFICATE OF LIMITED PARTNERSHIP AND OTHER FILINGS

30-23-201. FORMATION OF LIMITED PARTNERSHIP -- CERTIFICATE OF LIMITED PARTNERSHIP. (1) To form a limited partnership, a person must deliver a certificate of limited partnership to the secretary of state for filing.

(2) A certificate of limited partnership must state:

(a) The name of the limited partnership, which must comply with sections 30-20-301 and 30-20-302(1);

(b) The street and mailing addresses of the partnership's principal office;

(c) The information required by section 30-20-404(1);

(d) The name and the street and mailing addresses of each general partner;

(e) Whether the limited partnership is a limited liability limited partnership; and

(f) If the partnership is a professional entity, a statement that the partnership is a professional limited partnership or professional limited liability limited partnership and the principal profession or professions for which the partnership's partners are duly licensed or otherwise legally authorized to render professional services.

(3) A certificate of limited partnership may contain statements as to matters other than those required by subsection (2), but may not vary or otherwise affect the provisions specified in section 30-23-105(3) in a manner inconsistent with that section. The secretary of state shall not accept partnership agreements for filing.

(4) A limited partnership is formed when:

(a) The certificate of limited partnership has become effective;

(b) At least two persons have become partners;

(c) At least one person has become a general partner; and

(d) At least one person has become a limited partner.

30-23-202. AMENDMENT OR RESTATEMENT OF CERTIFICATE OF LIMITED PARTNERSHIP. (1) A certificate of limited partnership may be amended or restated at any time.

(2) To amend its certificate of limited partnership, a limited partnership must deliver to the secretary of state for filing an amendment stating:

(a) The name of the partnership;

(b) The date of filing of its initial certificate; and

(c) The changes the amendment makes to the certificate as most recently amended or restated.

(3) To restate its certificate of limited partnership, a limited partnership must deliver to the secretary of state for filing a restatement designated as such in its heading.

(4) A limited partnership shall promptly deliver to the secretary of state for filing an amendment to a certificate of limited partnership to reflect:

(a) The admission of a new general partner;

(b) The dissociation of a person as a general partner; or

1 (c) The appointment of a person to wind up the limited partnership's ac-
2 tivities and affairs under section 30-23-802(3) or (4).

3 (5) If a general partner knows that any information in a filed certifi-
4 cate of limited partnership was inaccurate when the certificate was filed
5 or has become inaccurate due to changed circumstances, the general partner
6 shall promptly:

7 (a) Cause the certificate to be amended; or

8 (b) If appropriate, deliver to the secretary of state for filing a
9 statement of change under section 30-20-407 or a statement of correc-
10 tion under section 30-20-205.

11 30-23-203. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY
12 OF STATE. Except as otherwise provided in Section 1 209, a record delivered
13 to the secretary of state for filing pursuant to this title must be signed as
14 follows:

15 (1) An initial certificate of limited partnership must be signed by all
16 general partners listed in the certificate.

17 (2) An amendment to the certificate of limited partnership adding or
18 deleting a statement that the limited partnership is a limited liability
19 limited partnership must be signed by all general partners listed in the
20 certificate.

21 (3) An amendment to the certificate of limited partnership designating
22 as general partner a person admitted under section 30-23-801(1)(c)(ii) fol-
23 lowing the dissociation of a limited partnership's last general partner must
24 be signed by that person.

25 (4) An amendment to the certificate of limited partnership required by
26 section 30-23-802(3) following the appointment of a person to wind up the
27 dissolved limited partnership's activities and affairs must be signed by
28 that person.

29 (5) Any other amendment to the certificate of limited partnership must
30 be signed by:

31 (a) At least one general partner listed in the certificate;

32 (b) Each other person designated in the amendment as a new general part-
33 ner; and

34 (c) Each person that the amendment indicates has dissociated as a gen-
35 eral partner, unless:

36 (i) The person is deceased or a guardian or general conservator
37 has been appointed for the person and the amendment so states; or

38 (ii) The person has previously delivered to the secretary of state
39 for filing a statement of dissociation.

40 (6) A restated certificate of limited partnership must be signed by at
41 least one general partner listed in the certificate, and, to the extent the
42 restated certificate effects a change under any other paragraph of this sub-
43 section, the certificate must be signed in a manner that satisfies that para-
44 graph.

45 (7) A statement of termination must be signed by all general partners
46 listed in the certificate of limited partnership or, if the certificate of a
47 dissolved limited partnership lists no general partners, by the person ap-
48 pointed pursuant to section 30-23-802(3) or (4) to wind up the dissolved lim-
49 ited partnership's activities and affairs.

1 (8) Any other record delivered by a limited partnership to the secre-
2 tary of state for filing must be signed by at least one general partner listed
3 in the certificate of limited partnership.

4 (9) A statement by a person pursuant to section 30-23-605(1) (c) stating
5 that the person has dissociated as a general partner must be signed by that
6 person.

7 (10) A statement of negation by a person pursuant to section 30-23-306
8 must be signed by that person.

9 (11) A record delivered on behalf of a foreign limited partnership to
10 the secretary of state for filing must be signed by at least one general part-
11 ner of the foreign limited partnership.

12 (12) Any other record delivered on behalf of any person to the secretary
13 of state for filing must be signed by that person.

14 30-23-204. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a
15 record delivered to the secretary of state for filing under this title and
16 filed by the secretary of state contains inaccurate information, a person
17 that suffers loss by reliance on the information may recover damages for the
18 loss from a general partner if:

19 (1) The record was delivered for filing on behalf of the partnership;

20 (2) The general partner had notice of the inaccuracy for a reasonably
21 sufficient time before the information was relied upon so that, before the
22 reliance, the general partner reasonably could have:

23 (a) Effected an amendment under section 30-23-202;

24 (b) Filed a petition under section 30-23-204; or

25 (c) Delivered to the secretary of state for filing a statement of change
26 under section 30-20-407 or a statement of correction under section
27 30-20-205.

28 SECTION 28. That Chapter 23, Title 30, Idaho Code, be, and the same is
29 hereby amended by the addition thereto of a NEW PART, to be known and desig-
30 nated as Part 3, Chapter 23, Title 30, Idaho Code, and to read as follows:

31 PART 3

32 LIMITED PARTNERS

33 30-23-301. BECOMING LIMITED PARTNER. (1) Upon formation of a limited
34 partnership, a person becomes a limited partner as agreed among the persons
35 that are to be the initial partners.

36 (2) After formation, a person becomes a limited partner:

37 (a) As provided in the partnership agreement;

38 (b) As the result of a transaction effective under chapter 21;

39 (c) With the affirmative vote or consent of all the partners; or

40 (d) As provided in section 30-23-801(1) (d) or (1) (e).

41 (3) A person may become a partner without:

42 (a) Acquiring a transferable interest; or

43 (b) Making or being obligated to make a contribution to the limited
44 partnership.

1 30-23-302. NO AGENCY POWER OF LIMITED PARTNER AS LIMITED PART-
2 NER. (1) A limited partner is not an agent of a limited partnership solely by
3 reason of being a limited partner.

4 (2) A person's status as a limited partner does not prevent or restrict
5 law other than this title from imposing liability on a limited partnership
6 because of the person's conduct.

7 30-23-303. NO LIABILITY AS LIMITED PARTNER FOR LIMITED PARTNERSHIP
8 OBLIGATIONS. (1) A debt, obligation, or other liability of a limited part-
9 nership is not the debt, obligation, or other liability of a limited partner.
10 A limited partner is not personally liable, directly or indirectly, by way of
11 contribution or otherwise, for a debt, obligation, or other liability of the
12 limited partnership solely by reason of being or acting as a limited partner,
13 even if the limited partner participates in the management and control of the
14 limited partnership.

15 (2) The failure of a limited partnership to observe formalities relat-
16 ing to the exercise of its powers or management of its activities and affairs
17 is not a ground for imposing liability on a limited partner for a debt, obli-
18 gation, or other liability of the partnership.

19 30-23-304. RIGHTS TO INFORMATION OF LIMITED PARTNER AND PERSON DIS-
20 SOCIATED AS LIMITED PARTNER. (1) On 10 days' demand, made in a record re-
21 ceived by the limited partnership, a limited partner may inspect and copy
22 required information during regular business hours in the limited partner-
23 ship's principal office. The limited partner need not have any particular
24 purpose for seeking the information.

25 (2) During regular business hours and at a reasonable location speci-
26 fied by the limited partnership, a limited partner may inspect and copy in-
27 formation regarding the activities, affairs, financial condition, and other
28 circumstances of the limited partnership as is just and reasonable if:

29 (a) The limited partner seeks the information for a purpose reasonably
30 related to the partner's interest as a limited partner;

31 (b) The limited partner makes a demand in a record received by the lim-
32 ited partnership, describing with reasonable particularity the infor-
33 mation sought and the purpose for seeking the information; and

34 (c) the information sought is directly connected to the limited part-
35 ner's purpose.

36 (3) Not later than 10 days after receiving a demand pursuant to subsec-
37 tion (2), the limited partnership in a record shall inform the limited part-
38 ner that made the demand of:

39 (a) The information the partnership will provide in response to the de-
40 mand and when and where the partnership will provide the information;
41 and

42 (b) The partnership's reasons for declining, if the partnership de-
43 clines to provide any demanded information.

44 (4) Whenever this title or a partnership agreement provides for a lim-
45 ited partner to vote on or give or withhold consent to a matter, before the
46 vote is cast or consent is given or withheld, the limited partnership shall,
47 without demand, provide the limited partner with all information that is
48 known to the partnership and is material to the limited partner's decision.

1 (5) Subject to subsection (10), on 10 days' demand made in a record re-
2 ceived by a limited partnership, a person dissociated as a limited partner
3 may have access to information to which the person was entitled while a lim-
4 ited partner if:

5 (a) The information pertains to the period during which the person was a
6 limited partner;

7 (b) The person seeks the information in good faith; and

8 (c) The person satisfies the requirements imposed on a limited partner
9 by subsection (2).

10 (6) The limited partnership shall respond to a demand made pursuant to
11 subsection (5) in the manner provided in subsection (3).

12 (7) A limited partnership may charge a person that makes a demand under
13 this section reasonable costs of copying, limited to the costs of labor and
14 material.

15 (8) A limited partner or person dissociated as a limited partner may ex-
16 ercise the rights under this section through an agent or, in the case of an
17 individual under legal disability, a legal representative. Any restriction
18 or condition imposed by the partnership agreement or under subsection (11)
19 applies both to the agent or legal representative and to the limited partner
20 or person dissociated as a limited partner.

21 (9) Subject to subsection (10), the rights under this section do not ex-
22 tend to a person as transferee.

23 (10) If a limited partner dies, section 30-23-704 applies.

24 (11) In addition to any restriction or condition stated in its part-
25 nership agreement, a limited partnership, as a matter within the ordinary
26 course of its activities and affairs, may impose reasonable restrictions
27 and conditions on access to and use of information to be furnished under
28 this section, including designating information confidential and imposing
29 nondisclosure and safeguarding obligations on the recipient. In a dispute
30 concerning the reasonableness of a restriction under this subsection, the
31 partnership has the burden of proving reasonableness.

32 30-23-305. LIMITED DUTIES OF LIMITED PARTNERS. (1) A limited partner
33 shall discharge any duties to the partnership and the other partners under
34 the partnership agreement and exercise any rights under this title or the
35 partnership agreement consistently with the contractual obligation of good
36 faith and fair dealing.

37 (2) Except as otherwise provided in subsection (1), a limited partner
38 does not have any duty to the limited partnership or to any other partner
39 solely by reason of acting as a limited partner.

40 (3) If a limited partner enters into a transaction with a limited
41 partnership, the limited partner's rights and obligations arising from the
42 transaction are the same as those of a person that is not a partner.

43 30-23-306. LIABILITY FOR INACCURATE INFORMATION IN FILED
44 RECORD. (1) Except as otherwise provided in subsection (2), a person that
45 makes an investment in a business enterprise and erroneously but in good
46 faith believes that the person has become a limited partner in the enterprise
47 is not liable for the enterprise's obligations by reason of making the
48 investment, receiving distributions from the enterprise, or exercising

1 any rights of or appropriate to a limited partner, if, on ascertaining the
2 mistake, the person:

3 (a) Causes an appropriate certificate of limited partnership, amend-
4 ment, or statement of correction to be signed and delivered to the sec-
5 retary of state for filing; or

6 (b) Withdraws from future participation as an owner in the enterprise
7 by signing and delivering to the secretary of state for filing a state-
8 ment of negation under this section.

9 (2) A person that makes an investment described in subsection (1) is
10 liable to the same extent as a general partner to any third party that en-
11 ters into a transaction with the enterprise, believing in good faith that the
12 person is a general partner, before the secretary of state files a statement
13 of negation, certificate of limited partnership, amendment, or statement of
14 correction to show that the person is not a general partner.

15 (3) If a person makes a diligent effort in good faith to comply with
16 subsection (1)(a) and is unable to cause the appropriate certificate of
17 limited partnership, amendment, or statement of correction to be signed
18 and delivered to the secretary of state for filing, the person has the right
19 to withdraw from the enterprise pursuant to subsection (1)(b) even if the
20 withdrawal would otherwise breach an agreement with others that are or have
21 agreed to become co-owners of the enterprise.

22 SECTION 29. That Chapter 23, Title 30, Idaho Code, be, and the same is
23 hereby amended by the addition thereto of a NEW PART, to be known and desig-
24 nated as Part 4, Chapter 23, Title 30, Idaho Code, and to read as follows:

25 PART 4
26 GENERAL PARTNERS

27 30-23-401. BECOMING GENERAL PARTNER. (1) A person becomes a general
28 partner:

29 (a) Upon formation of a limited partnership, as agreed among the per-
30 sons that are to be the initial partners; and

31 (b) After formation:

32 (i) As provided in the partnership agreement;

33 (ii) Under section 30-23-801(1)(c)(ii) following the dissocia-
34 tion of a limited partnership's last general partner;

35 (iii) As the result of a transaction effective under chapter 21; or

36 (iv) With the affirmative vote or consent of all the partners.

37 (2) A person may become a general partner without:

38 (a) Acquiring a transferable interest; or

39 (b) Making or being obligated to make a contribution to the partner-
40 ship.

41 30-23-402. NO AGENCY POWER OF LIMITED PARTNER AS LIMITED PART-
42 NER. (1) Each general partner is an agent of the limited partnership for
43 the purposes of its activities and affairs. An act of a general partner,
44 including the signing of a record in the partnership's name, for apparently
45 carrying on in the ordinary course the partnership's activities and affairs
46 or activities and affairs of the kind carried on by the partnership binds the
47 partnership, unless the general partner did not have authority to act for the

1 partnership in the particular matter and the person with which the general
2 partner was dealing knew or had notice that the general partner lacked au-
3 thority.

4 (2) An act of a general partner which is not apparently for carrying on
5 in the ordinary course the limited partnership's activities and affairs or
6 activities and affairs of the kind carried on by the partnership binds the
7 partnership only if the act was actually authorized by all the other part-
8 ners.

9 30-23-403. LIMITED PARTNERSHIP LIABLE FOR GENERAL PARTNER'S ACTION-
10 ABLE CONDUCT. (1) A limited partnership is liable for loss or injury caused
11 to a person, or for a penalty incurred, as a result of a wrongful act or omis-
12 sion, or other actionable conduct, of a general partner acting in the ordi-
13 nary course of activities and affairs of the partnership or with the actual
14 or apparent authority of the partnership.

15 (2) If, in the course of a limited partnership's activities and affairs
16 or while acting with actual or apparent authority of the partnership, a gen-
17 eral partner receives or causes the partnership to receive money or property
18 of a person not a partner, and the money or property is misapplied by a gen-
19 eral partner, the partnership is liable for the loss.

20 30-23-404. RIGHTS TO INFORMATION OF LIMITED PARTNER AND PERSON DISSO-
21 CIATED AS LIMITED PARTNER. (1) Except as otherwise provided in subsections
22 (2) and (3), all general partners are liable jointly and severally for all
23 debts, obligations, and other liabilities of the limited partnership unless
24 otherwise agreed by the claimant or provided by law.

25 (2) A person that becomes a general partner of an existing limited part-
26 nership is not personally liable for a debt, obligation, or other liability
27 of the partnership incurred before the person became a general partner.

28 (3) A debt, obligation, or other liability of a limited partnership
29 incurred while the partnership is a limited liability limited partnership
30 is solely the debt, obligation, or other liability of the limited liability
31 limited partnership. A general partner is not personally liable, directly
32 or indirectly, by way of contribution or otherwise, for a debt, obligation,
33 or other liability of the limited liability limited partnership solely by
34 reason of being or acting as a general partner. This subsection applies
35 despite anything inconsistent in the partnership agreement that existed im-
36 mediately before the vote or consent required to become a limited liability
37 limited partnership under section 30-23-406(2) (b).

38 (4) The failure of a limited liability limited partnership to observe
39 formalities relating to the exercise of its powers or management of its
40 activities and affairs is not a ground for imposing liability on a general
41 partner of the limited liability limited partnership for a debt, obligation,
42 or liability of the partnership.

43 (5) An amendment of a certificate of limited partnership which deletes
44 a statement that the limited partnership is a limited liability limited
45 partnership does not affect the limitation in this section on liability of
46 a general partner for a debt, obligation, or other liability of the limited
47 partnership incurred before the amendment became effective.

1 30-23-405. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS. (1) To
2 the extent not inconsistent with section 30-23-404, a general partner may be
3 joined in an action against the limited partnership or named in a separate
4 action.

5 (2) A judgment against a limited partnership is not by itself a judgment
6 against a general partner. A judgment against a limited partnership may not
7 be satisfied from a general partner's assets unless there is also a judgment
8 against the general partner.

9 (3) A judgment creditor of a general partner may not levy execution
10 against the assets of the general partner to satisfy a judgment based on a
11 claim against the limited partnership, unless the partner is personally
12 liable for the claim under section 30-23-404 and:

13 (a) A judgment based on the same claim has been obtained against the
14 limited partnership and a writ of execution on the judgment has been re-
15 turned unsatisfied in whole or in part;

16 (b) The partnership is a debtor in bankruptcy;

17 (c) The general partner has agreed that the creditor need not exhaust
18 partnership assets;

19 (d) A court grants permission to the judgment creditor to levy execu-
20 tion against the assets of a general partner based on a finding that
21 partnership assets subject to execution are clearly insufficient to
22 satisfy the judgment, that exhaustion of assets is excessively burden-
23 some, or that the grant of permission is an appropriate exercise of the
24 court's equitable powers; or

25 (e) Liability is imposed on the general partner by law or contract inde-
26 pendent of the existence of the partnership.

27 30-23-406. MANAGEMENT RIGHTS OF GENERAL PARTNER. (1) Each general
28 partner has equal rights in the management and conduct of the limited part-
29 nership's activities and affairs. Except as otherwise provided in this
30 title, any matter relating to the activities and affairs of the partnership
31 is decided exclusively by the general partner or, if there is more than one
32 general partner, by a majority of the general partners.

33 (2) The affirmative vote or consent of all partners is required to:

34 (a) Amend the partnership agreement;

35 (b) Amend the certificate of limited partnership to add or delete a
36 statement that the limited partnership is a limited liability limited
37 partnership;

38 (c) Sell, lease, exchange, or otherwise dispose of all, or substan-
39 tially all, of the limited partnership's property, with or without the
40 good will, other than in the usual and regular course of the limited
41 partnership's activities and affairs; and

42 (d) Approve a transaction under chapter 21.

43 (3) A limited partnership shall reimburse a general partner for an ad-
44 vance to the partnership beyond the amount of capital the general partner
45 agreed to contribute.

46 (4) A payment or advance made by a general partner which gives rise to an
47 obligation of the limited partnership under subsection (3) or section 30-23-
48 408(1) constitutes a loan to the limited partnership which accrues interest
49 from the date of the payment or advance.

1 (5) A general partner is not entitled to remuneration for services per-
2 formed for the partnership.

3 30-23-407. RIGHTS TO INFORMATION OF GENERAL PARTNER AND PERSON DIS-
4 SOCIATED AS GENERAL PARTNER. (1) A general partner may inspect and copy
5 required information during regular business hours in the limited partner-
6 ship's principal office, without having any particular purpose for seeking
7 the information.

8 (2) On reasonable notice, a general partner may inspect and copy during
9 regular business hours, at a reasonable location specified by the lim-
10 ited partnership, any record maintained by the partnership regarding the
11 partnership's activities, affairs, financial condition, and other circum-
12 stances, to the extent the information is material to the general partner's
13 rights and duties under the partnership agreement or this title.

14 (3) A limited partnership shall furnish to each general partner:

15 (a) Without demand, any information concerning the limited partner-
16 ship's activities, affairs, financial condition, and other circum-
17 stances which the partnership knows and are material to the proper
18 exercise of the general partner's rights and duties under the partner-
19 ship agreement or this title, except to the extent the partnership can
20 establish that it reasonably believes the general partner already knows
21 the information; and

22 (b) On demand, any other information concerning the limited partner-
23 ship's activities, affairs, financial condition, and other circum-
24 stances, except to the extent the demand or the information demanded is
25 unreasonable or otherwise improper under the circumstances.

26 (4) The duty to furnish information under subsection (3) also applies
27 to each general partner to the extent the general partner knows any of the
28 information described in subsection (2).

29 (5) Subject to subsection (8), on 10 days' demand made in a record re-
30 ceived by the limited partnership, a person dissociated as a general partner
31 may have access to the information and records described in subsections (1)
32 and (2) at the locations specified in those subsections if:

33 (a) The information or record pertains to the period during which the
34 person was a general partner;

35 (b) The person seeks the information or record in good faith; and

36 (c) The person satisfies the requirements imposed on a limited partner
37 by section 30-23-304(2).

38 (6) The limited partnership shall respond to a demand made pursuant to
39 subsection (3) in the manner provided in section 30-23-304(3).

40 (7) A limited partnership may charge a person that makes a demand under
41 this section the reasonable costs of copying, limited to the costs of labor
42 and material.

43 (8) A general partner or person dissociated as a general partner may ex-
44 ercise rights under this section through an agent or, in the case of an indi-
45 vidual under legal disability, a legal representative. Any restriction or
46 condition imposed by the partnership agreement or under subsection (9) ap-
47 plies both to the agent or legal representative and the general partner or
48 person dissociated as a general partner.

1 (9) The rights under this section do not extend to a person as trans-
2 feree, but if:

3 (a) A general partner dies, section 30-23-704 applies; and

4 (b) An individual dissociates as a general partner under section 30-23-
5 603(6) (b) or (c), the legal representative of the individual may exer-
6 cise the rights under subsection (4) of a person dissociated as a gen-
7 eral partner.

8 (10) In addition to any restriction or condition stated in the part-
9 nership agreement, a limited partnership, as a matter within the ordinary
10 course of its activities and affairs, may impose reasonable restrictions
11 and conditions on access to and use of information to be furnished under
12 this section, including designating information confidential and imposing
13 nondisclosure and safeguarding obligations on the recipient. In a dispute
14 concerning the reasonableness of a restriction under this subsection, the
15 partnership has the burden of proving reasonableness.

16 30-23-408. REIMBURSEMENT -- INDEMNIFICATION -- ADVANCEMENT -- INSUR-
17 ANCE. (1) A limited partnership shall reimburse a general partner for any
18 payment made by the general partner in the course of the general partner's
19 activities on behalf of the partnership, if the general partner complied
20 with sections 30-23-406, 30-23-409, and 30-23-505 in making the payment.

21 (2) A limited partnership shall indemnify and hold harmless a person
22 with respect to any claim or demand against the person and any debt, obli-
23 gation, or other liability incurred by the person by reason of the person's
24 former or present capacity as a general partner, if the claim, demand, debt,
25 obligation, or other liability does not arise from the person's breach of
26 section 30-23-409 or 30-23-505.

27 (3) In the ordinary course of its activities and affairs, a limited
28 partnership may advance reasonable expenses, including attorney's fees and
29 costs, incurred by a person in connection with a claim or demand against the
30 person by reason of the person's former or present capacity as a general
31 partner, if the person promises to repay the partnership if the person ulti-
32 mately is determined not to be entitled to be indemnified under subsection
33 (2).

34 (4) A limited partnership may purchase and maintain insurance on behalf
35 of a general partner against liability asserted against or incurred by the
36 general partner in that capacity or arising from that status even if, under
37 section 30-23-105(3) (h), the partnership agreement could not eliminate or
38 limit the person's liability to the partnership for the conduct giving rise
39 to the liability.

40 30-23-409. STANDARDS OF CONDUCT FOR GENERAL PARTNERS. (1) A gen-
41 eral partner owes to the limited partnership and, subject to section
42 30-23-901(1), the other partners the duties of loyalty and care stated in
43 subsections (2) and (3).

44 (2) The fiduciary duty of loyalty of a general partner includes the du-
45 ties:

46 (a) To account to the limited partnership and hold as trustee for it any
47 property, profit, or benefit derived by the general partner:

- 1 (i) In the conduct or winding up of the partnership's activities
 2 and affairs;
 3 (ii) A use by the general partner of the partnership's property;
 4 or
 5 (iii) From the appropriation of a partnership opportunity;
 6 (b) To refrain from dealing with the partnership in the conduct or wind-
 7 ing up of the partnership's activities and affairs as or on behalf of a
 8 person having an interest adverse to the partnership; and
 9 (c) To refrain from competing with the partnership in the conduct or
 10 winding up of the partnership's activities and affairs.
 11 (3) The duty of care of a general partner in the conduct or winding up of
 12 the limited partnership's activities and affairs is to refrain from engag-
 13 ing in grossly negligent or reckless conduct, willful or intentional miscon-
 14 duct, or a knowing violation of law.
 15 (4) A general partner shall discharge the duties and obligations under
 16 this title or under the partnership agreement and exercise any rights con-
 17 sistently with the contractual obligation of good faith and fair dealing.
 18 (5) A general partner does not violate a duty or obligation under this
 19 title or under the partnership agreement solely because the general part-
 20 ner's conduct furthers the general partner's own interest.
 21 (6) All the partners of a limited partnership may authorize or ratify,
 22 after full disclosure of all material facts, a specific act or transaction by
 23 a general partner that otherwise would violate the duty of loyalty.
 24 (7) It is a defense to a claim under subsection (2) (b) and any compara-
 25 ble claim in equity or at common law that the transaction was fair to the lim-
 26 ited partnership.
 27 (8) If, as permitted by subsection (6) or the partnership agreement, a
 28 general partner enters into a transaction with the limited partnership which
 29 otherwise would be prohibited by subsection (2) (b), the general partner's
 30 rights and obligations arising from the transaction are the same as those of
 31 a person that is not a general partner.

32 SECTION 30. That Chapter 23, Title 30, Idaho Code, be, and the same is
 33 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 34 nated as Part 5, Chapter 23, Title 30, Idaho Code, and to read as follows:

35 PART 5
 36 CONTRIBUTIONS AND DISTRIBUTIONS

37 30-23-501. FORM OF CONTRIBUTION. A contribution may consist of prop-
 38 erty transferred to, services performed for, or another benefit provided
 39 to the limited partnership or an agreement to transfer property to, perform
 40 services for, or provide another benefit to the partnership.

41 30-23-502. LIABILITY FOR CONTRIBUTION. (1) A person's obligation to
 42 make a contribution to a limited partnership is not excused by the person's
 43 death, disability, dissolution, or other inability to perform personally.

44 (2) If a person does not fulfill an obligation to make a contribution
 45 other than money, the person is obligated at the option of the limited part-
 46 nership to contribute money equal to the value, as stated in the required in-
 47 formation, of the part of the contribution which has not been made.

1 (3) The obligation of a person to make a contribution may be compromised
2 only by the affirmative vote or consent of all partners. If a creditor of a
3 limited partnership extends credit or otherwise acts in reliance on an obli-
4 gation described in subsection (1) without notice of any compromise under
5 this subsection, the creditor may enforce the original obligation.

6 30-23-503. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLU-
7 TION. (1) Except to the extent necessary to comply with a transfer effective
8 under section 30-23-702 or charging order in effect under section 30-23-703,
9 any distributions made by a limited partnership before its dissolution and
10 winding up must be shared among the partners on the basis of the value, as
11 stated in the required records when the limited partnership decides to make
12 the distribution, of the contributions the limited partnership has received
13 from each partner.

14 (2) A person has a right to a distribution before the dissolution and
15 winding up of a limited partnership only if the partnership decides to make
16 an interim distribution. A person's dissociation does not entitle the per-
17 son to a distribution.

18 (3) A person does not have a right to demand or receive a distribution
19 from a limited partnership in any form other than money. Except as other-
20 wise provided in section 30-23-810 (6), a partnership may distribute an asset
21 in kind only if each part of the asset is fungible with each other part and
22 each person receives a percentage of the asset equal in value to the person's
23 share of distributions.

24 (4) If a partner or transferee becomes entitled to receive a distribu-
25 tion, the partner or transferee is entitled to all remedies available to, a
26 creditor of the limited partnership with respect to the distribution. How-
27 ever, the partnership's obligation to make a distribution is subject to off-
28 set for any amount owed to the partnership by the partner or a person dissoci-
29 ated as a partner on whose account the distribution is made.

30 30-23-504. LIMITATIONS ON DISTRIBUTIONS. (1) A limited partnership
31 may not make a distribution, including a distribution under section 30-23-
32 810, if after the distribution:

33 (a) The partnership would not be able to pay its debts as they become due
34 in the ordinary course of the partnership's activities and affairs; or

35 (b) The partnership's total assets would be less than the sum of its to-
36 tal liabilities plus, unless the partnership agreement permits other-
37 wise, the amount that would be needed, if the partnership were to be dis-
38 solved and wound up at the time of the distribution, to satisfy the pref-
39 erential rights upon dissolution and winding up of partners and trans-
40 ferees whose preferential rights are superior to those of persons re-
41 ceiving the distribution.

42 (2) A limited partnership may base a determination that a distribution
43 is not prohibited under subsection (1) on:

44 (a) Financial statements prepared on the basis of accounting practices
45 and principles that are reasonable in the circumstances; or

46 (b) A fair valuation or other method that is reasonable under the cir-
47 cumstances.

1 (3) Except as otherwise provided in subsection (5), the effect of a dis-
2 tribution under subsection (1) is measured:

3 (a) In the case of distribution as defined in section 30-23-102 (3) (a),
4 as of the earlier of:

5 (i) The date money or other property is transferred or debt is in-
6 curred by the limited partnership; or

7 (ii) The date the person entitled to the distribution ceases to
8 own the interest or right being acquired by the partnership in re-
9 turn for the distribution;

10 (b) In the case of any other distribution of indebtedness, as of the
11 date the indebtedness is distributed; and

12 (c) In all other cases, as of the date:

13 (i) The distribution is authorized, if the payment occurs not
14 later than 120 days after that date; or

15 (ii) The payment is made, if payment occurs more than 120 days af-
16 ter the distribution is authorized.

17 (4) A limited partnership's indebtedness to a partner or transferee in-
18 curred by reason of a distribution made in accordance with this section is at
19 parity with the partnership's indebtedness to its general, unsecured credi-
20 tors, except to the extent subordinated by agreement.

21 (5) A limited partnership's indebtedness, including indebtedness is-
22 sued as a distribution, is not considered a liability for purposes of subsec-
23 tion (1) if the terms of the indebtedness provide that payment of principal
24 and interest is made only if and to the extent that payment of a distribu-
25 tion could then be made under this section. If the indebtedness is issued as
26 a distribution, each payment of principal or interest is treated as a distri-
27 bution, the effect of which is measured on the date the payment is made.

28 (6) In measuring the effect of a distribution under section 30-23-503,
29 the liabilities of a dissolved limited partnership do not include any claim
30 that has been disposed of under section 30-23-806, 30-23-807, or 30-23-808.

31 30-23-505. LIABILITY FOR IMPROPER DISTRIBUTIONS. (1) If a gen-
32 eral partner consents to a distribution made in violation of section
33 30-23-504 and in consenting to the distribution fails to comply with section
34 30-23-409, the general partner is personally liable to the limited partner-
35 ship for the amount of the distribution which exceeds the amount that could
36 have been distributed without the violation of section 30-23-504.

37 (2) A person that receives a distribution knowing that the distribution
38 violated section 30-23-504 is personally liable to the limited partnership
39 but only to the extent that the distribution received by the person exceeded
40 the amount that could have been properly paid under section 30-23-504.

41 (3) A general partner against which an action is commenced because the
42 general partner is liable under subsection (1) may:

43 (a) Implead any other person that is liable under subsection (1) and
44 seek to enforce a right of contribution from the person; and

45 (b) Implead any person that received a distribution in violation of
46 subsection (2) and seek to enforce a right of contribution from the per-
47 son in the amount the person received in violation of subsection (2).

48 (4) An action under this section is barred unless commenced not later
49 than two years after the distribution.

1 SECTION 31. That Chapter 23, Title 30, Idaho Code, be, and the same is
 2 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 3 nated as Part 6, Chapter 23, Title 30, Idaho Code, and to read as follows:

4 PART 6
 5 DISSOCIATION

6 30-23-601. DISSOCIATION AS LIMITED PARTNER. (1) A person's obliga-
 7 tion to make a contribution to a limited partnership is not excused by the
 8 person's death, disability, dissolution, or other inability to perform per-
 9 sonally.

10 (2) A person's obligation to make a contribution to a limited partner-
 11 ship is not excused by the person's death, disability, dissolution, or other
 12 inability to perform personally.

13 (a) The limited partnership has notice of the person's express will to
 14 withdraw as a limited partner, but, if the person specified a withdrawal
 15 date later than the date the partnership had notice, on that later date;

16 (b) An event stated in the partnership agreement as causing the per-
 17 son's dissociation as a limited partner occurs;

18 (c) The person is expelled as a limited partner pursuant to the partner-
 19 ship agreement;

20 (d) The person is expelled as a limited partner by the unanimous vote or
 21 consent of the other partners if:

22 (i) It is unlawful to carry on the limited partnership's activi-
 23 ties and affairs with the person as a limited partner;

24 (ii) There has been a transfer of all of the person's transferable
 25 interest in the limited partnership, other than:

26 1. A transfer for security purposes; or

27 2. A charging order in effect under section 30-23-703 which
 28 has not been foreclosed;

29 (iii) The person is a corporation and:

30 1. The partnership notifies the person that it will be ex-
 31 pelled as a limited partner because the person has filed a
 32 certificate of dissolution or the equivalent, its charter
 33 has been revoked, or its right to conduct business has been
 34 suspended by the jurisdiction of its incorporation; and

35 2. Not later than 90 days after the notification the
 36 certificate of dissolution or the equivalent has not been
 37 revoked or its charter or right to conduct business has not
 38 been reinstated; or

39 (iv) The person is an unincorporated entity that has been dis-
 40 solved and whose business is being wound up;

41 (e) On application by the partnership, the person is expelled as a lim-
 42 ited partner by judicial order because the person:

43 (i) Has engaged or is engaging in wrongful conduct that has af-
 44 fected adversely and materially, or will affect adversely and ma-
 45 terially, the partnership's activities and affairs;

46 (ii) Has committed willfully or persistently, or is committing
 47 willfully and persistently, a material breach of the partnership
 48 agreement or the contractual obligation of good faith and fair
 49 dealing under section 30-23-305(1); or

- 1 (iii) Has engaged or is engaging in conduct relating to the part-
 2 nership's activities and affairs which makes it not reasonably
 3 practicable to carry on the activities and affairs with the person
 4 as a limited partner;
- 5 (f) In the case of a person who is an individual, the individual dies;
- 6 (g) In the case of a person that is a testamentary or inter vivos trust
 7 or is acting as a limited partner by virtue of being a trustee of such a
 8 trust, the trust's entire transferable interest in the partnership is
 9 distributed;
- 10 (h) In the case of a person that is an estate or is acting as a limited
 11 partner by virtue of being a personal representative of an estate,
 12 the estate's entire transferable interest in the partnership is dis-
 13 tributed;
- 14 (i) In the case of a person that is not an individual, corporation, un-
 15 incorporated entity, trust, or estate, the existence of the person ter-
 16 minates;
- 17 (j) The partnership participates in a merger under chapter 21 and:
 18 1. The partnership is not the surviving entity; or
 19 2. Otherwise as a result of the merger, the person ceases to be a
 20 limited partner;
- 21 (k) The partnership participates in an interest exchange under chapter
 22 21 and as a result of the interest exchange, the person ceases to be a
 23 limited partner;
- 24 (l) The partnership participates in a conversion under chapter 21;
- 25 (m) The partnership participates in a domestication under chapter 21
 26 and as a result of the domestication, the person ceases to be a limited
 27 partner;
- 28 (n) The partnership dissolves and completes winding up; or
- 29 (o) In the case of a professional entity, restrictions or limitations
 30 are placed upon a limited partner's ability to continue to render pro-
 31 fessional services.

32 30-23-602. EFFECT OF DISSOCIATION AS LIMITED PARTNER. (1) If a person
 33 is dissociated as a limited partner:

- 34 (a) Subject to section 30-23-704, the person does not have further
 35 rights as a limited partner;
- 36 (b) The person's contractual obligation of good faith and fair dealing
 37 as a limited partner under section 30-23-305(1) ends with regard to mat-
 38 ters arising and events occurring after the person's dissociation; and
- 39 (c) Subject to section 30-23-704 and chapter 21, any transferable in-
 40 terest owned by the person in the person's capacity as a limited part-
 41 ner immediately before dissociation is owned by the person solely as a
 42 transferee.
- 43 (2) A person's dissociation as a limited partner does not of itself dis-
 44 charge the person from any debt, obligation, or other liability to the lim-
 45 ited partnership or the other partners which the person incurred while a lim-
 46 ited partner.

47 30-23-603. DISSOCIATION AS GENERAL PARTNER. A person is dissociated
 48 as a general partner when:

- 1 (1) The limited partnership has notice of the person's express will to
2 withdraw as a general partner, but, if the person specifies a withdrawal date
3 later than the date the partnership had notice, on that later date;
- 4 (2) An event stated in the partnership agreement as causing the per-
5 son's dissociation as a general partner occurs;
- 6 (3) The person is expelled as a general partner pursuant to the partner-
7 ship agreement;
- 8 (4) The person is expelled as a general partner by the unanimous vote or
9 consent of the other partners if:
 - 10 (a) It is unlawful to carry on the partnership's activities and affairs
11 with the person as a general partner;
 - 12 (b) There has been a transfer of all of the person's transferable inter-
13 est in the partnership, other than:
 - 14 (i) A transfer for security purposes; or
 - 15 (ii) A charging order in effect under section 30-23-703 which has
16 not been foreclosed;
 - 17 (c) The person is a corporation and:
 - 18 (i) The partnership notifies the person that it will be expelled
19 as a general partner because the person has filed a certificate of
20 dissolution or the equivalent, its charter has been revoked, or
21 its right to conduct business has been suspended by the jurisdic-
22 tion of its incorporation;
 - 23 (ii) Not later than 90 days after the notification the certificate
24 of dissolution or the equivalent has not been revoked or its char-
25 ter or right to conduct business has not been reinstated; or
 - 26 (d) The person is an unincorporated entity that has been dissolved and
27 whose business is being wound up;
- 28 (5) On application by the partnership or a partner in a direct action
29 under section 30-23-901, the person is expelled as a general partner by judi-
30 cial order because the person:
 - 31 (a) Has engaged or is engaging in wrongful conduct that has affected
32 adversely and materially, or will affect adversely and materially, the
33 partnership's activities and affairs;
 - 34 (b) Has committed willfully or persistently, or is committing will-
35 fully and persistently, a material breach of the partnership agreement
36 or a duty or obligation under section 30-23-409; or
 - 37 (c) Has engaged or is engaging in conduct relating to the partnership's
38 activities and affairs which makes it not reasonably practicable to
39 carry on the activities or affairs of the limited partnership with the
40 person as a general partner;
 - 41 (6) In the case of a person who is an individual:
 - 42 (a) The individual dies;
 - 43 (b) A guardian or general conservator for the individual is appointed;
44 or
 - 45 (c) A court orders that the individual has otherwise become incapable
46 of performing the individual's duties as a general partner under this
47 title or the partnership agreement;
 - 48 (7) The person:
 - 49 (a) Becomes a debtor in bankruptcy;
 - 50 (b) Executes an assignment for the benefit of creditors; or

- 1 (c) Seeks, consents to, or acquiesces in the appointment of a trustee,
2 receiver, or liquidator of the person or of all or substantially all of
3 the person's property;
- 4 (8) In the case of a person that is a testamentary or inter vivos trust
5 or is acting as a general partner by virtue of being a trustee of such a trust,
6 the trust's entire transferable interest in the partnership is distributed;
- 7 (9) In the case of a person that is an estate or is acting as a general
8 partner by virtue of being a personal representative of an estate, the es-
9 tate's entire transferable interest in the partnership is distributed;
- 10 (10) In the case of a person that is not an individual, corporation, un-
11 incorporated entity, trust, or estate, the existence of the person termi-
12 nates;
- 13 (11) The partnership participates in a merger under chapter 21 and:
14 (a) The partnership is not the surviving entity; or
15 (b) Otherwise as a result of the merger, the person ceases to be a gen-
16 eral partner;
- 17 (12) The partnership participates in an interest exchange under chapter
18 21 and as a result of the interest exchange, the person ceases to be a general
19 partner;
- 20 (13) The partnership participates in a conversion under chapter 21;
- 21 (14) The partnership participates in a domestication under chapter 21
22 and as a result of the domestication, the person ceases to be a general part-
23 ner;
- 24 (15) The partnership dissolves and completes winding up; or
25 (16) In the case of a professional entity, restrictions or limitations
26 are placed upon a general partner's ability to continue to render profes-
27 sional services.

- 28 30-23-604. POWER TO DISSOCIATE AS GENERAL PARTNER -- WRONGFUL DISSO-
29 CIATION. (1) A person has the power to dissociate as a general partner at any
30 time, rightfully or wrongfully, by withdrawing as a general partner by ex-
31 press will under section 30-23-603(1).
- 32 (2) A person's dissociation as a general partner is wrongful only if the
33 dissociation:
34 (a) As in breach of an express provision of the partnership agreement;
35 or
36 (b) Occurs before the completion of the winding up of the limited part-
37 nership, and:
38 (i) The person withdraws as a general partner by express will;
39 (ii) The person is expelled as a general partner by judicial order
40 under section 30-23-603(5);
41 (iii) The person is dissociated as a general partner under section
42 30-23-603(7); or
43 (iv) In the case of a person that is not a trust other than a busi-
44 ness trust, an estate, or an individual, the person is expelled or
45 otherwise dissociated as a general partner because it willfully
46 dissolved or terminated.
- 47 (3) A person that wrongfully dissociates as a general partner is liable
48 to the limited partnership and, subject to section 30-23-901, to the other
49 partners for damages caused by the dissociation. The liability is in addi-

1 tion to any debt, obligation, or other liability of the general partner to
2 the partnership or the other partners.

3 30-23-605. EFFECT OF DISSOCIATION AS GENERAL PARTNER. (1) If a person
4 is dissociated as a general partner:

5 (a) The person's right to participate as a general partner in the man-
6 agement and conduct of the partnership's activities and affairs termi-
7 nates;

8 (b) The person's duties and obligations as a general partner under sec-
9 tion 30-23-409 end with regard to matters arising and events occurring
10 after the person's dissociation;

11 (c) The person may sign and deliver to the secretary of state for filing
12 a statement of dissociation pertaining to the person and, at the request
13 of the limited partnership, shall sign an amendment to the certificate
14 of limited partnership which states that the person has dissociated as a
15 general partner; and

16 (d) Subject to section 30-23-704 and chapter 21, any transferable in-
17 terest owned by the person immediately before dissociation in the per-
18 son's capacity as a general partner is owned by the person solely as a
19 transferee.

20 (2) A person's dissociation as a general partner does not of itself dis-
21 charge the person from any debt, obligation, or other liability to the lim-
22 ited partnership or the other partners which the person incurred while a gen-
23 eral partner.

24 30-23-606. POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS GEN-
25 ERAL PARTNER. (1) After a person is dissociated as a general partner and be-
26 fore the limited partnership is merged out of existence, converted or domes-
27 ticated under chapter 21, or dissolved, the partnership is bound by an act of
28 the person only if:

29 (a) The act would have bound the partnership under section 30-23-402
30 before the dissociation; and

31 (b) At the time the other party enters into the transaction:

32 (i) Less than two years has passed since the dissociation; and

33 (ii) The other party does not know or have notice of the dissocia-
34 tion and reasonably believes that the person is a general partner.

35 (2) If a limited partnership is bound under subsection (1), the person
36 dissociated as a general partner which caused the partnership to be bound is
37 liable:

38 (a) To the partnership for any damage caused to the partnership arising
39 from the obligation incurred under subsection (1); and

40 (b) If a general partner or another person dissociated as a general
41 partner is liable for the obligation, to the general partner or other
42 person for any damage caused to the general partner or other person
43 arising from the liability.

44 30-23-607. LIABILITY TO OTHER PERSONS OF PERSON DISSOCIATED AS GEN-
45 ERAL PARTNER. (1) A person's dissociation as a general partner does not of
46 itself discharge the person's liability as a general partner for a debt,
47 obligation, or other liability of the limited partnership incurred before

1 dissociation. Except as otherwise provided in subsections (2) and (3), the
2 person is not liable for a limited partnership obligation incurred after
3 dissociation.

4 (2) A person whose dissociation as a general partner resulted in a dis-
5 solution and winding up of the limited partnership's activities and affairs
6 is liable to the same extent as a general partner under section 30-23-404 on
7 an obligation incurred by the limited partnership under section 30-23-804.

8 (3) A person that has dissociated as a general partner but whose disso-
9 ciation did not result in a dissolution and winding up of the limited part-
10 nership's activities and affairs is liable on a transaction entered into by
11 the partnership after the dissociation only if:

12 (a) A general partner would be liable on the transaction; and

13 (b) At the time the other party enters into the transaction:

14 (i) Less than two years has passed since the dissociation; and

15 (ii) The other party does not have knowledge or notice of the
16 dissociation and reasonably believes that the person is a general
17 partner.

18 (4) By agreement with a creditor of a limited partnership and the part-
19 nership, a person dissociated as a general partner may be released from lia-
20 bility for an obligation of the partnership.

21 (5) A person dissociated as a general partner is released from liabil-
22 ity for an obligation of the limited partnership if the partnership's credi-
23 tor, with knowledge or notice of the person's dissociation as a general part-
24 ner but without the person's consent, agrees to a material alteration in the
25 nature or time of payment of the obligation.

26 SECTION 32. That Chapter 23, Title 30, Idaho Code, be, and the same is
27 hereby amended by the addition thereto of a NEW PART, to be known and desig-
28 nated as Part 7, Chapter 23, Title 30, Idaho Code, and to read as follows:

29 PART 7

30 TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

31 30-23-701. NATURE OF TRANSFERABLE INTEREST. The only interest of a
32 partner which is transferable is the partner's transferable interest. A
33 transferable interest is personal property.

34 30-23-702. TRANSFER OF TRANSFERABLE INTEREST. (1) A transfer, in
35 whole or in part, of a transferable interest:

36 (a) Is permissible, except the transfer of a transferable interest in a
37 professional entity is not permissible without compliance with section
38 30-20-709(9);

39 (b) Does not by itself cause the person's dissociation or a dissolution
40 and winding up of the limited partnership's activities and affairs; and

41 (c) Subject to section 30-23-704, does not entitle the transferee to:

42 (i) Participate in the management or conduct of the partnership's
43 activities or affairs; or

44 (ii) Except as otherwise provided in subsection (3), have access
45 to required information, records, or other information concerning
46 the partnership's activities and affairs.

1 (2) A transferee has the right to receive, in accordance with the trans-
2 fer, distributions to which the transferor would otherwise be entitled.

3 (3) In a dissolution and winding up of a limited partnership, a trans-
4 feree is entitled to an account of the partnership's transactions only from
5 the date of dissolution.

6 (4) A transferable interest may be evidenced by a certificate of the in-
7 terest issued by a limited partnership in a record, and, subject to this sec-
8 tion, the interest represented by the certificate may be transferred by a
9 transfer of the certificate.

10 (5) A limited partnership need not give effect to a transferee's rights
11 under this section until the partnership knows or has notice of the transfer.

12 (6) A transfer of a transferable interest in violation of a restriction
13 on transfer contained in the partnership agreement is ineffective as to a
14 person having knowledge or notice of the restriction at the time of transfer.

15 (7) Except as otherwise provided in sections 30-23-601(2)(d)(ii) and
16 30-23-603(4)(b), if a general or limited partner transfers a transferable
17 interest, the transferor retains the rights of a general or limited partner
18 other than the transferable interest transferred and retains all the duties
19 and obligations of a general or limited partner.

20 (8) If a general or limited partner transfers a transferable interest
21 to a person that becomes a general or limited partner with respect to the
22 transferred interest, the transferee is liable for the transferor's obli-
23 gations under sections 30-23-502 and 30-23-505 known to the transferee when
24 the transferee becomes a partner.

25 30-23-703. CHARGING ORDER. (1) On application by a judgment creditor
26 of a partner or transferee, a court may enter a charging order against the
27 transferable interest of the judgment debtor for the unsatisfied amount of
28 the judgment. A charging order constitutes a lien on a judgment debtor's
29 transferable interest and requires the limited partnership to pay over to
30 the person to which the charging order was issued any distribution that oth-
31 erwise would be paid to the judgment debtor.

32 (2) To the extent necessary to effectuate the collection of distribu-
33 tions pursuant to a charging order in effect under subsection (1), the court
34 may:

35 (a) Appoint a receiver of the distributions subject to the charging or-
36 der, with the power to make all inquiries the judgment debtor might have
37 made; and

38 (b) Make all other orders necessary to give effect to the charging or-
39 der.

40 (3) Upon a showing that distributions under a charging order will not
41 pay the judgment debt within a reasonable time, the court may foreclose the
42 lien and order the sale of the transferable interest. The purchaser at the
43 foreclosure sale obtains only the transferable interest, does not thereby
44 become a partner, and is subject to section 30-23-702.

45 (4) At any time before foreclosure under subsection (3), the partner or
46 transferee whose transferable interest is subject to a charging order under
47 subsection (1) may extinguish the charging order by satisfying the judgment
48 and filing a certified copy of the satisfaction with the court that issued
49 the charging order.

1 (5) At any time before foreclosure under subsection (3), a limited
2 partnership or one or more partners whose transferable interests are not
3 subject to the charging order may pay to the judgment creditor the full
4 amount due under the judgment and thereby succeed to the rights of the judg-
5 ment creditor, including the charging order.

6 (6) This title does not deprive any partner or transferee of the benefit
7 of any exemption law applicable to the transferable interest of the partner
8 or transferee.

9 (7) This section provides the exclusive remedy by which a person seek-
10 ing to enforce a judgment against a partner or transferee may, in the capac-
11 ity of judgment creditor, satisfy the judgment from the judgment debtor's
12 transferable interest.

13 30-23-704. POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER. If a
14 partner dies, the deceased partner's legal representative may exercise:

- 15 (1) The rights of a transferee provided in section 30-23-702 (3); and
- 16 (2) For the purposes of settling the estate, the rights of a current
17 limited partner under section 30-23-304.

18 SECTION 33. That Chapter 23, Title 30, Idaho Code, be, and the same is
19 hereby amended by the addition thereto of a NEW PART, to be known and desig-
20 nated as Part 8, Chapter 23, Title 30, Idaho Code, and to read as follows:

21 PART 8
22 DISSOLUTION AND WINDING UP

23 30-23-801. EVENTS CAUSING DISSOLUTION. (1) A limited partnership is
24 dissolved, and its activities and affairs must be wound up, upon the occur-
25 rence of any of the following:

- 26 (a) An event or circumstance that the partnership agreement states
27 causes dissolution;
- 28 (b) The affirmative vote or consent of all general partners and of lim-
29 ited partners owning a majority of the rights to receive distributions
30 as limited partners at the time the vote or consent is to be effective;
- 31 (c) After the dissociation of a person as a general partner:
 - 32 (i) If the partnership has at least one remaining general part-
33 ner, the vote or consent to dissolve the partnership not later than
34 90 days after the dissociation by partners owning a majority of the
35 rights to receive distributions as partners at the time the vote or
36 consent is to be effective; or
 - 37 (ii) If the partnership does not have a remaining general partner,
38 the passage of 90 days after the dissociation, unless before the
39 end of the period:
 - 40 1. Consent to continue the activities and affairs of the
41 partnership and admit at least one general partner is given
42 by limited partners owning a majority of the rights to re-
43 ceive distributions as limited partners at the time the
44 consent is to be effective; and
 - 45 2. At least one person is admitted as a general partner in
46 accordance with the consent;

1 (d) The passage of 90 consecutive days after the dissociation of the
2 partnership's last limited partner, unless before the end of the period
3 the partnership admits at least one limited partner;

4 (e) The passage of 90 consecutive days during which the limited part-
5 nership has only one partner, unless before the end of the period:

6 (i) The partnership admits at least one person as a partner;

7 (ii) If the previously sole remaining partner is only a general
8 partner, the partnership admits the person as a limited partner;
9 and

10 (iii) If the previously sole remaining partner is only a limited
11 partner, the partnership admits a person as a general partner;

12 (f) On application by a partner, the entry by the district court of an
13 order dissolving the partnership on the grounds that:

14 (i) The conduct of all or substantially all the partnership's ac-
15 tivities and affairs is unlawful; or

16 (ii) It is not reasonably practicable to carry on the partner-
17 ship's activities and affairs in conformity with the partnership
18 agreement; or

19 (g) The signing and filing of a statement of administrative dissolution
20 by the secretary of state under section 30-20-602.

21 (2) If an event occurs that imposes a deadline on a limited partnership
22 under subsection (1) and before the partnership has met the requirements of
23 the deadline, another event occurs that imposes a different deadline on the
24 partnership under subsection (1):

25 (a) The occurrence of the second event does not affect the deadline
26 caused by the first event; and

27 (b) The partnership's meeting of the requirements of the first deadline
28 does not extend the second deadline.

29 30-23-802. WINDING UP. (1) A dissolved limited partnership shall wind
30 up its activities and affairs, and, except as otherwise provided in section
31 30-23-803, the partnership continues after dissolution only for the purpose
32 of winding up.

33 (2) In winding up its activities and affairs, the limited partnership:

34 (a) Shall discharge the partnership's debts, obligations, and other
35 liabilities, settle and close the partnership's activities and af-
36 fairs, and marshal and distribute the assets of the partnership; and

37 (b) May:

38 (i) Amend its certificate of limited partnership to state that
39 the limited partnership is dissolved;

40 (ii) Preserve the partnership activities, affairs, and property
41 as a going concern for a reasonable time;

42 (iii) Prosecute and defend actions and proceedings, whether
43 civil, criminal, or administrative;

44 (iv) Transfer the partnership's property;

45 (v) Settle disputes by mediation or arbitration;

46 (vi) Deliver to the secretary of state for filing a statement of
47 termination stating the name of the partnership and that the part-
48 nership is terminated; and

1 (vii) Perform other acts necessary or appropriate to the winding
2 up.

3 (3) If a dissolved limited partnership does not have a general partner,
4 a person to wind up the dissolved partnership's activities and affairs may
5 be appointed by the affirmative vote or consent of limited partners owning
6 a majority of the rights to receive distributions as limited partners at the
7 time the vote or consent is to be effective. A person appointed under this
8 subsection:

9 (a) Has the powers of a general partner under section 30-23-804 but
10 is not liable for the debts, obligations, and other liabilities of the
11 partnership solely by reason of having or exercising those powers or
12 otherwise acting to wind up the dissolved partnership's activities and
13 affairs; and

14 (b) Shall deliver promptly to the secretary of state for filing an
15 amendment to the certificate of limited partnership stating:

16 (i) That the partnership does not have a general partner;
17 (ii) The name and street and mailing addresses of the person; and
18 (iii) That the person has been appointed pursuant to this subsec-
19 tion to wind up the partnership.

20 (4) On the application of any partner, the district court may order ju-
21 dicial supervision of the winding up of a dissolved limited partnership, in-
22 cluding the appointment of a person to wind up the partnership's activities
23 and affairs, if:

24 (a) The partnership does not have a general partner and within a reason-
25 able time following the dissolution no person has been appointed pur-
26 suant to subsection (3); or

27 (b) The applicant establishes other good cause.

28 30-23-803. RESCINDING DISSOLUTION. (1) A limited partnership may re-
29 scind its dissolution, unless a statement of termination applicable to the
30 partnership is effective, the district court has entered an order under sec-
31 tion 30-23-801(1)(f) dissolving the partnership, or the secretary of state
32 has dissolved the partnership under section 30-23-811.

33 (2) Rescinding dissolution under this section requires:

34 (a) The affirmative vote or consent of each partner; and

35 (b) If the limited partnership has delivered to the secretary of state
36 for filing an amendment to the certificate of limited partnership stat-
37 ing that the partnership is dissolved and if:

38 (i) The amendment is not effective, the filing by the partnership
39 of a statement of withdrawal under section 30-20-204 applicable to
40 the amendment; or

41 (ii) The amendment is effective, the delivery by the partnership
42 to the secretary of state for filing of an amendment to the cer-
43 tificate of limited partnership stating that dissolution has been
44 rescinded under this section.

45 (3) If a limited partnership rescinds its dissolution:

46 (a) The partnership resumes carrying on its activities and affairs as
47 if dissolution had never occurred;

1 (b) Subject to paragraph (c), any liability incurred by the partnership
2 after the dissolution and before the rescission is effective is deter-
3 mined as if dissolution had never occurred; and

4 (c) The rights of a third party arising out of conduct in reliance on the
5 dissolution before the third party knew or had notice of the rescission
6 may not be adversely affected.

7 30-23-804. POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. (1) A limited
8 partnership is bound by a general partner's act after dissolution which:

9 (a) Is appropriate for winding up the partnership's activities and af-
10 fairs; or

11 (b) Would have bound the partnership under section 30-23-402 before
12 dissolution, if, at the time the other party enters into the transac-
13 tion, the other party does not know or have notice of the dissolution.

14 (2) A person dissociated as a general partner binds a limited partner-
15 ship through an act occurring after dissolution if:

16 (a) At the time the other party enters into the transaction:

17 (i) Less than two years has passed since the dissociation; and

18 (ii) The other party does not have notice of the dissociation and
19 reasonably believes that the person is a general partner; and

20 (b) The act:

21 (i) Is appropriate for winding up the partnership's activities
22 and affairs; or

23 (ii) Would have bound the partnership under section 30-23-402 be-
24 fore dissolution and at the time the other party enters into the
25 transaction the other party does not have notice of the dissolu-
26 tion.

27 30-23-805. LIABILITY AFTER DISSOLUTION OF GENERAL PARTNER AND PERSON
28 DISSOCIATED AS GENERAL PARTNER TO LIMITED PARTNERSHIP -- OTHER GENERAL PART-
29 NERS AND PERSONS DISSOCIATED AS GENERAL PARTNER. (1) If a general partner
30 having knowledge of the dissolution causes a limited partnership to incur an
31 obligation under section 30-23-804(1) by an act that is not appropriate for
32 winding up the partnership's activities and affairs, the general partner is
33 liable:

34 (a) To the partnership for any damage caused to the partnership arising
35 from the obligation; and

36 (b) If another general partner or a person dissociated as a general
37 partner is liable for the obligation, to that other general partner or
38 person for any damage caused to that other general partner or person
39 arising from the liability.

40 (2) If a person dissociated as a general partner causes a limited part-
41 nership to incur an obligation under section 30-23-804(2), the person is li-
42 able:

43 (a) To the partnership for any damage caused to the partnership arising
44 from the obligation; and

45 (b) If a general partner or another person dissociated as a general
46 partner is liable for the obligation, to the general partner or other
47 person for any damage caused to the general partner or other person
48 arising from the obligation.

1 30-23-806. KNOWN CLAIMS AGAINST DISSOLVED LIMITED PARTNER-
2 SHIP. (1) Except as otherwise provided in subsection (4), a dissolved
3 limited partnership may give notice of a known claim under subsection (2),
4 which has the effect provided in subsection (3).

5 (2) A dissolved limited partnership may in a record notify its known
6 claimants of the dissolution. The notice must:

7 (a) Specify the information required to be included in a claim;

8 (b) State that a claim must be in writing and provide a mailing address
9 to which the claim is to be sent;

10 (c) State the deadline for receipt of a claim, which may not be less than
11 120 days after the date the notice is received by the claimant;

12 (d) State that the claim will be barred if not received by the deadline;
13 and

14 (e) Unless the partnership has been throughout its existence a lim-
15 ited liability limited partnership, state that the barring of a claim
16 against the partnership will also bar any corresponding claim against
17 any general partner or person dissociated as a general partner which is
18 based on section 30-23-404.

19 (3) A claim against a dissolved limited partnership is barred if the re-
20 quirements of subsection (2) are met and:

21 (a) The claim is not received by the specified deadline; or

22 (b) If the claim is timely received but rejected by the partnership:

23 (i) The partnership causes the claimant to receive a notice in a
24 record stating that the claim is rejected and will be barred unless
25 the claimant commences an action against the partnership to en-
26 force the claim not later than 90 days after the claimant receives
27 the notice; and

28 (ii) The claimant does not commence the required action not later
29 than 90 days after the claimant receives the notice.

30 (4) This section does not apply to a claim based on an event occurring
31 after the effective date of dissolution or a liability that on that date is
32 contingent.

33 30-23-807. OTHER CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP. (1) A
34 dissolved limited partnership may publish notice of its dissolution and re-
35 quest persons having claims against the partnership to present them in ac-
36 cordance with the notice.

37 (2) A notice under subsection (1) must:

38 (a) Be published at least once in a newspaper of general circulation in
39 the county in this state in which the dissolved limited partnership's
40 principal office is located or, the principal office is not located in
41 this state, in the county in which the office of the partnership's reg-
42 istered agent is or was last located;

43 (b) Describe the information required to be contained in a claim, state
44 that the claim must be in writing, and provide a mailing address to which
45 the claim is to be sent;

46 (c) State that a claim against the partnership is barred unless an ac-
47 tion to enforce the claim is commenced not later than three years after
48 publication of the notice; and

1 (d) Unless the partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim
2 against the partnership will also bar any corresponding claim against
3 any general partner or person dissociated as a general partner which is
4 based on section 30-23-404.
5

6 (3) If a dissolved limited partnership publishes a notice in accordance
7 with subsection (2), the claim of each of the following claimants is barred
8 unless the claimant commences an action to enforce the claim against the
9 partnership not later than three years after the publication date of the
10 notice:

11 (a) A claimant that did not receive notice in a record under section
12 30-23-806;

13 (b) A claimant whose claim was timely sent to the partnership but not
14 acted on; and

15 (c) A claimant whose claim is contingent at, or based on an event occurring
16 after, the effective date of dissolution.

17 (4) A claim not barred under this section or section 30-23-806 may be
18 enforced:

19 (a) Against the dissolved limited partnership, to the extent of its
20 undistributed assets;

21 (b) Except as otherwise provided in section 30-23-808, if the assets
22 of the partnership have been distributed after dissolution, against
23 a partner or transferee to the extent of that person's proportionate
24 share of the claim or of the partnership's assets distributed to the
25 partner or transferee after dissolution, whichever is less, but a person's
26 total liability for all claims under this paragraph may not exceed
27 the total amount of assets distributed to the person after dissolution;
28 and

29 (c) Against any person liable on the claim under sections 30-23-404 and
30 30-23-607.

31 30-23-808. COURT PROCEEDINGS. (1) A dissolved limited partnership
32 that has published a notice under section 30-23-807 may file an application
33 with the district court in the county where the dissolved partnership's
34 principal office is located or, if the principal office is not located in
35 this state, where the office of its registered agent is located, for a determination
36 of the amount and form of security to be provided for payment of
37 claims that are contingent, have not been made known to the partnership, or
38 are based on an event occurring after the effective date of dissolution but
39 which, based on the facts known to the partnership, are reasonably expected
40 to arise after the effective date of dissolution. Security is not required
41 for any claim that is or is reasonably anticipated to be barred under section
42 30-23-807(3).

43 (2) Not later than 10 days after the filing of an application under subsection
44 (1), the dissolved limited partnership shall give notice of the proceeding
45 to each claimant holding a contingent claim known to the partnership.
46

47 (3) In a proceeding brought under this section, the court may appoint a
48 guardian ad litem to represent all claimants whose identities are unknown.

1 The reasonable fees and expenses of the guardian, including all reasonable
2 expert witness fees, must be paid by the dissolved limited partnership.

3 (4) A dissolved limited partnership that provides security in the
4 amount and form ordered by the court under subsection (1) satisfies the
5 partnership's obligations with respect to claims that are contingent, have
6 not been made known to the partnership, or are based on an event occurring
7 after the effective date of dissolution, and such claims may not be enforced
8 against a partner or transferee that received assets in liquidation.

9 30-23-809. LIABILITY OF GENERAL PARTNER AND PERSON DISSOCIATED AS
10 GENERAL PARTNER WHEN CLAIM AGAINST LIMITED PARTNERSHIP BARRED. If a claim
11 against a dissolved limited partnership is barred under section 30-23-806,
12 30-23-807, or 30-23-808, any corresponding claim under section 30-23-404 or
13 30-23-607 is also barred.

14 30-23-810. DISPOSITION OF ASSETS IN WINDING UP -- WHEN CONTRIBUTIONS
15 REQUIRED. (1) In winding up its activities and affairs, a limited partner-
16 ship shall apply its assets, including the contributions required by this
17 section, to discharge the partnership's obligations to creditors, including
18 partners that are creditors.

19 (2) After a limited partnership complies with subsection (1), any sur-
20 plus must be distributed in the following order, subject to any charging or-
21 der in effect under section 30-23-703:

22 (a) To each person owning a transferable interest that reflects contri-
23 butions made and not previously returned, an amount equal to the value
24 of the unreturned contributions; and

25 (b) Among partners in proportion to their respective rights to share in
26 distributions immediately before the dissolution of the partnership,
27 except to the extent necessary to comply with any transfer effective un-
28 der section 30-23-702.

29 (3) If a limited partnership's assets are insufficient to satisfy all
30 of its obligations under subsection (1), with respect to each unsatisfied
31 obligation incurred when the partnership was not a limited liability limited
32 partnership, the following rules apply:

33 (a) Each person that was a general partner when the obligation was in-
34 curred and that has not been released from the obligation under section
35 30-23-607 shall contribute to the limited partnership for the purpose
36 of enabling the limited partnership to satisfy the obligation. The con-
37 tribution due from each of those persons is in proportion to the right to
38 receive distributions in the capacity of general partner in effect for
39 each of those persons when the obligation was incurred.

40 (b) If a person does not contribute the full amount required under para-
41 graph (a) with respect to an unsatisfied obligation of the partnership,
42 the other persons required to contribute by paragraph (a) on account
43 of the obligation shall contribute the additional amount necessary to
44 discharge the obligation. The additional contribution due from each
45 of those other persons is in proportion to the right to receive distri-
46 butions in the capacity of general partner in effect for each of those
47 other persons when the obligation was incurred.

1 (c) If a person does not make the additional contribution required by
 2 paragraph (b), further additional contributions are determined and due
 3 in the same manner as provided in that paragraph.

4 (4) A person that makes an additional contribution under subsection
 5 (3) (b) or (c) may recover from any person whose failure to contribute under
 6 subsection (3) (a) or (b) necessitated the additional contribution. A per-
 7 son may not recover under this subsection more than the amount additionally
 8 contributed. A person's liability under this subsection may not exceed the
 9 amount the person failed to contribute.

10 (5) If a limited partnership does not have sufficient surplus to com-
 11 ply with subsection (2) (a), any surplus must be distributed among the owners
 12 of transferable interests in proportion to the value of the respective unre-
 13 turned contributions.

14 (6) All distributions made under subsections (2) and (3) must be paid in
 15 money.

16 SECTION 34. That Chapter 23, Title 30, Idaho Code, be, and the same is
 17 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 18 nated as Part 9, Chapter 23, Title 30, Idaho Code, and to read as follows:

19 PART 9
 20 ACTIONS BY PARTNERS

21 30-23-901. DIRECT ACTION BY PARTNER. (1) Subject to subsection (2), a
 22 partner may maintain a direct action against another partner or the limited
 23 partnership, with or without an accounting as to the partnership's activi-
 24 ties and affairs, to enforce the partner's rights and otherwise protect the
 25 partner's interests, including rights and interests under the partnership
 26 agreement or this title or arising independently of the partnership rela-
 27 tionship.

28 (2) A partner maintaining a direct action under this section must plead
 29 and prove an actual or threatened injury that is not solely the result of an
 30 injury suffered or threatened to be suffered by the limited partnership.

31 (3) A right to an accounting upon a dissolution and winding up does not
 32 revive a claim barred by law.

33 30-23-902. DERIVATIVE ACTION. A partner may maintain a derivative ac-
 34 tion to enforce a right of a limited partnership if:

35 (1) The partner first makes a demand on the general partners, request-
 36 ing that they cause the partnership to bring an action to enforce the right,
 37 and the general partners do not bring the action within a reasonable time; or

38 (2) A demand under subsection (1) would be futile.

39 30-23-903. PROPER PLAINTIFF. A derivative action to enforce a right of
 40 a limited partnership may be maintained only by a person that is a partner at
 41 the time the action is commenced and:

42 (1) Which was a partner when the conduct giving rise to the action oc-
 43 curred; or

44 (2) Whose status as a partner devolved on the person by operation of law
 45 or pursuant to the terms of the partnership agreement from a person that was a
 46 partner at the time of the conduct.

1 30-23-904. PLEADING. In a derivative action to enforce a right of a
2 limited partnership, the complaint must state with particularity:

- 3 (1) The date and content of plaintiff's demand and the response to the
4 demand by the general partner; or
5 (2) Why demand should be excused as futile.

6 30-23-905. SPECIAL LITIGATION COMMITTEE. (1) If a limited partner-
7 ship is named as or made a party in a derivative proceeding, the partner-
8 ship may appoint a special litigation committee to investigate the claims
9 asserted in the proceeding and determine whether pursuing the action is in
10 the best interests of the partnership. If the partnership appoints a spe-
11 cial litigation committee, on motion by the committee made in the name of the
12 partnership, except for good cause shown, the court shall stay discovery for
13 the time reasonably necessary to permit the committee to make its investiga-
14 tion. This subsection does not prevent the court from:

- 15 (a) Enforcing a person's right to information under section 30-23-304
16 or 30-23-407; or
17 (b) Granting extraordinary relief in the form of a temporary restrain-
18 ing order or preliminary injunction.
19 (2) A special litigation committee must be composed of one or more dis-
20 interested and independent individuals, who may be partners.
21 (3) A special litigation committee may be appointed:
22 (a) By a majority of the general partners not named as parties in the
23 proceeding; and
24 (b) If all general partners are named as parties in the proceeding, by a
25 majority of the general partners named as defendants.
26 (4) After appropriate investigation, a special litigation committee
27 may determine that it is in the best interests of the limited partnership
28 that the proceeding:
29 (a) Continue under the control of the plaintiff;
30 (b) Continue under the control of the committee;
31 (c) Be settled on terms approved by the committee; or
32 (d) Be dismissed.

33 (5) After making a determination under subsection (4), a special liti-
34 gation committee shall file with the court a statement of its determination
35 and its report supporting its determination and shall serve each party with
36 a copy of the determination and report. The court shall determine whether
37 the members of the committee were disinterested and independent and whether
38 the committee conducted its investigation and made its recommendation in
39 good faith, independently, and with reasonable care, with the committee
40 having the burden of proof. If the court finds that the members of the com-
41 mittee were disinterested and independent and that the committee acted in
42 good faith, independently, and with reasonable care, the court shall enforce
43 the determination of the committee. Otherwise, the court shall dissolve
44 the stay of discovery entered under subsection (1) and allow the action to
45 continue under the control of the plaintiff.

46 30-23-906. PROCEEDS AND EXPENSES. (1) Except as otherwise provided in
47 subsection (2):

1 (a) Any proceeds or other benefits of a derivative action, whether by
 2 judgment, compromise, or settlement, belong to the limited partnership
 3 and not to the plaintiff; and

4 (b) If the plaintiff receives any proceeds, the plaintiff shall remit
 5 them immediately to the partnership.

6 (2) If a derivative action is successful in whole or in part, the court
 7 may award the plaintiff reasonable expenses, including reasonable attor-
 8 ney's fees and costs, from the recovery of the limited partnership.

9 (3) A derivative action on behalf of a limited partnership may not be
 10 voluntarily dismissed or settled without the court's approval.

11 SECTION 35. That Title 30, Idaho Code, be, and the same is hereby
 12 amended by the addition thereto of a NEW CHAPTER, to be known and designated
 13 as Chapter 24, Title 30, Idaho Code, and to read as follows:

14 CHAPTER 24
 15 LIMITED LIABILITY COMPANIES

16 SECTION 36. That Chapter 24, Title 30, Idaho Code, be, and the same is
 17 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 18 nated as Part 1, Chapter 24, Title 30, Idaho Code, and to read as follows:

19 PART 1
 20 GENERAL PROVISIONS

21 30-24-101. SHORT TITLE. This chapter may be cited as the Idaho Uniform
 22 Limited Liability Company Act (2013).

23 30-24-102. DEFINITIONS. In this chapter:

24 (1) "Certificate of organization" means the certificate required by
 25 Section 30-24-201. The term includes the certificate as amended or re-
 26 stated.

27 (2) "Contribution", except in the phrase "right of contribution",
 28 means property or a benefit described in Section 30-24-402 which is provided
 29 by a person to a limited liability company to become a member or in the per-
 30 son's capacity as a member.

31 (3) "Distribution" means a transfer of money or other property from a
 32 limited liability company to a person on account of a transferable interest
 33 or in the person's capacity as a member. The term:

34 (a) Includes:

35 (i) A redemption or other purchase by a limited liability company
 36 of a transferable interest; and

37 (ii) A transfer to a member in return for the member's relinquish-
 38 ment of any right to participate as a member in the management or
 39 conduct of the company's activities and affairs or to have access
 40 to records or other information concerning the company's activi-
 41 ties and affairs; and

42 (b) Does not include amounts constituting reasonable compensation for
 43 present or past service or payments made in the ordinary course of busi-
 44 ness under a bona fide retirement plan or other bona fide benefits pro-
 45 gram.

1 (4) "Foreign limited liability company" means an unincorporated entity
2 formed under the law of a jurisdiction other than this state which would be a
3 limited liability company if formed under the law of this state.

4 (5) "Manager" means a person that under the operating agreement of a
5 manager-managed limited liability company is responsible, alone or in con-
6 cert with others, for performing the management functions stated in Section
7 30-24-407(3).

8 (6) "Manager-managed limited liability company" means a limited lia-
9 bility company that qualifies under Section 30-24-407(1).

10 (7) "Member" means a person that:

11 (a) Has become a member of a limited liability company under Section
12 30-24-401 or was a member in a company when the company became subject to
13 this chapter under Section 30-24-110; and

14 (b) Has not dissociated under Section 30-24-602.

15 (8) "Member-managed limited liability company" means a limited liabil-
16 ity company that is not a manager-managed limited liability company.

17 (9) "Operating agreement" means the agreement, whether or not referred
18 to as an operating agreement and whether oral, implied, in a record, or in
19 any combination thereof, of all the members of a limited liability company,
20 including a sole member, concerning the matters described in Section 30-24-
21 105(1). The term includes the agreement as amended or restated.

22 (10) "Organizer" means a person that acts under Section 30-24-201 to
23 form a limited liability company.

24 (11) "Transferable interest" means the right, as initially owned by a
25 person in the person's capacity as a member, to receive distributions from
26 a limited liability company in accordance with the operating agreement,
27 whether or not the person remains a member or continues to own any part of the
28 right. The term applies to any fraction of the interest, by whomever owned.

29 (12) "Transferee" means a person to which all or part of a transferable
30 interest has been transferred, whether or not the transferor is a member.
31 The term includes a person that owns a transferable interest under Section
32 30-24-603(1)(c).

33 30-24-103. KNOWLEDGE -- NOTICE. (1) A person knows a fact if the per-
34 son:

35 (a) Has actual knowledge of it; or

36 (b) Is deemed to know it under subsection (4)(a) or law other than this
37 title.

38 (2) A person has notice of a fact if the person:

39 (a) Has reason to know the fact from all of the facts known to the person
40 at the time in question; or

41 (b) Is deemed to have notice of the fact under subsection (4)(b).

42 (3) Subject to Section 30-20-212, a person notifies another person of
43 a fact by taking steps reasonably required to inform the other person in or-
44 dinary course, whether or not those steps cause the other person to know the
45 fact.

46 (4) A person not a member is deemed:

47 (a) To know of a limitation on authority to transfer real property as
48 provided in Section 30-24-302(7); and

49 (b) To have notice of a limited liability company's:

1 (i) Dissolution 90 days after a statement of dissolution under
2 Section 30-24-702(2)(b)(i) becomes effective;
3 (ii) Termination 90 days after a statement of termination under
4 Section 30-24-702(2)(b)(vi) becomes effective; and
5 (iii) Participation in a merger, interest exchange, conversion,
6 or domestication 90 days after articles of merger, interest ex-
7 change, conversion, or domestication under Chapter 2 become ef-
8 fective.

9 30-24-104. GOVERNING LAW. The law of this state governs:

10 (1) The internal affairs of a limited liability company; and
11 (2) The liability of a member as member and a manager as manager for the
12 debts, obligations, or other liabilities of a limited liability company.

13 30-24-105. OPERATING AGREEMENT -- SCOPE -- FUNCTION -- LIMITA-
14 TIONS. (1) Except as otherwise provided in subsections (3) and (4), the
15 operating agreement governs:

16 (a) Relations among the members as members and between the members and
17 the limited liability company;
18 (b) The rights and duties under this title of a person in the capacity of
19 manager;
20 (c) The activities and affairs of the company and the conduct of those
21 activities and affairs; and
22 (d) The means and conditions for amending the operating agreement.
23 (2) To the extent the operating agreement does not provide for a matter
24 described in subsection (a), this chapter governs the matter.

25 (3) An operating agreement may not:

26 (a) Vary a limited liability company's capacity under Section 30-24-
27 109 to sue and be sued in its own name;
28 (b) Vary the law applicable under Section 30-24-104;
29 (c) Vary any requirement, procedure, or other provision of this title
30 pertaining to:
31 (i) Registered agents; or
32 (ii) The secretary of state, including provisions pertaining to
33 records authorized or required to be delivered to the secretary of
34 state for filing under this title;
35 (d) Vary the provisions of Section 30-24-204;
36 (e) Eliminate the duty of loyalty or the duty of care, except as other-
37 wise provided in subsection (4);
38 (f) Eliminate the contractual obligation of good faith and fair dealing
39 under Section 30-24-409(4), but the operating agreement may prescribe
40 the standards, if not manifestly unreasonable, by which the performance
41 of the obligation is to be measured;
42 (g) Relieve or exonerate a person from liability for conduct involving
43 bad faith, willful misconduct, or recklessness;
44 (h) Unreasonably restrict the duties and rights under Section 30-24-
45 410, but the operating agreement may impose reasonable restrictions on
46 the availability and use of information obtained under that section and
47 may define appropriate remedies, including liquidated damages, for a
48 breach of any reasonable restriction on use;

1 (i) Vary the causes of dissolution specified in Section 30-24-
2 701(1)(d)(i) and (v);

3 (j) Vary the requirement to wind up the company's activities and af-
4 fairs as specified in Section 30-24-702(1), (2)(b), and (5);

5 (k) Unreasonably restrict the right of a member to maintain an action
6 under Part 8;

7 (l) Vary the provisions of Section 30-24-805, but the operating agree-
8 ment may provide that the company may not have a special litigation com-
9 mittee;

10 (m) Vary the right of a member to approve a merger, interest ex-
11 change, conversion, or domestication under Section 30-21-203(1)(b),
12 30-21-303(1)(b), 30-21-403(1)(b), or 30-21-503(1)(b); or

13 (n) Except as otherwise provided in Sections 30-24-106 and 30-24-
14 107(2), restrict the rights under this title of a person other than a
15 member or manager.

16 (4) Subject to subsection (3)(g), without limiting other terms that may
17 be included in an operating agreement, the following rules apply:

18 (a) The operating agreement may specify the method by which a specific
19 act or transaction that would otherwise violate the duty of loyalty may
20 be authorized or ratified by one or more disinterested and independent
21 persons after full disclosure of all material facts.

22 (b) To the extent the operating agreement of a member-managed limited
23 liability company expressly relieves a member of a responsibility that
24 the member would otherwise have under this title and imposes the respon-
25 sibility on one or more other members, the operating agreement may, to
26 the benefit of the member that the operating agreement relieves of the
27 responsibility, also eliminate or limit any fiduciary duty that would
28 have pertained to the responsibility.

29 (c) If not manifestly unreasonable, the operating agreement may:

30 (i) Alter or eliminate the aspects of the duty of loyalty stated in
31 Section 30-24-409(2) and (9);

32 (ii) Identify specific types or categories of activities that do
33 not violate the duty of loyalty;

34 (iii) Alter the duty of care, but may not authorize intentional
35 misconduct or knowing violation of law; and

36 (iv) Alter or eliminate any other fiduciary duty.

37 (5) The court shall decide as a matter of law whether a term of an op-
38 erating agreement is manifestly unreasonable under subsection (3)(f) or
39 (4)(c). The court:

40 (a) Shall make its determination as of the time the challenged term
41 became part of the operating agreement and by considering only circum-
42 stances existing at that time; and

43 (b) May invalidate the term only if, in light of the purposes, activi-
44 ties, and affairs of the limited liability company, it is readily appar-
45 ent that:

46 (i) The objective of the term is unreasonable; or

47 (ii) The term is an unreasonable means to achieve the provision's
48 objective.

1 30-24-106. OPERATING AGREEMENT -- EFFECT ON LIMITED LIABILITY COMPANY
2 AND PERSON BECOMING MEMBER -- PREFORMATION AGREEMENT. (1) A limited liabil-
3 ity company is bound by and may enforce the operating agreement, whether or
4 not the company has itself manifested assent to the operating agreement.

5 (2) A person that becomes a member of a limited liability company is
6 deemed to assent to the operating agreement.

7 (3) Two or more persons intending to become the initial members of a
8 limited liability company may make an agreement providing that upon the for-
9 mation of the company the agreement will become the operating agreement. One
10 person intending to become the initial member of a limited liability com-
11 pany may assent to terms providing that upon the formation of the company the
12 terms will become the operating agreement.

13 30-24-107. OPERATING AGREEMENT -- EFFECT ON THIRD PARTIES AND RELA-
14 TIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED LIABILITY COMPANY. (1) An
15 operating agreement may specify that its amendment requires the approval of
16 a person that is not a party to the agreement or the satisfaction of a condi-
17 tion. An amendment is ineffective if its adoption does not include the re-
18 quired approval or satisfy the specified condition.

19 (2) The obligations of a limited liability company and its members to
20 a person in the person's capacity as a transferee or a person dissociated as
21 a member are governed by the operating agreement. Subject only to a court
22 order issued under Section 30-24-503(2) (b) to effectuate a charging order,
23 an amendment to the operating agreement made after a person becomes a trans-
24 feree or is dissociated as a member:

25 (a) Is effective with regard to any debt, obligation, or other liabil-
26 ity of the limited liability company or its members to the person in the
27 person's capacity as a transferee or person dissociated as a member; and

28 (b) Is not effective to the extent the amendment imposes a new debt,
29 obligation, or other liability on the transferee or person dissociated
30 as a member.

31 (3) If a record delivered by a limited liability company to the sec-
32 retary of state for filing becomes effective and contains a provision that
33 would be ineffective under Section 30-24-105(3) or (4) (3) if contained in
34 the operating agreement, the provision is ineffective in the record.

35 (4) Subject to subsection (3), if a record delivered by a limited li-
36 ability company to the secretary of state for filing becomes effective and
37 conflicts with a provision of the operating agreement:

38 (a) The agreement prevails as to members, persons dissociated as mem-
39 bers, transferees, and managers; and

40 (b) The record prevails as to other persons to the extent they reason-
41 ably rely on the record.

42 30-24-108. NATURE, PURPOSE AND DURATION OF LIMITED LIABILITY COM-
43 PANY. (1) A limited liability company is an entity distinct from its member
44 or members.

45 (2) A limited liability company may have any lawful purpose.

46 (3) A limited liability company has perpetual duration.

1 30-24-109. POWERS. A limited liability company has the capacity to sue
2 and be sued in its own name and the power to do all things necessary or conven-
3 nient to carry on its activities and affairs.

4 30-24-110. APPLICATION TO EXISTING RELATIONSHIPS. (1) Before July 1,
5 2015, this chapter governs only:

- 6 (a) A limited liability company formed on or after July 1, 2013; and
- 7 (b) Except as otherwise provided in subsection (3), a limited liability
- 8 company formed before July 1, 2013, which elects, in the manner provided
- 9 in its operating agreement or by law for amending the operating agree-
- 10 ment, to be subject to this chapter.

11 (2) Except as otherwise provided in subsection (3), on and after July 1,
12 2015, this chapter governs all limited liability companies.

13 (3) For purposes of applying this chapter to a limited liability com-
14 pany formed before July 1, 2008:

- 15 (a) The company's articles of organization are deemed to be the com-
- 16 pany's certificate of organization; and
- 17 (b) For purposes of applying Section 30-24-102(10) and subject to Sec-
- 18 tion 30-24-107(4), language in the company's articles of organization
- 19 designating the company's management structure operates as if that lan-
- 20 guage were in the operating agreement.

21 SECTION 37. That Chapter 24, Title 30, Idaho Code, be, and the same is
22 hereby amended by the addition thereto of a NEW PART, to be known and desig-
23 nated as Part 2, Chapter 24, Title 30, Idaho Code, and to read as follows:

24 PART 2
25 FORMATION; CERTIFICATE OF ORGANIZATION AND OTHER FILINGS

26 30-24-201. FORMATION OF LIMITED LIABILITY COMPANY -- CERTIFICATE OF
27 ORGANIZATION. (1) One or more persons may act as organizers to form a limited
28 liability company by delivering to the secretary of state for filing a cer-
29 tificate of organization.

- 30 (2) A certificate of organization must state:
- 31 (a) The name of the limited liability company, which must comply with
- 32 Sections 30-20-301 and 30-20-302(4);
- 33 (b) The street and mailing addresses of the company's principal office;
- 34 (c) The information required by section 30-20-404(1);
- 35 (d) The name and mailing address of at least one (1) governor of the com-
- 36 pany; and
- 37 (e) If the company is a professional entity, a statement that the com-
- 38 pany is a professional limited liability company and the principal
- 39 profession or professions for which the company's members are duly
- 40 licensed or otherwise legally authorized to render professional ser-
- 41 vices.

42 (3) A certificate of organization may contain statements as to matters
43 other than those required by subsection (2), but may not vary or otherwise
44 affect the provisions specified in Section 30-24-105(3) in a manner incon-
45 sistent with that section. However, a statement in a certificate of organi-
46 zation is not effective as a statement of authority. The secretary of state
47 shall not accept operating agreements for filing.

1 (4) A limited liability company is formed when the company's certifi-
2 cate of organization becomes effective.

3 30-24-202. AMENDMENT OR RESTATEMENT OF CERTIFICATE OF ORGANIZA-
4 TION. (1) A certificate of organization may be amended or restated at any
5 time.

6 (2) To amend its certificate of organization, a limited liability com-
7 pany must deliver to the secretary of state for filing an amendment stating:

8 (a) The name of the company;

9 (b) The date of filing of its initial certificate of organization; and

10 (c) The changes the amendment makes to the certificate as most recently
11 amended or restated.

12 (3) To restate its certificate of organization, a limited liability
13 company must deliver to the secretary of state for filing a restatement des-
14 ignated as such in its heading.

15 (4) If a member of a member-managed limited liability company, or a man-
16 ager of a manager-managed limited liability company, knows that any informa-
17 tion in a filed certificate of organization was inaccurate when the certifi-
18 cate was filed or has become inaccurate due to changed circumstances, the
19 member or manager shall promptly:

20 (a) Cause the certificate to be amended; or

21 (b) If appropriate, deliver to the secretary of state for filing a
22 statement of change under Section 30-20-407 or a statement of correc-
23 tion under Section 30-20-205.

24 30-24-203. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY
25 OF STATE. Except as otherwise provided in Section 30-20-209, a record de-
26 livered to the secretary of state for filing pursuant to this title must be
27 signed as follows:

28 (1) Except as otherwise provided in subsections (2) and (3), a record
29 signed on behalf of a limited liability company must be signed by a person
30 authorized by the company.

31 (2) A company's initial certificate of organization must be signed by
32 at least one person acting as an organizer.

33 (3) A record delivered on behalf of a dissolved company that has no mem-
34 ber must be signed by the person winding up the company's activities and af-
35 fairs under Section 30-24-702(3) or a person appointed under Section 30-24-
36 702(4) to wind up the activities and affairs.

37 (4) A statement of denial by a person under Section 30-24-303 must be
38 signed by that person.

39 (5) Any other record delivered on behalf of a person to the secretary of
40 state for filing must be signed by that person.

41 30-24-204. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. (1)
42 If a record delivered to the secretary of state for filing under this title
43 and filed by the secretary of state contains inaccurate information, a per-
44 son that suffers loss by reliance on the information may recover damages for
45 the loss from subject to subsection (2), a member of a member-managed limited
46 liability company or the manager of a manager-managed limited liability com-
47 pany, if:

- 1 (a) The record was delivered for filing on behalf of the company; and
 2 (b) The member or manager had notice of the inaccuracy for a reasonably
 3 sufficient time before the information was relied upon so that, before
 4 the reliance, the member or manager reasonably could have:
 5 (i) Effected an amendment under Section 30-24-202;
 6 (ii) Filed a petition under Section 30-24-204; or
 7 (iii) Delivered to the secretary of state for filing a statement
 8 of change under Section 1 406 or a statement of correction under
 9 Section 30-20-205.

10 (2) To the extent that the operating agreement of a member-managed
 11 limited liability company expressly relieves a member of responsibility for
 12 maintaining the accuracy of information contained in records delivered on
 13 behalf of the company to the secretary of state for filing under this title
 14 and imposes that responsibility on one or more other members, the liability
 15 stated in subsection (a) applies to those other members and not to the member
 16 that the operating agreement relieves of the responsibility.

17 SECTION 38. That Chapter 24, Title 30, Idaho Code, be, and the same is
 18 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 19 nated as Part 3, Chapter 24, Title 30, Idaho Code, and to read as follows:

20 PART 3

21 RELATIONS OF MEMBERS AND MANAGERS TO PERSONS DEALING WITH LIMITED LIABILITY
 22 COMPANY

23 30-24-301. NO AGENCY POWER OF MEMBER AS MEMBER. (1) A member is not an
 24 agent of a limited liability company solely by reason of being a member.

25 (2) A person's status as a member does not prevent or restrict law other
 26 than this title from imposing liability on a limited liability company be-
 27 cause of the person's conduct.

28 30-24-302. STATEMENT OF AUTHORITY. (1) A limited liability company
 29 may deliver to the secretary of state for filing a statement of authority.
 30 The statement:

- 31 (a) Must include the name of the company and the information required by
 32 section 30-20-404(1);
 33 (b) With respect to any position that exists in or with respect to the
 34 company, may state the authority, or limitations on the authority, of
 35 all persons holding the position to:
 36 (i) Execute an instrument transferring real property held in the
 37 name of the company; or
 38 (ii) Enter into other transactions on behalf of, or otherwise act
 39 for or bind, the company; and
 40 (iii) May state the authority, or limitations on the authority, of
 41 a specific person to:
 42 1. Execute an instrument transferring real property held in
 43 the name of the company; or
 44 2. Enter into other transactions on behalf of, or otherwise
 45 act for or bind, the company.

1 (2) To amend or cancel a statement of authority filed by the secretary
2 of state, a limited liability company must deliver to the secretary of state
3 for filing an amendment or cancellation stating:

4 (a) The name of the company;

5 (b) The information required by section 30-20-404(1);

6 (c) The date the statement being affected became effective; and

7 (d) The contents of the amendment or a declaration that the statement is
8 canceled.

9 (3) A statement of authority affects only the power of a person to bind a
10 limited liability company to persons that are not members.

11 (4) Subject to subsection (3) and Section 30-24-103(4), and except as
12 otherwise provided in subsections (6), (7) and (8), a limitation on the au-
13 thority of a person or a position contained in an effective statement of au-
14 thority is not by itself evidence of knowledge or notice of the limitation by
15 any person.

16 (5) Subject to subsection (3), a grant of authority not pertaining to
17 transfers of real property and contained in an effective statement of au-
18 thority is conclusive in favor of a person that gives value in reliance on the
19 grant, except to the extent that when the person gives value:

20 (a) The person has knowledge to the contrary;

21 (b) The statement has been canceled or restrictively amended under sub-
22 section (b); or

23 (c) A limitation on the grant is contained in another statement of au-
24 thority that became effective after the statement containing the grant
25 became effective.

26 (6) Subject to subsection (3), an effective statement of authority that
27 grants authority to transfer real property held in the name of the limited
28 liability company is conclusive in favor of a person that gives value in re-
29 liance on the grant without knowledge to the contrary, except to the extent
30 that when the person gives value:

31 (a) The statement has been canceled or restrictively amended under sub-
32 section (b); or

33 (b) A limitation on the grant is contained in another statement of au-
34 thority that became effective after the statement containing the grant
35 became effective.

36 (7) Subject to subsection (3), if an effective statement of authority
37 contains a limitation on the authority to transfer real property held in the
38 name of a limited liability company, all persons are deemed to know of the
39 limitation.

40 (8) Subject to subsection (9), an effective statement of dissolution
41 or termination is a cancellation of any filed statement of authority for the
42 purposes of subsection (6) and is a limitation on authority for the purposes
43 of subsection (7).

44 (9) After a statement of dissolution becomes effective, a limited lia-
45 bility company may deliver to the secretary of state for filing a statement
46 of authority that is designated as a post-dissolution statement of author-
47 ity. The statement operates as provided in subsections (6) and (7).

48 (10) Unless earlier canceled, an effective statement of authority is
49 canceled by operation of law five years after the date on which the state-
50 ment, or its most recent amendment, becomes effective.

1 (11) An effective statement of denial operates as a restrictive amend-
2 ment under this section.

3 30-24-303. STATEMENT OF DENIAL. A person named in a filed statement
4 of authority granting that person authority may deliver to the secretary of
5 state for filing a statement of denial that:

6 (1) Provides the name of the limited liability company and the caption
7 of the statement of authority to which the statement of denial pertains; and

8 (2) Denies the grant of authority.

9 30-24-304. LIABILITY OF MEMBERS AND MANAGERS. (1) A debt, obligation,
10 or other liability of a limited liability company is solely the debt, obli-
11 gation, or other liability of the company. A member or manager is not per-
12 sonally liable, directly or indirectly, by way of contribution or otherwise,
13 for a debt, obligation, or other liability of the company solely by reason of
14 being or acting as a member or manager. This subsection applies regardless
15 of the dissolution of the company.

16 (2) The failure of a limited liability company to observe formalities
17 relating to the exercise of its powers or management of its activities and
18 affairs is not a ground for imposing liability on a member or manager of the
19 company for a debt, obligation, or other liability of the company.

20 SECTION 39. That Chapter 24, Title 30, Idaho Code, be, and the same is
21 hereby amended by the addition thereto of a NEW PART, to be known and desig-
22 nated as Part 4, Chapter 24, Title 30, Idaho Code, and to read as follows:

23 PART 4

24 RELATIONS OF MEMBERS TO EACH OTHER AND TO LIMITED LIABILITY COMPANY

25 30-24-401. BECOMING MEMBER. (1) If a limited liability company is to
26 have only one member upon formation, the person becomes a member as agreed by
27 that person and the organizer of the company. That person and the organizer
28 may be, but need not be, different persons. If different, the organizer acts
29 on behalf of the initial member.

30 (2) If a limited liability company is to have more than one member upon
31 formation, those persons become members as agreed by the persons before the
32 formation of the company. The organizer acts on behalf of the persons in
33 forming the company and may be, but need not be, one of the persons.

34 (3) After formation of a limited liability company, a person becomes a
35 member:

36 (a) As provided in the operating agreement;

37 (b) As the result of a transaction effective under Chapter 2;

38 (c) With the consent of all the members; or

39 (d) As provided in Section 30-24-701(1)(c).

40 (4) A person may become a member without:

41 (a) Acquiring a transferable interest; or

42 (b) Making or being obligated to make a contribution to the limited lia-
43 bility company.

44 30-24-402. FORM OF CONTRIBUTION. A contribution may consist of prop-
45 erty transferred to, services performed for, or another benefit provided to

1 the limited liability company or an agreement to transfer property to, per-
2 form services for, or provide another benefit to the company.

3 30-24-403. LIABILITY FOR CONTRIBUTION. (1) A person's obligation to
4 make a contribution to a limited liability company is not excused by the per-
5 son's death, disability, or other inability to perform personally.

6 (2) If a person does not fulfill an obligation to make a contribution
7 other than money, the person is obligated at the option of the limited lia-
8 bility company to contribute money equal to the value of the part of the con-
9 tribution which has not been made.

10 (3) The obligation of a person to make a contribution may be compromised
11 only by consent of all members. If a creditor of a limited liability com-
12 pany extends credit or otherwise acts in reliance on an obligation described
13 in subsection (1) without notice of a compromise under this subsection, the
14 creditor may enforce the obligation.

15 30-24-404. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLU-
16 TION. (1) Any distributions made by a limited liability company before its
17 dissolution and winding up must be in equal shares among members and per-
18 sons dissociated as members, except to the extent necessary to comply with a
19 transfer effective under Section 30-24-502 or charging order in effect under
20 Section 30-24-503.

21 (2) A person has a right to a distribution before the dissolution and
22 winding up of a limited liability company only if the company decides to make
23 an interim distribution. A person's dissociation does not entitle the per-
24 son to a distribution.

25 (3) A person does not have a right to demand or receive a distribution
26 from a limited liability company in any form other than money. Except as
27 otherwise provided in Section 30-24-707(4), a limited liability company may
28 distribute an asset in kind only if each part of the asset is fungible with
29 each other part and each person receives a percentage of the asset equal in
30 value to the person's share of distributions.

31 (4) If a member or transferee becomes entitled to receive a distribu-
32 tion, the member or transferee is entitled to all remedies available to a
33 creditor of the limited liability company with respect to the distribution.
34 However, the company's obligation to make a distribution is subject to off-
35 set for any amount owed to the company by the member or a person dissociated
36 as a member on whose account the distribution is made.

37 30-24-405. LIMITATIONS ON DISTRIBUTIONS. (1) A limited liability
38 company may not make a distribution, including a distribution under Section
39 30-24-707, if after the distribution:

40 (a) The company would not be able to pay its debts as they become due in
41 the ordinary course of the company's activities and affairs; or

42 (b) The company's total assets would be less than the sum of its total
43 liabilities plus, unless the operating agreement permits otherwise,
44 the amount that would be needed, if the company were to be dissolved and
45 wound up at the time of the distribution, to satisfy the preferential
46 rights upon dissolution and winding up of members and transferees whose

1 preferential rights are superior to those of persons receiving the dis-
2 tribution.

3 (2) A limited liability company may base a determination that a distri-
4 bution is not prohibited under subsection (1) on:

5 (a) Financial statements prepared on the basis of accounting practices
6 and principles that are reasonable in the circumstances; or

7 (b) A fair valuation or other method that is reasonable under the cir-
8 cumstances.

9 (3) Except as otherwise provided in subsection (5), the effect of a dis-
10 tribution under subsection (a) is measured:

11 (a) In the case of a distribution as defined in Section 30-24-
12 102(3) (a), as of the earlier of:

13 (i) The date money or other property is transferred or debt is in-
14 curred by the company; or

15 (ii) The date the person entitled to the distribution ceases to
16 own the interest or right being acquired by the company in return
17 for the distribution;

18 (b) In the case of any other distribution of indebtedness, as of the
19 date the indebtedness is distributed; and

20 (c) In all other cases, as of the date:

21 (i) The distribution is authorized, if the payment occurs not
22 later than 120 days after that date; or

23 (ii) The payment is made, if the payment occurs more than 120 days
24 after the distribution is authorized.

25 (4) A limited liability company's indebtedness to a member or trans-
26 feree incurred by reason of a distribution made in accordance with this sec-
27 tion is at parity with the company's indebtedness to its general, unsecured
28 creditors, except to the extent subordinated by agreement.

29 (5) A limited liability company's indebtedness, including indebted-
30 ness issued as a distribution, is not a liability for purposes of subsec-
31 tion (1) if the terms of the indebtedness provide that payment of principal
32 and interest is made only if and to the extent that payment of a distribu-
33 tion could then be made under this section. If the indebtedness is issued as
34 a distribution, each payment of principal or interest is treated as a distri-
35 bution, the effect of which is measured on the date the payment is made.

36 (6) In measuring the effect of a distribution under Section 30-24-707,
37 the liabilities of a dissolved limited liability company do not include
38 any claim that has been disposed of under Section 30-24-704, 30-24-705, or
39 30-24-706.

40 30-24-406. LIABILITY FOR IMPROPER DISTRIBUTIONS. (1) Except as oth-
41 erwise provided in subsection (2), if a member of a member-managed limited
42 liability company or manager of a manager-managed limited liability company
43 consents to a distribution made in violation of Section 30-24-405 and in con-
44 senting to the distribution fails to comply with Section 30-24-409, the mem-
45 ber or manager is personally liable to the company for the amount of the dis-
46 tribution which exceeds the amount that could have been distributed without
47 the violation of Section 30-24-405.

48 (2) To the extent the operating agreement of a member-managed limited
49 liability company expressly relieves a member of the authority and responsi-

1 bility to consent to distributions and imposes that authority and responsi-
2 bility on one or more other members, the liability stated in subsection (1)
3 applies to the other members and not the member that the operating agreement
4 relieves of authority and responsibility.

5 (3) A person that receives a distribution knowing that the distribution
6 violated Section 30-24-405 is personally liable to the limited liability
7 company but only to the extent that the distribution received by the per-
8 son exceeded the amount that could have been properly paid under Section
9 30-24-405.

10 (4) A person against which an action is commenced because the person is
11 liable under subsection (1) may:

12 (a) Implead any other person that is liable under subsection (1) and
13 seek to enforce a right of contribution from the person; and

14 (b) Implead any person that received a distribution in violation of
15 subsection (3) and seek to enforce a right of contribution from the per-
16 son in the amount the person received in violation of subsection (3).

17 (5) An action under this section is barred unless commenced not later
18 than two years after the distribution.

19 30-24-407. MANAGEMENT OF LIMITED LIABILITY COMPANY. (1) A limited li-
20 ability company is a member-managed limited liability company unless the op-
21 erating agreement:

22 (a) Expressly provides that:

23 (i) The company is or will be "manager-managed";

24 (ii) The company is or will be "managed by managers"; or

25 (iii) Management of the company is or will be "vested in managers";

26 or

27 (b) Includes words of similar import.

28 (2) In a member-managed limited liability company, as among the mem-
29 bers, the following rules apply:

30 (a) Except as otherwise provided in this chapter, the management and
31 conduct of the company are vested in the members.

32 (b) Each member has equal rights in the management and conduct of the
33 company's activities and affairs.

34 (c) A difference arising among members as to a matter in the ordinary
35 course of the activities of the company may be decided by a majority of
36 the members.

37 (d) An act outside the ordinary course of the activities and affairs of
38 the company may be undertaken only with the affirmative vote or consent
39 of all members.

40 (e) The affirmative vote or consent of all members is required to ap-
41 prove a transaction under Chapter 2.

42 (f) The operating agreement may be amended only with the affirmative
43 vote or consent of all members.

44 (3) In a manager-managed limited liability company, as among the mem-
45 bers and the managers, the following rules apply:

46 (a) Except as otherwise provided in this chapter, any matter relating
47 to the activities and affairs of the company is decided exclusively by
48 the manager, or, if there is more than one manager, by a majority of the
49 managers.

1 (b) Each manager has equal rights in the management and conduct of the
2 company's activities and affairs.

3 (c) The affirmative vote or consent of all members is required to:

4 (i) Approve a transaction under Chapter 2;

5 (ii) Undertake any act outside the ordinary course of the com-
6 pany's activities and affairs; or

7 (iii) Amend the operating agreement.

8 (d) A manager may be chosen at any time by the consent of a majority of
9 the members and remains a manager until a successor has been chosen, un-
10 less the manager at an earlier time resigns, is removed, or dies, or, in
11 the case of a manager that is not an individual, terminates. A manager
12 may be removed at any time by the consent of a majority of the members
13 without notice or cause.

14 (e) A person need not be a member to be a manager, but the dissociation
15 of a member that is also a manager removes the person as a manager. If a
16 person that is both a manager and a member ceases to be a manager, that
17 cessation does not by itself dissociate the person as a member.

18 (f) A person's ceasing to be a manager does not discharge any debt,
19 obligation, or other liability to the limited liability company or mem-
20 bers which the person incurred while a manager.

21 (4) An action requiring the vote or consent of members under this ti-
22 tle may be taken without a meeting, and a member may appoint a proxy or other
23 agent to vote, consent, or otherwise act for the member by signing an ap-
24 pointing record, personally or by the member's agent.

25 (5) The dissolution of a limited liability company does not affect the
26 applicability of this section. However, a person that wrongfully causes
27 dissolution of the company loses the right to participate in management as a
28 member and a manager.

29 (6) A limited liability company shall reimburse a member for an advance
30 to the company beyond the amount of capital the member agreed to contribute.

31 (7) A payment or advance made by a member which gives rise to an obliga-
32 tion of the limited liability company under subsection (6) or Section 30-24-
33 408(1) constitutes a loan to the company which accrues interest from the date
34 of the payment or advance.

35 (8) A member is not entitled to remuneration for services performed for
36 a member-managed limited liability company, except for reasonable compensa-
37 tion for services rendered in winding up the activities of the company.

38 30-24-408. REIMBURSEMENT, INDEMNIFICATION, ADVANCEMENT AND IN-
39 SURANCE. (1) A limited liability company shall reimburse a member of a
40 member-managed company or the manager of a manager-managed company for any
41 payment made by the member or manager in the course of the member's or man-
42 ager's activities on behalf of the company, if the member or manager complied
43 with Sections 30-24-407 and 30-24-409 in making the payment.

44 (2) A limited liability company shall indemnify and hold harmless a
45 person with respect to any claim or demand against the person and any debt,
46 obligation, or other liability incurred by the person by reason of the
47 person's former or present capacity as a member or manager, if the claim, de-
48 mand, debt, obligation, or other liability does not arise from the person's
49 breach of Section 30-24-405, 30-24-407, or 30-24-409.

1 (3) In the ordinary course of its activities and affairs, a limited li-
2 ability company may advance reasonable expenses, including attorney's fees
3 and costs, incurred by a person in connection with a claim or demand against
4 the person by reason of the person's former or present capacity as a member or
5 manager, if the person promises to repay the company if the person ultimately
6 is determined not to be entitled to be indemnified under subsection (2).

7 (4) A limited liability company may purchase and maintain insurance
8 on behalf of a member or manager of the company against liability asserted
9 against or incurred by the member or manager in that capacity or arising from
10 that status even if, under Section 30-24-105(3)(g), the operating agreement
11 could not eliminate or limit the person's liability to the company for the
12 conduct giving rise to the liability.

13 30-24-409. STANDARDS OF CONDUCT FOR MEMBERS AND MANAGERS. (1) A mem-
14 ber of a member-managed limited liability company owes to the company and,
15 subject to Section 30-24-801(2), the other members the duties of loyalty and
16 care stated in subsections (2) and (3).

17 (2) The fiduciary duty of loyalty of a member in a member-managed lim-
18 ited liability company includes the duties:

19 (a) To account to the company and to hold as trustee for it any property,
20 profit, or benefit derived by the member:

21 (i) In the conduct or winding up of the company's activities and
22 affairs;

23 (ii) From a use by the member of the company's property; or

24 (iii) From the appropriation of a company opportunity;

25 (b) To refrain from dealing with the company in the conduct or winding
26 up of the company's activities and affairs as or on behalf of a person
27 having an interest adverse to the company; and

28 (c) To refrain from competing with the company in the conduct of the
29 company's activities and affairs before the dissolution of the company.

30 (3) The duty of care of a member of a member-managed limited liability
31 company in the conduct or winding up of the company's activities and affairs
32 is to refrain from engaging in grossly negligent or reckless conduct, inten-
33 tional misconduct, or a knowing violation of law.

34 (4) A member shall discharge the duties and obligations under this ti-
35 tle or under the operating agreement and exercise any rights consistently
36 with the contractual obligation of good faith and fair dealing.

37 (5) A member does not violate a duty or obligation under this title or
38 under the operating agreement solely because the member's conduct furthers
39 the member's own interest.

40 (6) All the members of a member-managed limited liability company or
41 a manager-managed limited liability company may authorize or ratify, after
42 full disclosure of all material facts, a specific act or transaction that
43 otherwise would violate the duty of loyalty.

44 (7) It is a defense to a claim under subsection (2)(b) and any compara-
45 ble claim in equity or at common law that the transaction was fair to the lim-
46 ited liability company.

47 (8) If, as permitted by subsection (6) or (9)(f) or the operating agree-
48 ment, a member enters into a transaction with the limited liability company
49 which otherwise would be prohibited by subsection (2)(b), the member's

1 rights and obligations arising from the transaction are the same as those of
2 a person that is not a member.

3 (9) In a manager-managed limited liability company, the following
4 rules apply:

5 (a) Subsections (1), (2), (3) and (7) apply to the manager or managers
6 and not the members.

7 (b) The duty stated under subsection (2) (c) continues until winding up
8 is completed.

9 (c) Subsection (4) applies to managers and members.

10 (d) Subsection (5) applies only to members.

11 (e) The power to ratify under subsection (6) applies only to the mem-
12 bers.

13 (f) Subject to subsection (4), a member does not have any duty to the
14 company or to any other member solely by reason of being a member.

15 30-24-410. RIGHTS OF MEMBER, MANAGER AND PERSON DISSOCIATED AS MEMBER
16 TO INFORMATION. (1) In a member-managed limited liability company, the fol-
17 lowing rules apply:

18 (a) On reasonable notice, a member may inspect and copy during regular
19 business hours, at a reasonable location specified by the company, any
20 record maintained by the company regarding the company's activities,
21 affairs, financial condition, and other circumstances, to the extent
22 the information is material to the member's rights and duties under the
23 operating agreement or this title.

24 (b) The company shall furnish to each member:

25 (i) Without demand, any information concerning the company's ac-
26 tivities, affairs, financial condition, and other circumstances
27 which the company knows and is material to the proper exercise of
28 the member's rights and duties under the operating agreement or
29 this title, except to the extent the company can establish that it
30 reasonably believes the member already knows the information; and

31 (ii) On demand, any other information concerning the company's
32 activities, affairs, financial condition, and other circum-
33 stances, except to the extent the demand or information demanded
34 is unreasonable or otherwise improper under the circumstances.

35 (c) The duty to furnish information under paragraph (b) also applies
36 to each member to the extent the member knows any of the information de-
37 scribed in paragraph (b).

38 (2) In a manager-managed limited liability company, the following
39 rules apply:

40 (a) The informational rights stated in subsection (1) and the duty
41 stated in subsection (1) (c) apply to the managers and not the members.

42 (b) During regular business hours and at a reasonable location speci-
43 fied by the company, a member may inspect and copy full information re-
44 garding the activities, affairs, financial condition, and other cir-
45 cumstances of the company as is just and reasonable if:

46 (i) The member seeks the information for a purpose reasonably re-
47 lated to the member's interest as a member;

1 (ii) The member makes a demand in a record received by the company,
2 describing with reasonable particularity the information sought
3 and the purpose for seeking the information; and

4 (iii) The information sought is directly connected to the mem-
5 ber's purpose.

6 (c) Not later than 10 days after receiving a demand pursuant to para-
7 graph (b) (ii), the company shall in a record inform the member that made
8 the demand of:

9 (i) The information that the company will provide in response to
10 the demand and when and where the company will provide the informa-
11 tion; and

12 (ii) The company's reasons for declining, if the company declines
13 to provide any demanded information.

14 (d) Whenever this title or an operating agreement provides for a mem-
15 ber to give or withhold consent to a matter, before the consent is given
16 or withheld, the company shall, without demand, provide the member with
17 all information that is known to the company and is material to the mem-
18 ber's decision.

19 (3) Subject to subsection (9), on 10 days' demand made in a record re-
20 ceived by a limited liability company, a person dissociated as a member may
21 have access to information to which the person was entitled while a member
22 if:

23 (a) The information pertains to the period during which the person was a
24 member;

25 (b) The person seeks the information in good faith; and

26 (c) The person satisfies the requirements imposed on a member by sub-
27 section (2) (b).

28 (4) A limited liability company shall respond to a demand made pursuant
29 to subsection (3) in the manner provided in subsection (2) (c).

30 (5) A limited liability company may charge a person that makes a demand
31 under this section the reasonable costs of copying, limited to the costs of
32 labor and material.

33 (6) A member or person dissociated as a member may exercise rights under
34 this section through an agent or, in the case of an individual under legal
35 disability, a legal representative. Any restriction or condition imposed by
36 the operating agreement or under subsection (9) applies both to the agent or
37 legal representative and the member or person dissociated as a member.

38 (7) Subject to subsection (9), the rights under this section do not ex-
39 tend to a person as transferee.

40 (8) If a member dies, Section 30-24-504 applies.

41 (9) In addition to any restriction or condition stated in the operat-
42 ing agreement, a limited liability company, as a matter within the ordinary
43 course of its activities and affairs, may impose reasonable restrictions
44 and conditions on access to and use of information to be furnished under
45 this section, including designating information confidential and imposing
46 nondisclosure and safeguarding obligations on the recipient. In a dispute
47 concerning the reasonableness of a restriction under this subsection, the
48 company has the burden of proving reasonableness.

1 SECTION 40. That Chapter 24, Title 30, Idaho Code, be, and the same is
2 hereby amended by the addition thereto of a NEW PART, to be known and desig-
3 nated as Part 5, Chapter 24, Title 30, Idaho Code, and to read as follows:

4 PART 5

5 TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

6 30-24-501. NATURE OF TRANSFERABLE INTEREST. A transferable interest
7 is personal property.

8 30-24-502. TRANSFER OF TRANSFERABLE INTEREST. (1) Subject to Section
9 30-24-503(6), a transfer, in whole or in part, of a transferable interest:

10 (a) Is permissible, except the transfer of a transferable interest in a
11 professional entity is not permissible without compliance with section
12 30-20-709(9);

13 (b) Does not by itself cause a member's dissociation or a dissolution
14 and winding up of the limited liability company's activities and af-
15 fairs; and

16 (c) Subject to Section 30-24-504, does not entitle the transferee to:

17 (i) Participate in the management or conduct of the company's ac-
18 tivities and affairs; or

19 (ii) Except as otherwise provided in subsection (3), have access
20 to records or other information concerning the company's activi-
21 ties and affairs.

22 (2) A transferee has the right to receive, in accordance with the trans-
23 fer, distributions to which the transferor would otherwise be entitled.

24 (3) In a dissolution and winding up of a limited liability company, a
25 transferee is entitled to an account of the company's transactions only from
26 the date of dissolution.

27 (4) A transferable interest may be evidenced by a certificate of the in-
28 terest issued by the limited liability company in a record, and, subject to
29 this section, the interest represented by the certificate may be transferred
30 by a transfer of the certificate.

31 (5) A limited liability company need not give effect to a transferee's
32 rights under this section until the company knows or has notice of the trans-
33 fer.

34 (6) A transfer of a transferable interest in violation of a restriction
35 on transfer contained in the operating agreement is ineffective as to a per-
36 son having knowledge or notice of the restriction at the time of transfer.

37 (7) Except as otherwise provided in Section 30-24-602(5)(b), if a mem-
38 ber transfers a transferable interest, the transferor retains the rights of
39 a member other than the transferable interest transferred and retains all
40 the duties and obligations of a member.

41 (8) If a member transfers a transferable interest to a person that
42 becomes a member with respect to the transferred interest, the trans-
43 feree is liable for the member's obligations under Sections 30-24-403 and
44 30-24-406(3) known to the transferee when the transferee becomes a member.

45 30-24-503. CHARGING ORDER. (1) On application by a judgment creditor
46 of a member or transferee, a court may enter a charging order against the
47 transferable interest of the judgment debtor for the unsatisfied amount of

1 the judgment. Except as otherwise provided in subsection (6), a charging or-
2 der constitutes a lien on a judgment debtor's transferable interest and re-
3 quires the limited liability company to pay over to the person to which the
4 charging order was issued any distribution that otherwise would be paid to
5 the judgment debtor.

6 (2) To the extent necessary to effectuate the collection of distribu-
7 tions pursuant to a charging order in effect under subsection (1), the court
8 may:

9 (a) Appoint a receiver of the distributions subject to the charging or-
10 der, with the power to make all inquiries the judgment debtor might have
11 made; and

12 (b) Make all other orders necessary to give effect to the charging or-
13 der.

14 (3) Upon a showing that distributions under a charging order will not
15 pay the judgment debt within a reasonable time, the court may foreclose the
16 lien and order the sale of the transferable interest. Except as otherwise
17 provided in subsection (6), the purchaser at the foreclosure sale only ob-
18 tains the transferable interest, does not thereby become a member, and is
19 subject to Section 30-24-502.

20 (4) At any time before foreclosure under subsection (3), the member or
21 transferee whose transferable interest is subject to a charging order under
22 subsection (1) may extinguish the charging order by satisfying the judgment
23 and filing a certified copy of the satisfaction with the court that issued
24 the charging order.

25 (5) At any time before foreclosure under subsection (3), a limited
26 liability company or one or more members whose transferable interests are
27 not subject to the charging order may pay to the judgment creditor the full
28 amount due under the judgment and thereby succeed to the rights of the judg-
29 ment creditor, including the charging order.

30 (6) If a court orders foreclosure of a charging order lien against the
31 sole member of a limited liability company:

32 (a) The court shall confirm the sale;

33 (b) The purchaser at the sale obtains the member's entire interest, not
34 only the member's transferable interest;

35 (c) The purchaser thereby becomes a member; and

36 (d) The person whose interest was subject to the foreclosed charging
37 order is dissociated as a member.

38 (7) This title does not deprive any member or transferee of the benefit
39 of any exemption laws applicable to the transferable interest of the member
40 or transferee.

41 (8) This section provides the exclusive remedy by which a person seek-
42 ing to enforce a judgment against a member or transferee may, in the capacity
43 of judgment creditor, satisfy the judgment from the judgment debtor's trans-
44 ferable interest.

45 30-24-504. POWER OF LEGAL REPRESENTATIVE OF DECEASED MEMBER. If a mem-
46 ber dies, the deceased member's legal representative may exercise:

47 (1) The rights of a transferee provided in Section 30-24-502(3); and

48 (2) For the purposes of settling the estate, the rights the deceased
49 member had under Section 30-24-410.

1 SECTION 41. That Chapter 24, Title 30, Idaho Code, be, and the same is
 2 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 3 nated as Part 6, Chapter 24, Title 30, Idaho Code, and to read as follows:

4 PART 6
 5 DISSOCIATION

6 30-24-601. POWER TO DISSOCIATE AS MEMBER -- WRONGFUL DISSOCIA-
 7 TION. (1) A person has the power to dissociate as a member at any time,
 8 rightfully or wrongfully, by withdrawing as a member by express will under
 9 Section 30-24-602(1).

10 (2) A person's dissociation as a member is wrongful only if the dissoci-
 11 ation:

12 (a) Is in breach of an express provision of the operating agreement; or

13 (b) Occurs before the completion of the winding up of the company and:

14 (i) The person withdraws as a member by express will;

15 (ii) The person is expelled as a member by judicial order under
 16 Section 30-24-602(6);

17 (iii) The person is dissociated under Section 30-24-602(8); or

18 (iv) In the case of a person that is not a trust other than a busi-
 19 ness trust, an estate, or an individual, the person is expelled or
 20 otherwise dissociated as a member because it willfully dissolved
 21 or terminated.

22 (3) A person that wrongfully dissociates as a member is liable to the
 23 limited liability company and, subject to Section 30-24-801, to the other
 24 members for damages caused by the dissociation. The liability is in addition
 25 to any debt, obligation, or other liability of the member to the company or
 26 the other members.

27 30-24-602. EVENTS CAUSING DISSOCIATION. A person is dissociated as a
 28 member when:

29 (1) The company has notice of the person's express will to withdraw as
 30 a member, but, if the person specified a withdrawal date later than the date
 31 the company had notice, on that later date;

32 (2) An event stated in the operating agreement as causing the person's
 33 dissociation occurs;

34 (3) The person's entire interest is transferred in a foreclosure sale
 35 under Section 30-24-503(6);

36 (4) The person is expelled as a member pursuant to the operating agree-
 37 ment;

38 (5) The person is expelled as a member by the unanimous consent of the
 39 other members if:

40 (a) It is unlawful to carry on the company's activities and affairs with
 41 the person as a member;

42 (b) There has been a transfer of all of the person's transferable inter-
 43 est in the company, other than:

44 (i) A transfer for security purposes; or

45 (ii) A charging order in effect under Section 30-24-503 which has
 46 not been foreclosed;

47 (c) The person is a corporation and:

- 1 (i) The company notifies the person that it will be expelled as a
2 member because the person has filed a certificate of dissolution
3 or the equivalent, its charter has been revoked, or its right to
4 conduct business has been suspended by the jurisdiction of its in-
5 corporation; and
6 (ii) Not later than 90 days after the notification, the certifi-
7 cate of dissolution or the equivalent has not been revoked or its
8 charter or right to conduct business has not been reinstated; or
9 (d) The person is an unincorporated entity that has been dissolved and
10 whose business is being wound up;
- 11 (6) On application by the company or a member in a direct action under
12 Section 30-24-801, the person is expelled as a member by judicial order be-
13 cause the person:
- 14 (a) Has engaged or is engaging in wrongful conduct that has affected
15 adversely and materially, or will affect adversely and materially, the
16 company's activities and affairs;
- 17 (b) Has committed willfully or persistently, or is committing will-
18 fully and persistently, a material breach of the operating agreement or
19 a duty or obligation under Section 30-24-409; or
- 20 (c) Has engaged or is engaging in conduct relating to the company's ac-
21 tivities and affairs which makes it not reasonably practicable to carry
22 on the activities and affairs with the person as a member;
- 23 (7) In the case of an individual:
- 24 (a) The individual dies; or
- 25 (b) In a member-managed limited liability company:
- 26 (i) A guardian or general conservator for the individual is ap-
27 pointed; or
- 28 (ii) A court orders that the individual has otherwise become inca-
29 capable of performing the individual's duties as a member under this
30 title or the operating agreement;
- 31 (8) In a member-managed limited liability company, the person:
- 32 (a) Becomes a debtor in bankruptcy;
- 33 (b) Executes an assignment for the benefit of creditors; or
- 34 (c) Seeks, consents to, or acquiesces in the appointment of a trustee,
35 receiver, or liquidator of the person or of all or substantially all of
36 the person's property;
- 37 (9) In the case of a person that is a testamentary or inter vivos trust
38 or is acting as a member by virtue of being a trustee of such a trust, the
39 trust's entire transferable interest in the company is distributed;
- 40 (10) In the case of a person that is an estate or is acting as a member by
41 virtue of being a personal representative of an estate, the estate's entire
42 transferable interest in the company is distributed;
- 43 (11) In the case of a person that is not an individual, corporation, un-
44 incorporated entity, trust, or estate, the existence of the person termi-
45 nates;
- 46 (12) The company participates in a merger under Chapter 2 and:
- 47 (a) The company is not the surviving entity; or
- 48 (b) Otherwise as a result of the merger, the person ceases to be a mem-
49 ber;

- 1 (13) The company participates in an interest exchange under Chapter 2
 2 and, as a result of the interest exchange, the person ceases to be a member;
 3 (14) The company participates in a conversion under Chapter 2;
 4 (15) The company participates in a domestication under Chapter 2 and,
 5 as a result of the domestication, the person ceases to be a member;
 6 (16) The company dissolves and completes winding up; or
 7 (17) In the case of a professional entity, restrictions or limitations
 8 are placed upon a member's ability to continue to render professional ser-
 9 vices.

10 30-24-603. EFFECT OF DISSOCIATION. (1) If a person is dissociated as a
 11 member:

- 12 (a) The person's right to participate as a member in the management and
 13 conduct of the company's activities and affairs terminates;
 14 (b) If the company is member-managed, the person's duties and obliga-
 15 tions under Section 30-24-409 as a member end with regard to matters
 16 arising and events occurring after the person's dissociation; and
 17 (c) Subject to Section 30-24-504 and Chapter 2, any transferable inter-
 18 est owned by the person in the person's capacity as a member immediately
 19 before dissociation as a member is owned by the person solely as a trans-
 20 feree.
 21 (2) A person's dissociation as a member does not of itself discharge the
 22 person from any debt, obligation, or other liability to the company or the
 23 other members which the person incurred while a member.

24 SECTION 42. That Chapter 24, Title 30, Idaho Code, be, and the same is
 25 hereby amended by the addition thereto of a NEW PART, to be known and desig-
 26 nated as Part 7, Chapter 24, Title 30, Idaho Code, and to read as follows:

27 PART 7
 28 DISSOLUTION AND WINDING UP

29 30-24-701. EVENTS CAUSING DISSOLUTION. (1) A limited liability com-
 30 pany is dissolved, and its activities and affairs must be wound up, upon the
 31 occurrence of any of the following:

- 32 (a) An event or circumstance that the operating agreement states causes
 33 dissolution;
 34 (b) The consent of all the members;
 35 (c) The passage of 90 consecutive days during which the company has no
 36 members unless:
 37 (i) Consent to admit at least one specified person as a member is
 38 given by transferees owning the rights to receive a majority of
 39 distributions as transferees at the time the consent is to be ef-
 40 fective; and
 41 (ii) At least one person becomes a member in accordance with the
 42 consent;
 43 (d) On application by a member, the entry by the district court of an
 44 order dissolving the company on the grounds that:
 45 (i) The conduct of all or substantially all the company's activi-
 46 ties and affairs is unlawful; or

- 1 (ii) It is not reasonably practicable to carry on the company's
2 activities and affairs in conformity with the certificate of or-
3 ganization and the operating agreement;
- 4 (e) On application by a member, the entry by the district court of an
5 order dissolving the company on the grounds that the managers or those
6 members in control of the company:
- 7 (i) Have acted, are acting, or will act in a manner that is illegal
8 or fraudulent; or
- 9 (ii) Have acted or are acting in a manner that is oppressive and
10 was, is, or will be directly harmful to the applicant; or
- 11 (f) The signing and filing of a statement of administrative dissolution
12 by the secretary of state under Section 30-20-602.
- 13 (2) In a proceeding brought under subsection (1) (e), the court may or-
14 der a remedy other than dissolution.

- 15 30-24-702. WINDING UP. (1) A dissolved limited liability company
16 shall wind up its activities and affairs and, except as otherwise provided
17 in Section 30-24-703, the company continues after dissolution only for the
18 purpose of winding up
- 19 (2) In winding up its activities and affairs, a limited liability com-
20 pany:
- 21 (a) Shall discharge the company's debts, obligations, and other lia-
22 bilities, settle and close the company's activities and affairs, and
23 marshal and distribute the assets of the company; and
- 24 (b) May:
- 25 (i) Deliver to the secretary of state for filing a statement of
26 dissolution stating the name of the company and that the company is
27 dissolved;
- 28 (ii) Preserve the company activities, affairs, and property as a
29 going concern for a reasonable time;
- 30 (iii) Prosecute and defend actions and proceedings, whether
31 civil, criminal, or administrative;
- 32 (iv) Transfer the company's property;
- 33 (v) Settle disputes by mediation or arbitration;
- 34 (vi) Deliver to the secretary of state for filing a statement of
35 termination stating the name of the company and that the company is
36 terminated; and
- 37 (vii) Perform other acts necessary or appropriate to the winding
38 up.
- 39 (3) If a dissolved limited liability company has no members, the legal
40 representative of the last person to have been a member may wind up the activ-
41 ities and affairs of the company. If the person does so, the person has the
42 powers of a sole manager under Section 30-24-407(3) and is deemed to be a man-
43 ager for the purposes of Section 30-24-304(1) .
- 44 (4) If the legal representative under subsection (3) declines or fails
45 to wind up the company's activities and affairs, a person may be appointed to
46 do so by the consent of transferees owning a majority of the rights to receive
47 distributions as transferees at the time the consent is to be effective. A
48 person appointed under this subsection:

- 1 (a) Has the powers of a sole manager under Section 30-24-407(3) and is
2 deemed to be a manager for the purposes of Section 30-24-304(1); and
3 (b) Shall promptly deliver to the secretary of state for filing an
4 amendment to the company's certificate of organization stating:
5 (i) That the company has no members;
6 (ii) The name and street and mailing addresses of the person; and
7 (iii) That the person has been appointed pursuant to this subsec-
8 tion to wind up the company.
9 (5) The district court may order judicial supervision of the winding
10 up of a dissolved limited liability company, including the appointment of a
11 person to wind up the company's activities and affairs:
12 (a) On application of a member, if the applicant establishes good
13 cause;
14 (b) On the application of a transferee, if:
15 (i) The company does not have any members;
16 (ii) The legal representative of the last person to have been a
17 member declines or fails to wind up the company's activities; and
18 (iii) Within a reasonable time following the dissolution a person
19 has not been appointed pursuant to subsection (3); or
20 (c) In connection with a proceeding under Section 30-24-701(1) (d) or
21 (e).

22 30-24-703. RESCINDING DISSOLUTION. (1) A limited liability company
23 may rescind its dissolution, unless a statement of termination applicable
24 to the company is effective, the district court has entered an order under
25 Section 30-24-701(1) (d) or (e) dissolving the company, or the secretary of
26 state has dissolved the company under Section 30-24-708.

- 27 (2) Rescinding dissolution under this section requires:
28 (a) The consent of each member;
29 (b) If a statement of dissolution applicable to the limited liability
30 company has been filed by the secretary of state but has not become ef-
31 fective, the delivery to the secretary of state for filing of a state-
32 ment of withdrawal under Section 30-20-204 applicable to the statement
33 of dissolution; and
34 (c) If a statement of dissolution applicable to the limited liability
35 company is effective, the delivery to the secretary of state for filing
36 of a statement of correction under Section 30-20-205 stating that dis-
37 solution has been rescinded under this section.
38 (3) If a limited liability company rescinds its dissolution:
39 (a) The company resumes carrying on its activities and affairs as if
40 dissolution had never occurred;
41 (b) Subject to paragraph (c), any liability incurred by the company
42 after the dissolution and before the rescission is effective is deter-
43 mined as if dissolution had never occurred; and
44 (c) The rights of a third party arising out of conduct in reliance on the
45 dissolution before the third party knew or had notice of the rescission
46 may not be adversely affected.

47 30-24-704. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COM-
48 PANY. (1) Except as otherwise provided in subsection (4), a dissolved

1 limited liability company may give notice of a known claim under subsection
2 (2), which has the effect as provided in subsection (3).

3 (2) A dissolved limited liability company may in a record notify its
4 known claimants of the dissolution. The notice must:

5 (a) Specify the information required to be included in a claim;
6 (b) State that a claim must be in writing and provide a mailing address
7 to which the claim is to be sent;

8 (c) State the deadline for receipt of a claim, which may not be less than
9 120 days after the date the notice is received by the claimant; and

10 (d) State that the claim will be barred if not received by the deadline.

11 (3) A claim against a dissolved limited liability company is barred if
12 the requirements of subsection (b) are met and:

13 (a) The claim is not received by the specified deadline; or

14 (b) If the claim is timely received but rejected by the company:

15 (i) The company causes the claimant to receive a notice in a record
16 stating that the claim is rejected and will be barred unless the
17 claimant commences an action against the company to enforce the
18 claim not later than 90 days after the claimant receives the no-
19 tice; and

20 (ii) The claimant does not commence the required action not later
21 than 90 days after the complainant receives the notice.

22 (4) This section does not apply to a claim based on an event occurring
23 after the effective date of dissolution or a liability that on that date is
24 contingent.

25 30-24-705. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COM-
26 PANY. (1) A dissolved limited liability company may publish notice of its
27 dissolution and request persons having claims against the company to present
28 them in accordance with the notice.

29 (2) A notice under subsection (1) must:

30 (a) Be published at least once in a newspaper of general circulation in
31 the county in this state in which the dissolved limited liability com-
32 pany's principal office is located or, if the principal office is not
33 located in this state, in the county in which the office of the company's
34 registered agent is or was last located;

35 (b) Describe the information required to be contained in a claim, state
36 that the claim must be in writing, and provide a mailing address to which
37 the claim is to be sent; and

38 (c) State that a claim against the company is barred unless an action to
39 enforce the claim is commenced not later than three years after publica-
40 tion of the notice.

41 (3) If a dissolved limited liability company publishes a notice in ac-
42 cordance with subsection (2), the claim of each of the following claimants is
43 barred unless the claimant commences an action to enforce the claim against
44 the company not later than three years after the publication date of the no-
45 tice:

46 (a) A claimant that did not receive notice in a record under Section
47 30-24-704;

48 (b) A claimant whose claim was timely sent to the company but not acted
49 on; and

1 (c) A claimant whose claim is contingent at, or based on an event occur-
2 ring after, the effective date of dissolution.

3 (4) A claim not barred under this section or Section 30-24-704 may be
4 enforced:

5 (a) Against a dissolved limited liability company, to the extent of its
6 undistributed assets; and

7 (b) Except as otherwise provided in Section 30-27-706, if assets of
8 the company have been distributed after dissolution, against a member
9 or transferee to the extent of that person's proportionate share of the
10 claim or of the company's assets distributed to the member or transferee
11 after dissolution, whichever is less, but a person's total liability
12 for all claims under this paragraph may not exceed the total amount of
13 assets distributed to the person after dissolution.

14 30-24-706. COURT PROCEEDINGS. (1) A dissolved limited liability com-
15 pany that has published a notice under Section 30-24-705 may file an appli-
16 cation with the district court in the county where the dissolved company's
17 principal office is located or, if the principal office is not located in
18 this state, where the office of its registered agent is located, for a de-
19 termination of the amount and form of security to be provided for payment
20 of claims that are contingent, have not been made known to the company, or
21 are based on an event occurring after the effective date of dissolution but
22 which, based on the facts known to the dissolved company, are reasonably ex-
23 pected to arise after the effective date of dissolution. Security is not re-
24 quired for any claim that is or is reasonably anticipated to be barred under
25 Section 30-24-705(3).

26 (2) Not later than 10 days after the filing of an application under sub-
27 section (a), the dissolved limited liability company shall give notice of
28 the proceeding to each claimant holding a contingent claim known to the com-
29 pany.

30 (3) In any proceeding under this section, the court may appoint a
31 guardian ad litem to represent all claimants whose identities are unknown.
32 The reasonable fees and expenses of the guardian, including all reasonable
33 expert witness fees, must be paid by the dissolved limited liability com-
34 pany.

35 (4) A dissolved limited liability company that provides security in the
36 amount and form ordered by the court under subsection (1) satisfies the com-
37 pany's obligations with respect to claims that are contingent, have not been
38 made known to the company, or are based on an event occurring after the effec-
39 tive date of dissolution, and such claims may not be enforced against a mem-
40 ber or transferee that received assets in liquidation.

41 30-24-707. DISPOSITION OF ASSETS IN WINDING UP. (1) In winding up its
42 activities and affairs, a limited liability company shall apply its assets
43 to discharge its obligations to creditors, including members that are credi-
44 tors.

45 (2) After a limited liability company complies with subsection (1), any
46 surplus must be distributed in the following order, subject to any charging
47 order in effect under Section 30-24-503:

1 (a) To each person owning a transferable interest that reflects contri-
2 butions made and not previously returned, an amount equal to the value
3 of the unreturned contributions; and

4 (b) In equal shares among members and dissociated members, except to
5 the extent necessary to comply with any transfer effective under Sec-
6 tion 30-24-502.

7 (3) If a limited liability company does not have sufficient surplus to
8 comply with subsection (2) (a), any surplus must be distributed among the
9 owners of transferable interests in proportion to the value of the respec-
10 tive unreturned contributions.

11 (4) All distributions made under subsections (2) and (3) must be paid in
12 money.

13 SECTION 43. That Chapter 24, Title 30, Idaho Code, be, and the same is
14 hereby amended by the addition thereto of a NEW PART, to be known and desig-
15 nated as Part 8, Chapter 24, Title 30, Idaho Code, and to read as follows:

16 PART 8
17 ACTIONS BY MEMBERS

18 30-24-801. DIRECT ACTION BY MEMBER. (1) Subject to subsection (2), a
19 member may maintain a direct action against another member, a manager, or the
20 limited liability company to enforce the member's rights and otherwise pro-
21 tect the member's interests, including rights and interests under the oper-
22 ating agreement or this title or arising independently of the membership re-
23 lationship.

24 (2) A member maintaining a direct action under this section must plead
25 and prove an actual or threatened injury that is not solely the result of an
26 injury suffered or threatened to be suffered by the limited liability com-
27 pany.

28 30-24-802. DERIVATIVE ACTION. A member may maintain a derivative ac-
29 tion to enforce a right of a limited liability company if:

30 (1) The member first makes a demand on the other members in a member-
31 managed limited liability company, or the managers of a manager-managed lim-
32 ited liability company, requesting that they cause the company to bring an
33 action to enforce the right, and the managers or other members do not bring
34 the action within a reasonable time; or

35 (2) A demand under paragraph (a) would be futile.

36 30-24-803. PROPER PLAINTIFF. A derivative action to enforce a right of
37 a limited liability company may be maintained only by a person that is a mem-
38 ber at the time the action is commenced and:

39 (1) Was a member when the conduct giving rise to the action occurred; or

40 (2) Whose status as a member devolved on the person by operation of law
41 or pursuant to the terms of the operating agreement from a person that was a
42 member at the time of the conduct.

43 30-24-804. PLEADING. In a derivative action, the complaint must state
44 with particularity:

- 1 (1) The date and content of plaintiff's demand and the response by the
2 managers or other members to the demand; or
3 (2) Why the demand should be excused as futile.

4 30-24-805. SPECIAL LITIGATION COMMITTEE. (1) If a limited liability
5 company is named as or made a party in a derivative proceeding, the company
6 may appoint a special litigation committee to investigate the claims as-
7 serted in the proceeding and determine whether pursuing the action is in the
8 best interests of the company. If the company appoints a special litigation
9 committee, on motion by the committee made in the name of the company, except
10 for good cause shown, the court shall stay discovery for the time reasonably
11 necessary to permit the committee to make its investigation. This subsec-
12 tion does not prevent the court from:

- 13 (a) Enforcing a person's right to information under Section 30-24-410;
14 or
15 (b) Granting extraordinary relief in the form of a temporary restrain-
16 ing order or preliminary injunction.
17 (2) A special litigation committee must be composed of one or more dis-
18 interested and independent individuals, who may be members.
19 (3) A special litigation committee may be appointed:
20 (a) In a member-managed limited liability company:
21 (i) By the consent of a majority of the members not named as par-
22 ties in the proceeding; and
23 (ii) If all members are named as parties in the proceeding, by a
24 majority of the members named as defendants; or
25 (b) In a manager-managed limited liability company:
26 (i) By a majority of the managers not named as parties in the pro-
27 ceeding; and
28 (ii) If all managers are named as parties in the proceeding, by a
29 majority of the managers named as defendants.
30 (4) After appropriate investigation, a special litigation committee
31 may determine that it is in the best interests of the limited liability com-
32 pany that the proceeding:
33 (a) Continue under the control of the plaintiff;
34 (b) Continue under the control of the committee;
35 (c) Be settled on terms approved by the committee; or
36 (d) Be dismissed.

37 (5) After making a determination under subsection (4), a special liti-
38 gation committee shall file with the court a statement of its determination
39 and its report supporting its determination and shall serve each party with
40 a copy of the determination and report. The court shall determine whether
41 the members of the committee were disinterested and independent and whether
42 the committee conducted its investigation and made its recommendation in
43 good faith, independently, and with reasonable care, with the committee
44 having the burden of proof. If the court finds that the members of the com-
45 mittee were disinterested and independent and that the committee acted in
46 good faith, independently, and with reasonable care, the court shall enforce
47 the determination of the committee. Otherwise, the court shall dissolve
48 the stay of discovery entered under subsection (1) and allow the action to
49 continue under the control of the plaintiff.

1 30-24-806. PROCEEDS AND EXPENSES. (1) Except as otherwise provided in
2 subsection (2):

3 (a) Any proceeds or other benefits of a derivative action, whether by
4 judgment, compromise, or settlement, belong to the limited liability
5 company and not to the plaintiff; and

6 (b) If the plaintiff receives any proceeds, the plaintiff shall remit
7 them immediately to the company.

8 (2) If a derivative action is successful in whole or in part, the court
9 may award the plaintiff reasonable expenses, including reasonable attor-
10 ney's fees and costs, from the recovery of the limited liability company.

11 (3) A derivative action on behalf of a limited liability company may not
12 be voluntarily dismissed or settled without the court's approval.

13 SECTION 44. That Chapter 6, Title 30, Idaho Code, be, and the same is
14 hereby repealed.

15 SECTION 45. That Chapter 18, Title 30, Idaho Code, be, and the same is
16 hereby repealed.

17 SECTION 46. That Chapter 2, Title 53, Idaho Code, be, and the same is
18 hereby repealed.

19 SECTION 47. That Chapter 3, Title 53, Idaho Code, be, and the same is
20 hereby repealed.