

HOUSE BILL NO. 415

INTRODUCED BY DICK BARRETT

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO LOW-PROFIT LIMITED LIABILITY COMPANIES;
5 PROVIDING NAMING REQUIREMENTS FOR LOW-PROFIT LIMITED LIABILITY COMPANIES; PROVIDING
6 FOR ADMINISTRATIVE DISSOLUTION OF LOW-PROFIT LIMITED LIABILITY COMPANIES; AND AMENDING
7 SECTIONS 15-30-2101, 15-31-101, 15-31-102, 35-8-102, 35-8-103, AND 35-8-209, MCA."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 **Section 1.** Section 15-30-2101, MCA, is amended to read:
12 **"15-30-2101. Definitions.** For the purpose of this chapter, unless otherwise required by the context, the
13 following definitions apply:
14 (1) "Base year structure" means the following elements of the income tax structure:
15 (a) the tax brackets established in 15-30-2103, but unadjusted by 15-30-2103(2), in effect on June 30
16 of the ~~taxable~~ tax year;
17 (b) the exemptions contained in 15-30-2114, but unadjusted by 15-30-2114(6), in effect on June 30 of
18 the ~~taxable~~ tax year;
19 (c) the maximum standard deduction provided in 15-30-2132, but unadjusted by 15-30-2132(2), in effect
20 on June 30 of the ~~taxable~~ tax year.
21 (2) "Consumer price index" means the consumer price index, United States city average, for all items,
22 for all urban consumers (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics
23 of the U.S. department of labor.
24 (3) "Corporation" or "C. corporation" means a corporation, limited liability company, or other entity:
25 (a) that is treated as an association for federal income tax purposes;
26 (b) for which a valid election under section 1362 of the Internal Revenue Code, {26 U.S.C. 1362}, is not
27 in effect; and
28 (c) that is not a disregarded entity.
29 (4) "Department" means the department of revenue.
30 (5) "Disregarded entity" means a business entity:

1 (a) that is disregarded as an entity separate from its owner for federal tax purposes, as provided in
2 United States treasury regulations 301.7701-2 or 301.7701-3, 26 CFR 301.7701-2 or 26 CFR 301.7701-3, or as
3 those regulations may be labeled or amended; or

4 (b) that is a qualified subchapter S. subsidiary that is not treated as a separate corporation, as provided
5 in section 1361(b)(3) of the Internal Revenue Code, {26 U.S.C. 1361(b)(3)}.

6 (6) "Dividend" means:

7 (a) any distribution made by a C. corporation out of its earnings and profits to its shareholders or
8 members, whether in cash or in other property or in stock of the corporation, other than stock dividends; and

9 (b) any distribution made by an S. corporation treated as a dividend for federal income tax purposes.

10 (7) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person,
11 whether individual or corporate, acting in any fiduciary capacity for any person, trust, or estate.

12 (8) "Foreign C. corporation" means a corporation that is not engaged in or doing business in Montana,
13 as provided in 15-31-101.

14 (9) "Foreign government" means any jurisdiction other than the one embraced within the United States,
15 its territories, and its possessions.

16 (10) "Gross income" means the taxpayer's gross income for federal income tax purposes as defined in
17 section 61 of the Internal Revenue Code, {26 U.S.C. 61}, or as that section may be labeled or amended,
18 excluding unemployment compensation included in federal gross income under the provisions of section 85 of
19 the Internal Revenue Code, {26 U.S.C. 85}, as amended.

20 (11) "Inflation factor" means a number determined for each tax year by dividing the consumer price index
21 for June of the tax year by the consumer price index for June 2005.

22 (12) "Information agents" includes all individuals and entities acting in whatever capacity, including
23 lessees or mortgagors of real or personal property, fiduciaries, brokers, real estate brokers, employers, and all
24 officers and employees of the state or of any municipal corporation or political subdivision of the state, having the
25 control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities,
26 compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits,
27 and income with respect to which any person or fiduciary is taxable under this chapter.

28 (13) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or as it may be
29 labeled or further amended. References to specific provisions of the Internal Revenue Code mean those
30 provisions as they may be otherwise labeled or further amended.

- 1 (14) "Knowingly" is as defined in 45-2-101.
- 2 (15) "Limited liability company" means a limited liability company, a domestic limited liability company,
3 ~~or a foreign limited liability company,~~ or a low-profit limited liability company as defined in 35-8-102.
- 4 (16) "Limited liability partnership" means a limited liability partnership as defined in 35-10-102.
- 5 (17) "Lottery winnings" means income paid either in lump sum or in periodic payments to:
- 6 (a) a resident taxpayer on a lottery ticket; or
- 7 (b) a nonresident taxpayer on a lottery ticket purchased in Montana.
- 8 (18) (a) "Montana source income" means:
- 9 (i) wages, salary, tips, and other compensation for services performed in the state or while a resident
10 of the state;
- 11 (ii) gain attributable to the sale or other transfer of tangible property located in the state, sold or otherwise
12 transferred while a resident of the state, or used or held in connection with a trade, business, or occupation
13 carried on in the state;
- 14 (iii) gain attributable to the sale or other transfer of intangible property received or accrued while a
15 resident of the state;
- 16 (iv) interest received or accrued while a resident of the state or from an installment sale of real property
17 or tangible commercial or business personal property located in the state;
- 18 (v) dividends received or accrued while a resident of the state;
- 19 (vi) net income or loss derived from a trade, business, profession, or occupation carried on in the state
20 or while a resident of the state;
- 21 (vii) net income or loss derived from farming activities carried on in the state or while a resident of the
22 state;
- 23 (viii) net rents from real property and tangible personal property located in the state or received or
24 accrued while a resident of the state;
- 25 (ix) net royalties from real property and from tangible real property to the extent the property is used in
26 the state or the net royalties are received or accrued while a resident of the state. The extent of use in the state
27 is determined by multiplying the royalties by a fraction, the numerator of which is the number of days of physical
28 location of the property in the state during the royalty period in the tax year and the denominator of which is the
29 number of days of physical location of the property everywhere during all royalty periods in the tax year. If the
30 physical location is unknown or unascertainable by the taxpayer, the property is considered used in the state in

1 which it was located at the time the person paying the royalty obtained possession.

2 (x) patent royalties to the extent the person paying them employs the patent in production, fabrication,
3 manufacturing, or other processing in the state, a patented product is produced in the state, or the royalties are
4 received or accrued while a resident of the state;

5 (xi) net copyright royalties to the extent printing or other publication originates in the state or the royalties
6 are received or accrued while a resident of the state;

7 (xii) partnership income, gain, loss, deduction, or credit or item of income, gain, loss, deduction, or credit:

8 (A) derived from a trade, business, occupation, or profession carried on in the state;

9 (B) derived from the sale or other transfer or the rental, lease, or other commercial exploitation of
10 property located in the state; or

11 (C) taken into account while a resident of the state;

12 (xiii) an S. corporation's separately and nonseparately stated income, gain, loss, deduction, or credit or
13 item of income, gain, loss, deduction, or credit:

14 (A) derived from a trade, business, occupation, or profession carried on in the state;

15 (B) derived from the sale or other transfer or the rental, lease, or other commercial exploitation of
16 property located in the state; or

17 (C) taken into account while a resident of the state;

18 (xiv) social security benefits received or accrued while a resident of the state;

19 (xv) taxable individual retirement account distributions, annuities, pensions, and other retirement benefits
20 received while a resident of the state;

21 (xvi) any other income attributable to the state, including but not limited to lottery winnings, state and
22 federal tax refunds, nonemployee compensation, recapture of tax benefits, and capital loss addbacks; and

23 (xvii) in the case of a nonresident who sells the nonresident's interest in a publicly traded partnership
24 doing business in Montana, the gain described in section 751 of the Internal Revenue Code, 26 U.S.C. 751,
25 multiplied by the Montana apportionment factor. If the net gain or loss resulting from the use of the apportionment
26 factor as provided in this subsection (18)(a)(xvii) does not fairly and equitably represent the nonresident
27 taxpayer's business activity interest, then the nonresident taxpayer may petition for, or the department may
28 require with respect to any and all of the partnership interest, the employment of another method to effectuate
29 an equitable allocation or apportionment of the nonresident's income. This subsection (18)(a)(xvii) is intended
30 to preserve the rights and privileges of a nonresident taxpayer and align those rights with taxpayers who are

1 afforded the same rights under 15-1-601 and 15-31-312.

2 (b) The term does not include:

3 (i) compensation for military service of members of the armed services of the United States who are not
4 Montana residents and who are residing in Montana solely by reason of compliance with military orders and does
5 not include income derived from their personal property located in the state except with respect to personal
6 property used in or arising from a trade or business carried on in Montana; or

7 (ii) interest paid on loans held by out-of-state financial institutions recognized as such in the state of their
8 domicile, secured by mortgages, trust indentures, or other security interests on real or personal property located
9 in the state, if the loan is originated by a lender doing business in Montana and assigned out-of-state and there
10 is no activity conducted by the out-of-state lender in Montana except periodic inspection of the security.

11 (19) "Net income" means the adjusted gross income of a taxpayer less the deductions allowed by this
12 chapter.

13 (20) "Nonresident" means a natural person who is not a resident.

14 (21) "Paid", for the purposes of the deductions and credits under this chapter, means paid or accrued
15 or paid or incurred, and the terms "paid or accrued" and "paid or incurred" must be construed according to the
16 method of accounting upon the basis of which the taxable income is computed under this chapter.

17 (22) "Partner" means a member of a partnership or a manager or member of any other entity, if treated
18 as a partner for federal income tax purposes.

19 (23) "Partnership" means a general or limited partnership, limited liability partnership, limited liability
20 company, or other entity, if treated as a partnership for federal income tax purposes.

21 (24) "Pass-through entity" means a partnership, an S. corporation, or a disregarded entity.

22 (25) "Pension and annuity income" means:

23 (a) systematic payments of a definitely determinable amount from a qualified pension plan, as that term
24 is used in section 401 of the Internal Revenue Code, {26 U.S.C. 401}, or systematic payments received as the
25 result of contributions made to a qualified pension plan that are paid to the recipient or recipient's beneficiary upon
26 the cessation of employment;

27 (b) payments received as the result of past service and cessation of employment in the uniformed
28 services of the United States;

29 (c) lump-sum distributions from pension or profit-sharing plans to the extent that the distributions are
30 included in federal adjusted gross income;

1 (d) distributions from individual retirement, deferred compensation, and self-employed retirement plans
2 recognized under sections 401 through 408 of the Internal Revenue Code, (26 U.S.C. 401 through 408), to the
3 extent that the distributions are not considered to be premature distributions for federal income tax purposes; or

4 (e) amounts received from fully matured, privately purchased annuity contracts after cessation of regular
5 employment.

6 (26) "Purposely" is as defined in 45-2-101.

7 (27) "Received", for the purpose of computation of taxable income under this chapter, means received
8 or accrued, and the term "received or accrued" must be construed according to the method of accounting upon
9 the basis of which the taxable income is computed under this chapter.

10 (28) "Resident" applies only to natural persons and includes, for the purpose of determining liability to
11 the tax imposed by this chapter with reference to the income of any ~~taxable tax~~ year, any person domiciled in the
12 state of Montana and any other person who maintains a permanent place of abode within the state even though
13 temporarily absent from the state and who has not established a residence elsewhere.

14 (29) "S. corporation" means an incorporated entity for which a valid election under section 1362 of the
15 Internal Revenue Code, (26 U.S.C. 1362), is in effect.

16 (30) "Stock dividends" means new stock issued, for surplus or profits capitalized, to shareholders in
17 proportion to their previous holdings.

18 (31) "Tax year" means the taxpayer's ~~taxable tax~~ year for federal income tax purposes.

19 (32) "Taxable income" means the adjusted gross income of a taxpayer less the deductions and
20 exemptions provided for in this chapter.

21 (33) "Taxpayer" includes any person, entity, or fiduciary, resident or nonresident, subject to a tax or other
22 obligation imposed by this chapter and unless otherwise specifically provided does not include a C. corporation."

23

24 **Section 2.** Section 15-31-101, MCA, is amended to read:

25 **"15-31-101. Organizations subject to tax.** (1) The term "corporation" includes an association,
26 joint-stock company, common-law trust or business trust that does business in an organized capacity, all other
27 corporations whether created, organized, or existing under and pursuant to the laws, agreements, or declarations
28 of trust of any state, country, or the United States, and any limited liability company, low-profit limited liability
29 company, limited liability partnership, partnership, or other entity that is treated as an association for federal
30 income tax purposes and that is not a disregarded entity.

1 (2) The terms "engaged in business" and "doing business" both mean actively engaging in any
2 transaction for the purpose of financial or pecuniary gain or profit.

3 (3) Except as provided in 15-31-103 or 33-2-705(4) or as may be otherwise specifically provided, every
4 corporation engaged in business in the state of Montana shall annually pay to the state treasurer as a license fee
5 for the privilege of carrying on business in this state the percentage or percentages of its total net income for the
6 preceding ~~taxable tax~~ year at the rate set forth in this chapter. In the case of corporations having income from
7 business activity ~~which that~~ is taxable both within and outside of this state, the license fee must be measured by
8 the net income derived from or attributable to Montana sources as determined under part 3. Except as provided
9 in 15-31-502, this tax is due and payable on the 15th day of the 5th month following the close of the ~~taxable tax~~
10 year of the corporation. However, the tax becomes a lien as provided in this chapter on the last day of the ~~taxable~~
11 ~~tax~~ year in which the income was earned and is for the privilege of carrying on business in this state for the
12 ~~taxable tax~~ year in which the income was earned.

13 (4) Every bank organized under the laws of the state of Montana, of any other state, or of the United
14 States and every savings and loan association organized under the laws of this state or of the United States is
15 subject to the Montana corporation license tax provided for under this chapter. For ~~taxable tax~~ years beginning
16 on and after January 1, 1972, this subsection is effective in accordance with Public Law 91-156, section 2 (12
17 U.S.C. 548)."

18
19 **Section 3.** Section 15-31-102, MCA, is amended to read:

20 **"15-31-102. Organizations exempt from tax -- unrelated business income not exempt.** (1) Except
21 as provided in subsection (3), there may not be taxed under this title any income received by any:

22 (a) labor, agricultural, or horticultural organization;

23 (b) fraternal beneficiary, society, order, or association operating under the lodge system or for the
24 exclusive benefit of the members of a fraternity itself operating under the lodge system and providing for the
25 payment of life, sick, accident, or other benefits to the members of the society, order, or association or their
26 dependents;

27 (c) cemetery company owned and operated exclusively for the benefit of its members;

28 (d) corporation or association organized and operated exclusively for religious, charitable, scientific, or
29 educational purposes, no part of the net income of which inures to the benefit of any private stockholder or
30 individual;

- 1 (e) business league, chamber of commerce, or board of trade not organized for profit, no part of the net
2 income of which inures to the benefit of any private stockholder or individual;
- 3 (f) civic league or organization not organized for profit but operated exclusively for the promotion of social
4 welfare;
- 5 (g) club organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes,
6 no part of the net income of which inures to the benefit of any private stockholder or members;
- 7 (h) farmers' or other mutual hail, cyclone, or fire insurance company, mutual ditch or irrigation company,
8 mutual or cooperative telephone company, or similar organization of a purely local character, the income of which
9 consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting its
10 expenses;
- 11 (i) cooperative association or corporation engaged in the business of operating a rural electrification
12 system or systems for the transmission or distribution of electrical energy on a cooperative basis;
- 13 (j) corporations or associations organized for the exclusive purpose of holding title to property, collecting
14 income from the property, and turning over the entire amount of the income, less expenses, to an organization
15 that itself is exempt from the tax imposed by this title;
- 16 (k) wool and sheep pool, which is an association owned and operated by agricultural producers
17 organized to market association members' wool and sheep, the income of which consists solely of assessments,
18 dues, and fees collected from members for the sole purpose of meeting its expenses. Income, for this purpose,
19 does not include expenses and money distributed to members contributing wool and sheep.
- 20 (l) corporation that qualifies as a domestic international sales corporation (DISC) under the provisions
21 of section 991, et seq., of the Internal Revenue Code, 26 U.S.C. 991, et seq., and that has in effect for the entire
22 ~~taxable~~ tax year a valid election under federal law to be treated as a DISC. If a corporation makes that election
23 under federal law, each person who at any time is a shareholder of the corporation is subject to taxation under
24 Title 15, chapter 30, on the earnings and profits of this DISC in the same manner as provided by federal law for
25 all periods for which the election is effective.
- 26 (m) farmers' market association not organized for profit, no part of the net income of which inures to the
27 benefit of any member, but that is organized for the sole purpose of providing for retail distribution of homegrown
28 vegetables, handicrafts, and other products either grown or manufactured by the seller;
- 29 (n) common trust fund as defined in section 584(a) of the Internal Revenue Code, 26 U.S.C. 584(a).
- 30 (2) In determining the license fee to be paid under this part, there may not be included any earnings

1 derived from any public utility managed or operated by any subdivision of the state or from the exercise of any
2 governmental function.

3 (3) Any unrelated business taxable income, as defined by section 512 of the Internal Revenue Code,
4 26 U.S.C. 512, as amended, earned by any exempt ~~corporation~~ entity resulting in a federal unrelated business
5 income tax liability of more than \$100 must be taxed as other corporation income is taxed under this title. An
6 exempt ~~corporation~~ entity subject to taxation on unrelated business income under this section shall file a copy
7 of its federal exempt organization business income tax return on which it reports its unrelated business income
8 with the department of revenue."

9

10 **Section 4.** Section 35-8-102, MCA, is amended to read:

11 **"35-8-102. Definitions.** As used in this chapter, unless the context requires otherwise, the following
12 definitions apply:

13 (1) "Articles of organization" means articles filed pursuant to 35-8-201 and those articles as amended
14 or restated. In the case of a foreign limited liability company, the term includes all records serving a similar
15 function required to be filed under the laws of the state or country where it is organized.

16 (2) "At-will company" means a limited liability company other than a term company.

17 (3) "Authorized agent" means any individual granted permission by an entity to execute a document on
18 behalf of the entity. The entity is responsible for maintaining a record of the permission granted to an authorized
19 agent.

20 (4) "Business" includes every trade, occupation, profession, or other lawful purpose, whether or not
21 carried on for profit.

22 (5) "Corporation" means a corporation formed under the laws of this state or a foreign corporation.

23 (6) "Court" includes every court having jurisdiction in the case.

24 (7) "Debtor in bankruptcy" means a person who is the subject of an order for relief under Title 11 of the
25 United States Code or a comparable order under federal, state, or foreign law governing insolvency.

26 (8) "Disqualified person" means any person or entity that for any reason is or becomes ineligible under
27 this chapter to become a member in a professional limited liability company.

28 (9) "Distribution" means a transfer of money, property, or other benefit to a member in that member's
29 capacity as a member of a limited liability company or to a transferee of a member's distributional interest.

30 (10) "Distributional interest" means all of a member's interest in the distributions of a limited liability

1 company.

2 (11) "Event of dissociation" means an event that causes a person to cease to be a member.

3 (12) "Foreign corporation" means a corporation that is organized under the laws of a state other than
4 Montana or under the laws of any foreign country.

5 (13) "Foreign limited liability company" means an entity that is:

6 (a) an unincorporated entity;

7 (b) organized under laws of a state other than Montana or under the laws of any foreign country;

8 (c) organized under a statute pursuant to which an entity may be formed that affords to each of its
9 members limited liability with respect to the liabilities of the entity; and

10 (d) not required to be registered or organized under any statute of this state other than this chapter.

11 (14) "Foreign limited partnership" means a limited partnership formed under the laws of any state other
12 than Montana or under the laws of any foreign country.

13 (15) "Foreign professional limited liability company" means a limited liability company organized for the
14 purpose of rendering professional services under the laws of any state other than Montana.

15 (16) "Licensing authority" means an officer, board, agency, court, or other authority in this state that has
16 the power to issue a license or other legal authorization to render a professional service.

17 (17) "Limited liability company" or "domestic limited liability company" means an organization that is
18 formed under this chapter.

19 (18) "Limited partnership" means a limited partnership formed under the laws of this state or a foreign
20 limited partnership.

21 (19) "Low-profit limited liability company" means a limited liability company that has set forth in its articles
22 of organization a business purpose that satisfies and that is at all times operated to satisfy each of the following
23 requirements. The low-profit limited liability company:

24 (a) shall significantly further the accomplishment of one or more charitable or educational purposes
25 within the meaning of 26 U.S.C. 170(c)(2)(B) and would not have been formed but for its relationship to the
26 accomplishment of the charitable or educational purposes;

27 (b) may not attempt to influence legislation or participate or intervene in any political campaign, including
28 publishing or distributing statements, on behalf of or in opposition to any candidate for public office; and

29 (c) may not have as a significant purpose the production of income or the appreciation of property.

30 However, the fact that the low-profit limited liability company produces significant income or capital appreciation

1 is not, in the absence of other factors, conclusive evidence of a significant purpose involving the production of
2 income or the appreciation of property.

3 ~~(19)~~(20) "Manager" means a person who, whether or not a member of a manager-managed company,
4 is vested with authority under 35-8-301.

5 ~~(20)~~(21) "Manager-managed company" means a limited liability company that is so designated in its
6 articles of organization.

7 ~~(21)~~(22) "Member" means a person who has been admitted to membership in a limited liability company,
8 as provided in 35-8-703, and who has not dissociated from the limited liability company.

9 ~~(22)~~(23) "Member-managed company" means a limited liability company other than a manager-managed
10 company.

11 ~~(23)~~(24) "Operating agreement" means an agreement, including amendments, as to the conduct of the
12 business and affairs of a limited liability company and the relations among the members, managers, and the
13 company that is binding upon all of the members.

14 ~~(24)~~(25) "Person" means an individual, a general partnership, a limited partnership, a domestic or foreign
15 limited liability company, a trust, an estate, an association, a corporation, or any other legal or commercial entity.

16 ~~(25)~~(26) "Professional limited liability company" means a limited liability company designating itself as
17 a professional limited liability company in its articles of organization.

18 ~~(26)~~(27) "Professional service" means a service that may lawfully be rendered only by persons licensed
19 under a licensing law of this state and that may not be lawfully rendered by a limited liability company that is not
20 a professional limited liability company.

21 ~~(27)~~(28) "Qualified person" means a natural person, limited liability company, general partnership, or
22 professional corporation eligible under this chapter to own shares issued by a professional limited liability
23 company.

24 ~~(28)~~(29) "Record" means information that is inscribed on a tangible medium or that is stored in an
25 electronic or other medium and is recoverable in a perceivable form.

26 ~~(29)~~(30) "Sign" means to identify a record by means of a signature, mark, or other symbol with the intent
27 to authenticate it.

28 ~~(30)~~(31) "State" means a state, territory, or possession of the United States, the District of Columbia, or
29 the Commonwealth of Puerto Rico.

30 ~~(31)~~(32) "Surviving limited liability company" means the constituent entity surviving the merger, as

1 identified in the articles of merger provided for in 35-8-1201.

2 ~~(32)~~(33) "Term company" means a limited liability company designated as a term company in its articles
3 of organization."

4

5 **Section 5.** Section 35-8-103, MCA, is amended to read:

6 **"35-8-103. Name.** (1) (a) ~~The Subject to subsection (1)(c), the~~ name of each limited liability company
7 as set forth in its articles of organization must contain the words "limited liability company" or "limited company"
8 or the abbreviations "l.l.c.", "l.c.", "llc", or "lc". The word "limited" may be abbreviated as "ltd.", and the word
9 "company" may be abbreviated as "co."

10 (b) The name of a limited liability company as set forth in its articles of organization may not contain
11 business name identifiers, as defined in 30-13-201, or other language that states or implies that the limited liability
12 company is a business other than a limited liability company.

13 (c) The name of a low-profit limited liability company must contain the words "low-profit limited liability
14 company" or the abbreviations "L.3.C.", "L3C", or "l3c".

15 (2) A limited liability company name must be distinguishable on the records of the secretary of state from:

16 (a) the name of any business corporation, nonprofit corporation, limited partnership, or limited liability
17 company organized or reserved under the laws of this state;

18 (b) the name of any foreign business corporation, foreign nonprofit corporation, foreign limited
19 partnership, or foreign limited liability company registered or qualified to do business in this state;

20 (c) any assumed business name, limited partnership name, trademark, service mark, or other name
21 registered or reserved with the secretary of state; and

22 (d) the corporate name of a domestic corporation that has dissolved but only for a period of 120 days
23 after the effective date of its dissolution.

24 (3) The use of the name of a limited liability company by another limited liability company or limited
25 partnership is governed by 35-1-308.

26 (4) Contests over names registered under this section are governed by 35-1-310."

27

28 **Section 6.** Section 35-8-209, MCA, is amended to read:

29 **"35-8-209. Administrative dissolution -- rules.** (1) A domestic limited liability company may be
30 dissolved involuntarily by order of the secretary of state if the limited liability company:

1 (a) (i) has failed for 60 days after a change of its registered agent to file in the office of the secretary of
2 state a statement of the change; or
3 (ii) has failed for 60 days to appoint and maintain a registered agent in this state;
4 (b) has failed for 140 days to file its annual report within the time required by law;
5 (c) has failed to remit any fees required by law;
6 (d) procured its certificate of existence through fraud; ~~or~~
7 (e) has exceeded or abused the authority conferred upon it by law and the excesses or abuses have
8 continued after a written notice of the alleged excesses or abuses has been received from the secretary of state
9 by the registered agent of the limited liability company; or
10 (f) is a domestic low-profit limited liability company that has:
11 (i) failed to remit any fees required by law;
12 (ii) procured its certificate of existence through fraud; or
13 (iii) ceased meeting any of the requirements for a low-profit limited liability company enumerated in
14 35-8-102 and has failed for 60 days after ceasing to meet those requirements to file articles of amendment with
15 the secretary of state amending its name to conform with the requirements of 35-8-103(1).
16 (2) If dissolution is sought under subsection (1)(d), ~~or~~ (1)(e), or (1)(f), the secretary of state may dissolve
17 a limited liability company when an alleged violation of subsection (1)(d), ~~or~~ (1)(e), or (1)(f) is established by an
18 order of a district court. In addition to any other person authorized by law, the secretary of state or the attorney
19 general may maintain an action in district court to implement the provisions of this section."

20

- END -