

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

**SENATE BILL 308
RATIFIED BILL**

**AN ACT TO PROVIDE FOR THE FORMATION OF A LIMITED LIABILITY COMPANY
AS A LOW-PROFIT LIMITED LIABILITY COMPANY.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 57C-2-01 is amended by adding a new subsection to read:

"(d) L3C. – Formation and operation of a limited liability company as a low-profit limited liability company is a lawful purpose. A low-profit limited liability company is a limited liability company whose articles of organization state that the company is formed for both a business purpose and a charitable purpose that requires operation of the company in accordance with the requirements of this subsection. A company that operates in accordance with these requirements is considered a for-profit entity and not a charitable entity for all tax purposes. A company's failure to operate in accordance with these requirements does not affect its status as a limited liability company. The charitable purpose requirements are as follows:

- (1) To accomplish one or more charitable or educational purposes within the meaning of section 170(c)(2)(B) of the Code, as defined in G.S. 105-228.90.
- (2) To operate so that no significant purpose of the company is the production of income or the appreciation of property. The fact that a company produces significant income or capital appreciation is not, in the absence of other factors, conclusive evidence of a significant purpose to produce income or accumulate capital.
- (3) To operate so that no purpose of the company is to accomplish one or more political or legislative purposes within the meaning of section 170(c)(2)(D) of the Code, as defined in G.S. 105-228.90."

SECTION 2. G.S. 57C-2-21 reads as rewritten:

"§ 57C-2-21. Articles of organization.

- (a) The articles of organization must set forth ~~forth~~ all of the following:
 - (1) A name for the limited liability company that satisfies the provisions of G.S. 55D-20 and ~~G.S. 55D-21~~; G.S. 55D-21.
 - (2) If the limited liability company is to dissolve by a specific date, the latest date on which the limited liability company is to dissolve. If no date for dissolution is specified, there shall be no limit on the duration of the limited liability ~~company~~; company.
 - (3) The name and address of each person executing the articles of organization and whether the person is executing the articles of organization in the capacity of a member or an ~~organizer~~; organizer.
 - (4) The street address, and the mailing address if different from the street address, of the limited liability company's initial registered office, the county in which the initial registered office is located, and the name of the limited liability company's initial registered agent at that ~~address~~; address.
 - (4a) The street address, and the mailing address if different from the street address, of the limited liability company's principal office, if any, and the county in which the principal office, if any, is ~~located~~; and located.
 - (5) Unless all of the members by virtue of their status as members shall be managers of the limited liability company, a statement that, except as provided in G.S. 57C-3-20(a), the members shall not be managers by virtue of their status as members.



(6) If the limited liability company is formed as a low-profit limited liability company, a statement that operation of the company must meet the charitable purpose requirements of G.S. 57C-2-01(d).

(b) The articles of organization may set forth any other provision, not inconsistent with law, including any other matter that under this Chapter is permitted to be set forth in an operating agreement.

(c) The articles of organization need not set forth any of the powers enumerated in this Chapter."

SECTION 3. G.S. 55D-20(a) is amended by adding the following subdivision to read:

"(6) The name of a low-profit limited liability company must contain the words "low-profit limited liability company" or the abbreviation "L3C"."

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 9th day of July, 2010.

Walter H. Dalton
President of the Senate

Joe Hackney
Speaker of the House of Representatives

Beverly E. Perdue
Governor

Approved _____m. this _____ day of _____, 2010