

42:1-2

LEGISLATIVE HISTORY CHECKLIST
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(Limited liability)

NJSA: 42:1-2 et al

LAWS OF: 1995

CHAPTER: 96

BILL NO: A1860

SPONSOR(S): Warsh and Mikulak

DATE INTRODUCED: June 13, 1994

COMMITTEE: ASSEMBLY: Commerce and Regulated Professions

SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage
First reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: December 1, 1994

SENATE: February 9, 1995

DATE OF APPROVAL: May 1, 1995

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clipping--attached:
"Limiting lawsuit exposure," 5-2-95, Star Ledger.

KBG:pp

P.L.1995, CHAPTER 96, *approved May 1, 1995*
1994 Assembly No. 1860 (*First Reprint*)

1 AN ACT providing for the creation of limited liability
2 partnerships ¹, amending P.L.1993, c.210 and N.J.S.54A:8-6¹
3 and amending and supplementing chapter 1 of Title 42 of the
4 Revised Statutes.

5
6 BE IT ENACTED by the Senate and General Assembly of the
7 State of New Jersey:

8 1. R.S.42:1-2 is amended to read as follows:

9 42:1-2. As used in this chapter:

10 "Bankrupt" includes bankrupt under the federal bankruptcy act
11 (11 U.S.C. §101 et seq.) or insolvent under any state insolvent law;

12 "Business" includes every trade, occupation or profession;

13 "Conveyance" includes every assignment, lease, mortgage or
14 encumbrance;

15 "Court" includes every court and judge having jurisdiction in
16 the case:

17 ¹"Foreign limited liability partnership" means a limited
18 liability partnership or a registered limited liability partnership
19 formed pursuant to an agreement governed by the laws of any
20 state or under the laws of any foreign country or other foreign
21 jurisdiction and denominated as such under the laws of such state
22 or foreign country or other foreign jurisdiction.¹

23 "Limited liability partnership" means a partnership formed
24 pursuant to an agreement governed by the laws of this State,
25 registered pursuant to section 8 of P.L. . c. (C.) (pending
26 before the Legislature as this bill) and in compliance with section
27 9 of P.L. . c. (C.) (pending before the Legislature as this
28 bill).

29 "Person" includes individuals, partnerships, corporations and
30 other associations:

31 "Real property" includes land and any interest or estate in land.
32 (cf: R.S.42:1-2)

33 2. R.S.42:1-6 is amended to read as follows:

34 42:1-6. 1. A partnership is an association of two or more
35 persons to carry on as co-owners a business for profit, and
36 includes a limited liability partnership.

37 2. But any association formed under any other statute of this
38 state, or any statute adopted by authority, other than the
39 authority of this state, is not a partnership under this chapter,
40 unless such association would have been a partnership in this
41 state prior to July fourth, one thousand nine hundred and
42 nineteen; but this chapter shall apply to limited partnerships

[EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SCM committee amendments adopted January 12, 1995.

1 except in so far as the statutes relating to such partnerships are
2 inconsistent herewith.

3 (cf: R.S.42:1-6)

4 3. R.S.42:1-15 is amended to read as follows:

5 42:1-15. [All] Except as provided in subsection c. of this
6 section, all partners are liable:

7 a. Jointly and severally for everything chargeable to the
8 partnership under [sections] R.S.42:1-13 and R.S.42:1-14 [of this
9 title].

10 b. Jointly for all other debts and obligations of the
11 partnership; but any partner may enter into a separate obligation
12 to perform a partnership contract.

13 c. Subject to subsection d. of this section, a partner in a
14 limited liability partnership is not liable, either directly or
15 indirectly, by way of indemnification, contribution, assessment or
16 otherwise, for debts, obligations and liabilities of or chargeable
17 to the partnership¹, whether in tort, contract or otherwise,¹
18 arising from negligence,¹ omissions,¹ malpractice, wrongful acts,
19 or misconduct committed while the partnership is a limited
20 liability partnership and in the course of the limited liability
21 partnership business by another partner or an employee, agent, or
22 representative of the limited liability partnership.

23 d. Subsection c. of this section shall not affect the liability of
24 a partner in a limited liability partnership for his own negligence,
25 omissions,¹ malpractice, wrongful acts, or misconduct, or that
26 of any person under his direct supervision and control.

27 e. A partner in a limited liability partnership is not a proper
28 party to a proceeding by or against a limited liability partnership,
29 the object of which is to recover damages or enforce the
30 obligations arising out of the¹[acts] negligence¹, omissions,
31 malpractice¹, wrongful acts¹ or misconduct of the type
32 described in subsection c. of this section, unless such partner is
33 personally liable under subsection d. of this section.

34 (cf: R.S.42:1-15)

35 4. R.S.42:1-18 is amended to read as follows:

36 42:1-18. The rights and duties of the partners in relation to
37 the partnership shall be determined, subject to any agreement
38 between them, by the following rules:

39 a. Each partner shall be repaid his contributions, whether by
40 way of capital or advances to the partnership property and share
41 equally in the profits and surplus remaining after all liabilities,
42 including those to partners, are satisfied; and [must] except as
43 provided in subsection c. of R.S.42:1-15, shall contribute towards
44 the losses, whether of capital or otherwise, sustained by the
45 partnership according to his share in the profits.

46 b. The partnership [must] shall indemnify every partner in
47 respect of payments made and personal liabilities reasonably
48 incurred by him in the ordinary and proper conduct of its
49 business, or for the preservation of its business or property.

50 c. A partner who, in aid of the partnership, makes any
51 payment or advance beyond the amount of capital which he
52 agreed to contribute, shall be paid interest from the date of the
53 payment or advance.

54 d. A partner shall receive interest on the capital contributed

1 by him only from the date when repayment should be made.

2 e. All partners have equal rights in the management and
3 conduct of the partnership business.

4 f. No partner is entitled to remuneration for acting in the
5 partnership business . . .cept that a surviving partner is entitled to
6 reasonable compensation for his services in winding up the
7 partnership affairs.

8 g. No person can become a member of a partnership without
9 the consent of all the partners.

10 h. Any difference arising as to ordinary matters connected
11 with the partnership business may be decided by a majority of the
12 partners; but no act in contravention of any agreement between
13 the partners may be done rightly without the consent of all the
14 partners.

15 (cf: R.S.42:1-18)

16 5. R.S.42:1-34 is amended to read as follows:

17 42:1-34. Where the dissolution is caused by the act, death or
18 bankruptcy of a partner, each partner is liable to his copartners
19 for his share of any liability created by any partner acting for the
20 partnership as if the partnership had not been dissolved unless

21 a. The dissolution being by act of any partner, the partner
22 acting for the partnership had knowledge of the dissolution; [or]

23 b. The dissolution being by the death or bankruptcy of a
24 partner, the partner acting for the partnership had knowledge or
25 notice of the death or bankruptcy; or

26 c. The liability is for a debt or obligation for which the partner
27 is not liable as provided in subsection c. of R.S.42:1-15.

28 (cf: R.S.42:1-34)

29 6. R.S.42:1-36 is amended to read as follows:

30 42:1-36. 1. The dissolution of a partnership does not of itself
31 discharge the existing liability of any partner.

32 2. A partner is discharged from any existing liability upon
33 dissolution of the partnership by an agreement to that effect
34 between himself, the partnership creditor and the person or
35 partnership continuing the business; and such agreement may be
36 inferred from the course of dealing between the creditor having
37 knowledge of the dissolution and the person or partnership
38 continuing the business.

39 3. Where a person agrees to assume the existing obligations of
40 a dissolved partnership, the partners whose obligations have been
41 assumed shall be discharged from any liability to any creditor of
42 the partnership, who, knowing of the agreement, consents to a
43 material alteration in the nature or time of payment of such
44 obligations.

45 4. The individual property of a deceased partner shall be liable
46 for [all] those obligations of the partnership incurred while he was
47 a partner and for which the partner is liable pursuant to
48 R.S.45:1-15, but subject to prior payment of his separate debts.

49 (cf: R.S.42:1-36)

50 7. R.S.42:1-40 is amended to read as follows:

51 42:1-40. In settling accounts between the partners after
52 dissolution, the following rules shall be observed, subject to any
53 agreement to the contrary:

54 a. The assets of the partnership are:

- 1 I. The partnership property;
- 2 II. The contributions of the partners [necessary for the
3 payment of all the liabilities] specified in paragraph ["b"] "d" of
4 this section.
- 5 b. The liabilities of the partnership shall rank in order of
6 payment as follows:
- 7 I. Those owing to creditors other than partners;
- 8 II. Those owing to partners other than for capital and profits;
- 9 III. Those owing to partners in respect of capital;
- 10 IV. Those owing to partners in respect of profits.
- 11 c. The assets shall be applied in the order of their declaration
12 in paragraph "a" of this section to the satisfaction of the
13 liabilities.
- 14 d. Except as provided in R.S.42:1-15: (1) The partners shall
15 contribute, as provided by paragraph "a" of [section] R.S.42:1-18
16 [of this title] the amount necessary to satisfy the liabilities; [but
17 if] and (2) If any, but not all, of the partners are insolvent, or not
18 being subject to process, refuse to contribute, the other partners
19 shall contribute their share of the liabilities, and, in the relative
20 proportions in which they share the profits, the additional amount
21 necessary to pay the liabilities.
- 22 e. An assignee for the benefit of creditors or any person
23 appointed by the court shall have the right to enforce the
24 contributions specified in paragraph "d" of this section.
- 25 f. Any partner or his legal representative shall have the right
26 to enforce the contributions specified in paragraph "d" of this
27 section, to the extent of the amount which he has paid in excess
28 of his share of the liability.
- 29 g. The individual property of a deceased partner shall be liable
30 for the contributions specified in paragraph "d" of this section.
- 31 h. When partnership property and the individual properties of
32 the partners are in the possession of a court for distribution,
33 partnership creditors shall have priority on partnership property
34 and separate creditors on individual property, saving the rights of
35 lien or secured creditors as heretofore.
- 36 i. Where a partner has become bankrupt or his estate is
37 insolvent the claims against his separate property shall rank in
38 the following order:
- 39 I. Those owing to separate creditors;
- 40 II. Those owing to partnership creditors;
- 41 III. Those owing to partners by way of contribution.
- 42 (cf: R.S.42:1-40)
- 43 8. (New section) a. To become ¹[and continue as]¹ a limited
44 liability partnership, a partnership shall file in the Office of the
45 Secretary of State an application stating the name of the
46 partnership; the address of its principal office; ¹[if the
47 partnership's principal office is not located in this State,]¹ the
48 address of ¹[a] the¹ registered office ¹[and the name]¹ and
49 ¹[address of a] name of the¹ registered agent for service of
50 process ¹[in this State which the partnership shall be required to
51 maintain] as required by this act¹; ¹[the number of partners;]¹ a
52 brief statement of the business in which the partnership engages;
53 any other matters that the partnership determines to include; and
54 that the partnership thereby applies for status as a limited

1 liability partnership.

2 b. ¹Before doing business in this State, a foreign limited
3 liability partnership shall register as a foreign limited liability
4 partnership in the Office of the Secretary of State by filing an
5 application setting forth the name of the partnership and, if
6 different, the name under which it proposes to do business in this
7 State; the State, territory or possession where formed; date of
8 formation; the address of its principal office; if the partnership's
9 principal office is not located in this State, the address of the
10 registered office and the name and address of the registered
11 agent for service of process, as required by this act; a statement
12 that the partnership validly exists as a limited liability
13 partnership under the laws of the jurisdiction of its formation;
14 and a brief statement of the nature of the business or purpose to
15 be conducted or promoted in this State.

16 c. ¹The application shall be executed by a majority in interest
17 of the partners or by one or more of the partners authorized to
18 execute an application.

19 ¹[c. The application shall be accompanied by a fee of \$100.]¹

20 d. The Secretary of State shall register as a limited liability
21 partnership ¹or foreign limited liability partnership¹ any
22 partnership that files a completed application ¹[with the
23 applicable fee] that substantially conforms with the requirements
24 of this act, accompanied by the appropriate fee¹.

25 e. A partnership registered pursuant to this section shall ¹[pay]
26 file¹, in each year following the year in which its application is
27 filed, on a date specified by the Secretary of State, an annual
28 ¹[fee of \$20] report¹. The ¹[fee] annual report¹ shall be
29 ¹[accompanied by a notice.]¹ on a form provided by the Secretary
30 of State. ¹[of the number of partners currently in the partnership
31 and of] and shall indicate¹ any material change in the information
32 contained in the partnership's application for registration. If the
33 ¹[notice] annual report¹ is not filed or the ¹[filing]¹ fee is not paid
34 for two consecutive years, the registration of a limited liability
35 partnership ¹or foreign limited liability partnership¹ shall, after
36 written demand for the ¹[notice] annual report¹ by the Secretary
37 of State by mail addressed to the limited liability partnership ¹or
38 foreign limited liability partnership¹ at the last address appearing
39 of record in the office of the Secretary of State, remain filed but
40 be transferred to an inactive list. A limited liability partnership
41 ¹or foreign limited liability partnership¹ shall not have its
42 registration transferred to the inactive list if it shall, within 60
43 days after the written demand, file the ¹[notice or pay the]
44 annual report and¹ fee required by this ¹[subsection] act¹.

45 f. Registration is effective immediately after the date an
46 application is filed in the Office of the Secretary of State, and
47 remains effective until it is voluntarily withdrawn by filing in the
48 Office of the Secretary of State a written withdrawal notice
49 executed by a majority in interest of the partners or by one or
50 more partners of the partnership authorized to execute a
51 withdrawal notice.

52 g. ¹A partnership continues as a limited liability partnership if
53 there has been substantial compliance with the requirements of
54 this act.¹ After the filing of an application, the status of a

1 partnership as a limited liability partnership, or the liability of
2 the partners thereof, shall not be affected by ¹errors or ¹changes
3 in the information stated in the application.

4 h. If an instrument filed in the Office of the Secretary of
5 State pursuant to this section is an inaccurate record of the facts
6 stated therein, or was defectively or erroneously executed, the
7 instrument may be corrected by filing in the Office of the
8 Secretary of State a certificate of correction by a partner. The
9 certificate of correction shall specify the inaccuracy or defect to
10 be corrected and shall set forth the correction. The instrument so
11 corrected shall be deemed to have been effective in its corrected
12 form as of its original filing date except as to persons who
13 actually relied in good faith upon the inaccurate portion of the
14 instrument and who are adversely affected by the correction. As
15 to these persons, the correction shall be effective as of the
16 effective date of filing of the certificate of correction. Such
17 filing shall only be made if the Secretary of State consents to the
18 filing.

19 i. The Secretary of State may provide forms for application
20 for registration, notice of changes or payment of the annual fee.

21 1j. Any limited liability partnership formed pursuant to an
22 agreement governed by this section or any foreign limited
23 liability partnership transacting business in this State under this
24 section shall be exempt from the filing requirements of R.S.
25 56:1-1 et seq.

26 k. The fact that an application or annual report is on file in
27 the Office of the Secretary of State is notice that the partnership
28 is a limited liability partnership or foreign limited liability
29 partnership and is notice of all other facts set forth in the
30 application or annual report.¹

31 9. (New section) 1a.¹ The name of a limited liability
32 partnership shall contain the words "Limited Liability
33 Partnership" or the abbreviation "L.L.P." or "LLP" as the last
34 words or letters of its name.

35 1b. The name of a foreign limited liability partnership doing
36 business in this State shall contain the words "Registered Limited
37 Liability Partnership" or "Limited Liability Partnership" or the
38 abbreviation "L.L.P." or "LLP" or such other similar words or
39 abbreviations as may be required or authorized by the law of the
40 state, country or jurisdiction where the foreign limited liability
41 partnership is registered, as the last words or letters of its name.¹

42 10. (New section) a. A partnership, including a limited
43 liability partnership, formed and existing under chapter 1 of Title
44 42 of the Revised Statutes, may conduct its business, carry on its
45 operations, and have and exercise the powers granted by chapter
46 1 of Title 42 of the Revised Statutes in any state, territory,
47 district, or possession of the United States or in any foreign
48 country.

49 b. It is the policy of this State that the internal affairs of
50 partnerships, including limited liability partnerships, formed and
51 existing under chapter 1 of Title 42 of the Revised Statutes,
52 including the liability of partners for debts, obligations and
53 liabilities of or chargeable to partnerships, shall be subject to and
54 governed by the laws of this State.

1 1c. The internal affairs of a foreign limited liability
2 partnership, including the liability of partners for debts,
3 obligations and liabilities of or chargeable to the partnership,
4 shall be subject to and governed by the laws of the jurisdiction in
5 which the foreign limited liability partnership is registered.

6 d. A foreign limited liability partnership registered to do
7 business in this State pursuant to the "New Jersey Limited
8 Liability Company Act," P.L.1993, c.210 (C.42:2B-1 et seq.),
9 prior to the effective date of this act shall be deemed to be in
10 compliance with the provisions of this act until the second
11 anniversary of the registration, at which time the foreign limited
12 liability partnership shall file an application in the Office of the
13 Secretary of State pursuant to subsection b. of section 8 of this
14 act.¹

15 11. (New section) a. Each limited liability partnership and
16 foreign limited liability partnership shall have and maintain in
17 this State:

18 (1) A registered office, which may but need not be a place of
19 its business in this State; and

20 (2) A registered agent for service of process on the limited
21 liability partnership or foreign limited liability partnership, which
22 agent may be either an individual resident of this State whose
23 business office is identical with the limited liability partnership's
24 or foreign limited liability partnership's registered office, or a
25 domestic corporation, or a foreign corporation authorized to do
26 business in this State having a business office identical with the
27 registered office of the limited liability partnership or foreign
28 limited liability partnership itself.

29 (3) A registered agent may, with prior notice to the limited
30 liability partnership or foreign limited liability partnership for
31 which it is the registered agent, change the address of the
32 registered office of any limited liability partnership or foreign
33 limited liability partnership for which the registered agent is the
34 registered agent to another address in this State by filing in the
35 Office of the Secretary of State a certificate, executed by the
36 registered agent, setting forth the names of each limited liability
37 partnership or foreign limited liability partnership, and the
38 address at which the registered agent has maintained the
39 registered office for each limited liability partnership or foreign
40 limited liability partnership, and further certifying to the new
41 address to which the registered office will be changed on a given
42 day, and at which new address the registered agent will
43 thereafter maintain the registered office for each limited
44 liability partnership or foreign limited liability partnership
45 recited in the certificate. Upon the filing of such certificate,
46 thereafter, or until further change of address, as authorized by
47 law, the registered office in this State of each limited liability
48 partnership or foreign limited liability partnership recited in the
49 certificate shall be located at the new address of the registered
50 agent thereof as given in the certificate.

51 (4) In the event of a change of name of any person acting as a
52 registered agent of a limited liability partnership or foreign
53 limited liability partnership, the registered agent shall file in the
54 Office of the Secretary of State a certificate, executed by the

1 registered agent, setting forth the new name of the registered
2 agent, the name of the registered agent before it was changed,
3 the name of each limited liability partnership or foreign limited
4 liability partnership represented by the registered agent, and the
5 address at which the registered agent has maintained the
6 registered office for each limited liability partnership or foreign
7 limited liability partnership.

8 b. Filing a certificate under this section shall be deemed to be
9 a change to the registration of each partnership affected thereby
10 and no partnership shall be required to take any further action
11 with respect thereto, to change its registration under this act.

12 c. The registered agent of a limited liability partnership or
13 foreign limited liability partnership registered or authorized to do
14 business in this State may resign by complying with the following
15 provisions:

16 (1) The registered agent of a limited liability partnership or
17 foreign limited liability partnership may resign and appoint a
18 successor registered agent by filing a certificate in the Office of
19 the Secretary of State, stating that the agent resigns and the
20 name and address of the successor registered agent. There shall
21 be attached to the certificate a statement executed by the
22 affected limited liability partnership or foreign limited liability
23 partnership ratifying and approving the change of registered
24 agent.

25 (2) Upon the filing of a certificate of resignation of registered
26 agent, the successor registered agent shall become the registered
27 agent of each partnership which has ratified and approved the
28 substitution and the successor registered agent address, as stated
29 in the certificate, shall become the registered address of each
30 partnership. Filing of a certificate under this paragraph shall be
31 deemed to be a change to the registration of each partnership
32 affected thereby and no partnership shall be required to take any
33 further action with respect thereto, to change its registration
34 under this act.

35 d. The registered agent of a limited liability partnership or
36 foreign limited liability partnership may resign without
37 appointing a successor registered agent by complying with the
38 following provisions:

39 (1) The registered agent or, in the case of a registered agent
40 who is deceased or has been declared incompetent by a court of
41 competent jurisdiction, his legal representative, shall serve a
42 notice of resignation by certified mail, return receipt requested,
43 upon the limited liability partnership or foreign limited liability
44 partnership at the address last known to the agent, and shall
45 make an affidavit of this service. If service cannot be made the
46 affidavit shall so state, and shall state briefly why service cannot
47 be made. The affidavit, together with a copy of notice of
48 resignation, shall be filed in the Office of the Secretary of State.

49 (2) The resignation shall become effective 30 days after filing
50 the affidavit of service in the Office of the Secretary of State or
51 upon the designation by the limited liability partnership or
52 foreign limited liability partnership of a new registered agent
53 pursuant to this act, whichever is earlier. If the limited liability
54 partnership or foreign limited liability partnership fails to

1 designate a new registered agent within the 30 day period, the
 2 limited liability partnership or foreign limited liability
 3 partnership shall thereafter be deemed to have no registered
 4 agent or registered office in this State, until the limited liability
 5 partnership or foreign limited liability partnership files a
 6 certificate of change of address of registered office and
 7 registered agent indicating the new registered office and
 8 registered agent.¹

9 ¹12. (New section) On filing any certificate or other papers
 10 relative to limited liability partnerships or foreign limited
 11 liability partnerships in the Office of the Secretary of State,
 12 there shall be paid to the Secretary of State, filing fees as
 13 follows:

14	<u>Certificate of registration of a limited</u>	
15	<u>liability partnership</u>	<u>\$100</u>
16	<u>Certificate of correction</u>	<u>\$100</u>
17	<u>Notice of withdrawal</u>	<u>\$100</u>
18	<u>Application for registration of foreign</u>	
19	<u>limited liability partnership</u>	<u>\$100</u>
20	<u>Certified copy</u>	<u>\$ 25</u>
21	<u>Photocopies, first page</u>	<u>\$ 10</u>
22	<u>Photocopies, every page after first page</u>	<u>\$ 2</u>
23	<u>Preclearance of any document</u>	<u>\$ 50</u>
24	<u>Status report</u>	<u>\$ 5</u>
25	<u>Short form "Good Standing" certificate</u>	<u>\$ 50</u>
26	<u>Long form "Good Standing" certificate</u>	<u>\$100</u>
27	<u>All other filings and services</u>	<u>\$ 50</u>
28	<u>Same day service</u>	<u>\$ 50</u>
29	<u>Expedited service</u>	<u>\$ 10</u>
30	<u>Certificate of change of registered office</u>	
31	<u>or agent or both</u>	<u>\$ 25</u>
32	<u>Certificate of resignation of registered</u>	
33	<u>agent without successor</u>	<u>\$ 25</u>
34	<u>Certificate of resignation of registered</u>	
35	<u>agent with appointment of successor:</u>	
36	<u>(1) Certificate</u>	<u>\$ 25</u>
37	<u>(2) Affidavit for each limited liability</u>	
38	<u>partnership or foreign limited liability</u>	
39	<u>partnership affected</u>	<u>\$ 10</u>
40	<u>Annual report</u>	<u>\$ 40¹</u>

41 ¹13. Section 2 of P.L.1993, c.210 (C.42:2B-2) is amended to
 42 read as follows:

43 2. As used in this act unless the context otherwise requires:

44 "Bankruptcy" means an event that causes a person to cease to
 45 be a member as provided in section 24 of this act.

46 "Certificate of formation" means the certificate referred to in
 47 section 11 of this act, and the certificate as amended.

48 "Contribution" means any cash, property, services rendered or
 49 a promissory note or other obligation to contribute cash or
 50 property or to perform services, which a person contributes to a
 51 limited liability company in his capacity as a member; provided
 52 however, that services rendered and obligations to perform
 53 services are contributions only to the extent designated as
 54 contributions in the operating agreement.

1 "Foreign limited liability company" means a limited liability
2 company [or a registered limited liability partnership] formed
3 under the laws of any state or under the laws of any foreign
4 country or other foreign jurisdiction and denominated as such
5 under the laws of such state or foreign country or other foreign
6 jurisdiction.

7 "Limited liability company" and "domestic limited liability
8 company" means a limited liability company formed under the
9 laws of this State and having two or more members.

10 "Limited liability company interest" means a member's share
11 of the profits and losses of a limited liability company and a
12 member's right to receive distributions of the limited liability
13 company's assets.

14 "Liquidating trustee" means a person carrying out the winding
15 up of a limited liability company.

16 "Manager" means a person who is named as a manager of a
17 limited liability company in, or designated as a manager of a
18 limited liability company pursuant to, an operating agreement or
19 similar instrument under which the limited liability company is
20 formed.

21 "Member" means a person who has been admitted to a limited
22 liability company as a member as provided in section 21 of this
23 act or, in the case of a foreign limited liability company, in
24 accordance with the laws of the state or foreign country or other
25 foreign jurisdiction under which the foreign limited liability
26 company is organized.

27 "Operating agreement" means a written agreement of the
28 members as to the affairs of a limited liability company and the
29 conduct of its business.

30 "Person" means a natural person, partnership (whether general
31 or limited and whether domestic or foreign), limited liability
32 company, foreign limited liability company, trust, estate,
33 association, corporation, custodian, nominee or any other
34 individual or entity in its own or any representative capacity.

35 "State" means the District of Columbia or the Commonwealth
36 of Puerto Rico or any state, territory, possession, or other
37 jurisdiction of the United States other than this State.¹

38 (cf: P.L.1993, c.210, s.2)

39 ¹14. N.J.S.54A:8-6 is amended to read as follows:

40 54A:8-6. Requirements concerning returns, notices, records
41 and statements. (a) General. The director may prescribe
42 regulations as to the keeping of records, the content and form of
43 returns and statements, and the filing of copies of federal income
44 tax returns and determinations. The director may require any
45 person, by regulation or notice served upon such person, to make
46 such returns, render such statements, or keep such records, as the
47 director may deem sufficient to show whether or not such person
48 is liable under this act for tax or for collection of tax.

49 (b) Partnerships. Every partnership or limited liability
50 partnership having a resident partner or having any income
51 derived from New Jersey sources, shall make a return for the
52 taxable year setting forth all items of income, gain, loss and
53 deduction and such other pertinent information as the director
54 may by regulations and instructions prescribe. The director shall

1 prescribe a State return form that, at a minimum, includes the
2 name and address of each partner of the partnership for taxable
3 years ending on or after December 31, 1994. Such return shall be
4 filed on or before the fifteenth day of the fourth month following
5 the close of each taxable year.

6 Each partnership or limited liability partnership required to file
7 a return under this subsection for any taxable year shall, on or
8 before the day on which the return for the taxable year is
9 required to be filed, furnish to each person who is a partner or
10 who holds an interest in such partnership as a nominee for
11 another person at any time during that taxable year a copy of
12 such information required to be shown on such return as the
13 director may prescribe.

14 For the purposes of this subsection, "taxable year" means a
15 year or period which would be a taxable year of the partnership if
16 it were subject to tax under this act.

17 (c) Information at source. The director may prescribe
18 regulations and instructions requiring returns of information to be
19 made and filed on or before February 15 of each year as to the
20 payment or crediting in any calendar year of amounts of \$100.00
21 or more to any taxpayer under this act. Such returns may be
22 required of any person, including lessees or mortgagors of real or
23 personal property, fiduciaries, employers, and all officers and
24 employees of this State, or of any municipal corporation or
25 political subdivision of this State, having the control, receipt,
26 custody, disposal or payment of interest, rents, salaries, wages,
27 premiums, annuities, compensations, remunerations, emoluments
28 or other fixed or determinable gains, profits or income, except
29 interest coupons payable to bearer. A duplicate of the statement
30 as to tax withheld on wages, required to be furnished by an
31 employer to an employee, shall constitute the return of
32 information required to be made under this section with respect
33 to such wages.

34 (d) Notice of qualification as receiver, et cetera. Every
35 receiver, trustee in bankruptcy, assignee for benefit of creditors,
36 or other like fiduciary shall give notice of his qualification as
37 such to the director, as may be required by regulation.¹

38 (cf: P.L.1994, c.117, s.1)

39 ¹[11.] 15.¹ This act shall take effect ¹[180] 60¹ days after
40 enactment.

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45 Provides for the creation of limited liability partnerships.

1 b. It is the policy of this State that the internal affairs of
2 partnerships, including limited liability partnerships, formed and
3 existing under chapter 1 of Title 42 of the Revised Statutes,
4 including the liability of partners for debts, obligations and
5 liabilities of or chargeable to partnerships, shall be subject to and
6 governed by the laws of this State.

7 11. This act shall take effect 180 days after enactment.
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10 STATEMENT
11

12 This bill provides for the creation of limited liability
13 partnerships. Partnerships wishing to register with the Secretary
14 of State as limited liability partnerships must file an application
15 setting forth certain information specified in the bill and pay the
16 requisite fee. The bill requires limited liability partnerships to
17 file an annual notice and pay an annual renewal fee to the
18 Secretary of State. The bill provides that limited liability
19 partnerships which do not file the annual notice and pay the
20 annual fee for a period of two consecutive years shall be placed
21 on an inactive list.

22 The bill further provides that a partner in a limited liability
23 partnership is not liable, either directly or indirectly, by way of
24 indemnification, contribution, assessment or otherwise, for debts,
25 obligations and liabilities of or chargeable to the partnership
26 arising from negligence, malpractice, wrongful acts, or
27 misconduct committed while the partnership is a limited liability
28 partnership and in the course of the limited liability partnership
29 business by another partner or an employee, agent, or
30 representative of the limited liability partnership. This
31 limitation of liability does not affect the liability of a partner in
32 a limited liability partnership for his own negligence or wrongful
33 acts, or for the negligence or wrongful acts of any person under
34 the partner's direct supervision and control.

35 The bill provides that the name of a limited liability
36 partnership shall contain the words "Limited Liability
37 Partnership" or the abbreviation "L.L.P." or "LLP" as the last
38 words or letters of its name.
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43 Provides for the creation of limited liability partnerships.

ASSEMBLY COMMERCE AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1860

STATE OF NEW JERSEY

DATED: AUGUST 26, 1994

The Assembly Commerce and Regulated Professions Committee reports favorably Assembly Bill No. 1860.

This bill provides for the creation of limited liability partnerships. Partnerships wishing to register with the Secretary of State as limited liability partnerships must file an application setting forth certain information specified in the bill and pay the requisite fee. The bill requires limited liability partnerships to file an annual notice and pay an annual renewal fee to the Secretary of State. The bill provides that limited liability partnerships which do not file the annual notice and pay the annual fee for a period of two consecutive years shall be placed on an inactive list.

The bill further provides that a partner in a limited liability partnership is not liable, either directly or indirectly, by way of indemnification, contribution, assessment or otherwise, for debts, obligations and liabilities of or chargeable to the partnership arising from negligence, malpractice, wrongful acts, or misconduct committed while the partnership is a limited liability partnership and in the course of the limited liability partnership business by another partner or an employee, agent, or representative of the limited liability partnership. This limitation of liability does not affect the liability of a partner in a limited liability partnership for his own negligence or wrongful acts, or for the negligence or wrongful acts of any person under the partner's direct supervision and control.

The bill provides that the name of a limited liability partnership shall contain the words "Limited Liability Partnership" or the abbreviation "L.L.P." or "LLP" as the last words or letters of its name.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1860

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 12, 1995

The Senate Commerce Committee reports favorably and with committee amendments Assembly, No. 1860.

This bill, as amended, provides for the creation of limited liability partnerships under the New Jersey "uniform partnership law," R.S. 42:1-1 et seq. The bill also allows foreign limited liability partnerships to register and conduct business in this State.

The bill provides that a partner in a limited liability partnership is not liable, either directly or indirectly, by way of indemnification, contribution, assessment or otherwise, for debts, obligations and liabilities of or chargeable to the partnership, whether in tort, contract or otherwise, arising from negligence, omissions, malpractice, wrongful acts, or misconduct committed while the partnership is a limited liability partnership and in the course of the limited liability partnership business by another partner or an employee, agent, or representative of the limited liability partnership. This limitation of liability does not extend to a partner in a limited liability partnership for his own negligence or wrongful acts, or for the negligence or wrongful acts of any person under the partner's direct supervision and control.

Partnerships wishing to register with the Secretary of State as limited liability partnerships or foreign limited liability partnerships must file an application setting forth certain information specified in the bill and pay a fee. Thereafter, the bill requires limited liability partnerships and foreign limited liability partnerships to file an annual report and pay an annual renewal fee. Partnerships which do not file an annual report and pay the annual fee for a period of two consecutive years will be placed on an inactive list. The filing of an application or annual report with the Secretary of State constitutes notice that the partnership is a limited liability partnership or a foreign limited liability partnership and of all other facts included in the application or annual report.

The bill further provides that the internal affairs of a foreign limited liability partnership, including the liability of partners for debts, obligations and liabilities of or chargeable to the partnership, shall be subject to and governed by the laws of the jurisdiction in which the foreign limited liability partnership is registered.

As specified in the bill, each limited liability partnership and foreign limited liability partnership doing business in this State is required to establish and maintain a registered office and registered agent located in New Jersey.

A foreign limited liability partnership registered to do business in this State pursuant to the "New Jersey Limited Liability Company Act," P.L.1993, c.210 (C.42:2B-1 et seq.), prior to the

effective date of this bill shall be deemed to be in compliance with the provisions of the bill until the second anniversary of the registration, at which time the foreign limited liability partnership would be required to file an application in the Office of the Secretary of State.

A limited liability partnership or any foreign limited liability partnership transacting business in this State would be exempt from the filing requirements of R.S. 56:1-1 et seq.

The bill also requires that the name of a limited liability partnership or a foreign limited liability partnership shall contain the words "Limited Liability Partnership" or "Registered Limited Liability Partnership" or the abbreviation "L.L.P." or "LLP" as the last words or letters of its name.

Finally, the bill establishes certain filing fees for both domestic and foreign limited liability partnerships, makes technical amendments to the "New Jersey Limited Liability Company Act," P.L.1993, c.210 (C.42:2B-1 et seq.), and requires limited liability partnership to file an informational income tax return.

As released by the committee, this bill is identical to Senate No. 1333 (1R).

FISCAL NOTE TO
ASSEMBLY, No. 1860
STATE OF NEW JERSEY

DATED: December 7, 1994

Assembly Bill No. 1860 of 1994 provides for the creation of limited liability partnerships. A partner in a limited liability partnership is not liable for certain debts and other obligations chargeable to the partnership. The bill requires a limited liability partnership to pay an initial registration fee of \$100 and an annual renewal fee of \$20 to the Secretary of State.

After surveying other states with limited liability partnership laws, the Department of State estimates that enactment of this bill will increase State revenue by \$10,000, \$22,000 and \$26,000 in the first three years following enactment, respectively. This estimate is based on the assumption that 100 partnerships will register under the new classification in year one and that 200 will file in each of the next two years. The department states that additional administrative funding will not be required to carry out the provisions of this bill.

The Office of Legislative Services concurs with this estimate.

This fiscal note has been prepared pursuant to P.L.1980, c.67.

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001
Contact:

CARL GOLDEN
609-777-2205

TRENTON, N.J. 08625

Release: IMMEDIATE
MAY 1, 1995

Gov. Christie Whitman today signed legislation to permit the creation of a new business entity in New Jersey, the limited liability partnership (LLP).

The legislation also permits LLPs created under the laws of another state or a foreign country to register and conduct business in the state.

Under the law, a partner in an LLP is responsible for his or her own negligence or misconduct, but is not liable for acts of negligence committed by another partner.

The surrounding states of New York, Pennsylvania and Delaware already have laws to permit LLPs.

The legislation, A-1860, was sponsored by Assemblymen Jeff Warsh and Stephen Mikulak, both R-Middlesex.