



# SENATE BILL 307: Info. Rights of Estate/Death of LLC Member.

2025-2026 General Assembly

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| <b>Committee:</b>     | Senate Rules and Operations of the Senate | <b>Date:</b>        | April 1, 2025   |
| <b>Introduced by:</b> | Sen. Sawrey                               | <b>Prepared by:</b> | Bill Patterson* |
| <b>Analysis of:</b>   | Second Edition                            |                     | Staff Attorney  |

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**OVERVIEW:** *Senate Bill 307 would create a new type of ownership interest in a limited liability company (LLC) when a person's LLC membership ceases as a result of the person having died or having been declared incompetent.*

## CURRENT LAW:

Under Chapter 57D (Limited Liability Company Act), a person ceases to be a member of a limited liability company (LLC) when any of the following occurs:

- The person becomes a debtor in bankruptcy.
- The person executes an assignment for the benefit of creditors under any applicable law.
- The person has a receiver, trustee, or liquidator appointed for the person or his or her property.
- The person dies or is declared incompetent to manage his or her person or property.

When a person ceases to be a member of an LLC upon any of the above occurrences, the person or the person's estate automatically becomes an economic interest owner and is entitled only to the economic interest attributable to the person's ownership interest.

An LLC member's information rights include the right to obtain the following from the LLC:

- A copy of the articles of organization, the operating agreement, and federal, state, or local income tax returns.
- A list of names and last known mailing addresses of current interest owners.
- Information from which the capital interests of the member and other interest owners may be ascertained.
- Information from which the status of the LLC's business and financial condition may be ascertained.

A superior court may dissolve an LLC in a proceeding brought by a member if it is established that it is not practicable to conduct the LLC's business in conformance with the operating agreement and Chapter 57D, or that liquidation of the LLC is necessary to protect the rights and interests of the member.

## BILL ANALYSIS:

**Section 1** of the bill would amend Chapter 57D to:

- Define "special economic interest owner" to mean a person who owns an economic interest and has a right to information and to seek dissolution but who is not a member.
- Amend the current definition of "economic interest owner" and "interest owner" to include a "special economic interest owner."

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**Section 2** of the bill would provide that when a person who is an LLC member dies or is declared incompetent to manage his or her person or property, the person's estate or the person, through his or her designated agent or guardian, automatically would become a special economic interest owner entitled to:

- The economic interest attributable to the person's ownership interest.
- The person's information rights under Chapter 57D.
- The person's standing to seek judicial dissolution under Chapter 57D or under an alternative remedy, if applicable, in the operating agreement.

**EFFECTIVE DATE:** This act would become effective October 1, 2025, and would apply to requests for information and actions for dissolution commenced on or after that date.

*\*Kristen Harris, counsel for Senate Judiciary Committee, substantially contributed to this summary.*