

2017 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2213

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2213
1/24/2017
Job Number-27275

- Subcommittee
 Conference Committee

Committee Clerk Signature

Eva Liebelt

Explanation or reason for introduction of bill/resolution:

Annual reports of professional organizations

Minutes:

Attachment 1

Chairman Klein: Called the committee back to order.

Senator Casper: Introduced the bill. He said the bill came to him from the Secretary of State. This involves professional limited liability companies. This is a business friendly change of not having the PLC's report signed by a president or a vice president because not all have a president or vice president. We are essentially requiring the reporting of something that may not exist.

Senator Campbell: You are wanting to eliminate that a PLC to list officers because there may not be officers, is it that simple?

Senator Casper: It's that simple.

Barbara Siegel, Business Services Director for the Secretary of State: Written testimony, see attachment #1. (4:20-10:12)

Senator Casper: I wanted to make sure everyone is clear on what I said. We are not opening it up so that anyone can sign these statements. Typically, in a member controlled agreement there would be someone designated as a member manager or a member controlled agreement would have a provision that allows for a resolution, so a resolution would be a document that says which members have signing authority for the LLC. So there would be constraints, right?

Barbara Siegel: Correct, the same constraints as a regular LLC which is plenty.

Chairman Klein: We are just providing an opportunity to have that cross referenced so it makes it more business friendly.

Senator Poolman moved a do pass.

Senator Roers seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Senator Casper will carry the bill.

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.2213**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Senator Poolman Seconded By Senator Roers

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	<i>Absent</i>	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Casper

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2213: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2213 was placed on the Eleventh order on the calendar.

2017 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2213

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

SB 2213
3/6/2017
28701

- Subcommittee
 Conference Committee

Ellen Litang

Explanation or reason for introduction of bill/resolution:

Annual reports of professional organizations.

Minutes:

Attachment 1

Chairman Keiser: Opens the hearing of SB 2213.

Senator Casper ~ District 27-Fargo: This bill involves professional limit of liability companies. The Secretary of State brought this up to me for language clean up in the code.

1:50

Barb Siegel ~ Business Services Director on behalf of Secretary of State Al Jaeger: Attachment 1.

7:10

Rep Ruby: Could you explain the advantage of someone organizing professional LLC or corporation.

Siegel: As far as it's advantageous, it's actually required. If the owners are shareholders of corporations are licensed professionals, they must. The professionals must submit to our office the certificate of licensure.

Rep Ruby: The LLP's, managing partner, most cases the manager partner would be dealing with that types of reports anyways. Why is that a burden or hardship?

Siegel: Not much for LLP's, the issue was for LLC's. The reason we pursue these changes was because of the professional LLC's, where they didn't have a president or vice president, however, looking at the code, why wouldn't we refer back to their business counterpart & speak for all of them. You are right, there are not very many LLP's, it's not a big issue. It was more for consistency with the corporations' changes in LLP's than actual issue.

Chairman Keiser: Anyone else here to testify in support, opposition, neutral in SB 2213. Closes the hearing, what are the wishes of the committee?

Rep Laning: Moves a Do Pass.

Vice Chairman Sukut: Second.

Chairman Keiser: Further discussion?

Roll call was taken on a Do Pass on SB 2213 with 13 yes, 0 no, 1 absent & Rep O'Brien is the carrier.

Date: Mar 6, 2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2213

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions Reconsider _____

Motion Made By Rep Laning Seconded By Rep Sukut

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	X	
Rep Beadle	X		Rep Louser	X	
Rep R Becker	Ab		Rep O'Brien	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee	X	
Rep Kasper	X		Rep Dobervich	X	

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep O'Brien

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2213: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SB 2213 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2213

ALVIN A. JAEGER
SECRETARY OF STATE

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SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 24, 2017

TO: Chairman Jerry Klein and members of the Senate Industry, Business and Labor Committee

FR: Barbara Siegel, Business Services Director on behalf of Secretary of State Al Jaeger

RE: SB 2213 – Professional Organizations Annual Report Signing

The intent of this bill is to clarify who may sign the annual report filed with the Secretary of State by a professional organization.

By way of background, professional organizations are owned by licensed professionals who are legally authorized to provide a professional service to the public that requires a license prior to rendering the service. The Professional Organizations Act is found in N.D.C.C. ch. 10-31.

A professional organization may be a professional corporation, a professional limited liability company (LLC), or a professional limited liability partnership (LLP). For the most part, they are created, and otherwise operated, in the same manner as a business corporation (N.D.C.C. ch. 10-19.1), a business limited liability company (N.D.C.C. ch. 10-32.1), or a limited liability partnership (N.D.C.C. ch. 45-22).

Current law for professional organizations (N.D.C.C. § 10-31-13), however, has stricter annual report signing requirements than exist for their counterpart business structures. This can cause a problem particularly for a professional LLC. The law requires the annual report be signed by the president or a vice president, when there is no requirement in state law for an LLC to have a president or vice president. While some LLCs may be board-managed and the board may designate a president or a vice president, others are member-managed or manager-managed.

The changes proposed in the Bill would reference the signing requirements found in the other areas of the Century Code. In addition to correcting the signing requirements for professional LLCs, these changes would promote consistency among the three business types within the Professional Organizations Act; promote consistency between like-business types; and are business-friendly in that the signing requirements would be broadened.

- Section 1, page 2, lines 1 through 2 provides, through cross-reference, the same annual report signing requirements for professional corporations as for business corporations.
- Section 1, page 2, lines 24 through 25 provides, through cross-reference, the same annual report signing requirements for professional LLCs as for business LLCs.
- Section 1, page 3, lines 15 through 16 provides, through cross-reference, the same annual report signing requirements for professional LLPs as for other LLPs.

Section 1, page 2, lines 3 through 4: A slight change is also proposed to make a more specific cross-reference to fees.

The Secretary of State requests your favorable consideration and a do pass recommendation.

ALVIN A. JAEGER
SECRETARY OF STATE

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SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 6, 2017

TO: Chairman George Keiser and members of the House Industry, Business and Labor Committee

FR: Barbara Siegel, Business Services Director on behalf of Secretary of State Al Jaeger

RE: SB 2213 – Professional Organizations Annual Report Signing

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Section 1, page 2, lines 3 through 4: A slight change is also proposed to make a more specific cross-reference to fees.

The Secretary of State requests your favorable consideration and a do pass recommendation.