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October 11, 2012

TO: Senator Dave Nething, Chairman, and Members of the Judiciary Committee

FR: Al Jaeger, Secretary of State

RE: Revised Uniform Limited Liability Company (LLC) Act of 1996

On January 10, 2012, I reported to this committee that only six jurisdictions had adopted the Act (although with many amendments in some jurisdictions) since it was first recommended by the Uniform Law Commission in 1996. They are Iowa, Idaho, Nebraska, District of Columbia, Utah, and Wyoming. Since my report last January, it has been adopted in California and New Jersey.

According to the Commission's website, the legislation is listed as pending in two states, Minnesota and Kansas. However, in reviewing the respective legislative websites for those two states, the last action listed in Minnesota on HF 1274 was March 23, 2011. A new bill would have to be introduced in their 2013 session. In Kansas, HB 2261 was listed as having "died in committee" on June 1, 2012.

In considering whether to advance the uniform Act, it appears that the current North Dakota Limited Liability Company Act in Chapter 10-32 of the Century Code is working very well and is well accepted. Consider the following statistics:

On June 30, 2011, the Secretary of State's office had 9,732 active domestic limited liability companies on record. As of September 30, 2012, the number had increased by 4,167 to 18,899 for an increase of 43% in fifteen months.

On June 30, 2011, the Secretary of State's office had 5,288 foreign limited liability companies registered as being authorized to do business in North Dakota. As of September 30, 2012, the number had increased by 2,148 to 7,436 for an increase of 40% in fifteen months.

After evaluating all of the factors, it continues to be the recommendation of William L Guy III and my office that North Dakota not move ahead on the introduction of this uniform Act in the 2013 session. Since the North Dakota Act first became law in 1993, legislation has been introduced in each session and adopted to keep the law updated.

Under the circumstances, my office is unaware of any urgency to adopt the uniform Act, especially considering it has not been widely embraced in other states during the past six years. In addition, based on the increased number of registrations, the current North Dakota law appears to be doing quite well.

As a PS, I have added for the committee's information a graph that shows the monthly gross total of business related registrations in twenty-one categories that were processed by the Secretary of State's office in the last thirty-nine months.

Months	# of New Filings
Jul-09	551
Aug-09	514
Sep-09	559
Oct-09	537
Nov-09	474
Dec-09	457
Jan-10	744
Feb-10	681
Mar-10	667
Apr-10	555
May-10	610
Jun-10	638
Jul-10	683
Aug-10	937
Sep-10	923
Oct-10	759
Nov-10	701
Dec-10	736
Jan-11	801
Feb-11	713
Mar-11	1092
Apr-11	919
May-11	862
Jun-11	853
Jul-11	1208
Aug-11	1539
Sep-11	1336
Oct-11	1291
Nov-11	1030
Dec-11	1113
Jan-12	1336
Feb-12	1208
Mar-12	1361
Apr-12	1431
May-12	1851
Jun-12	1619
Jul-12	1177
Aug-12	1479
Sep-12	1401

