



ARIZONA STATE SENATE
Fifty-Fourth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1114

limited liability companies

Purpose

Beginning September 1, 2020, removes the Arizona Corporation Commission's (ACC's) authority to administratively dissolve a limited liability company (LLC) if the LLC's provided principal address is not in Arizona and updates statutory references.

Background

In 2018, the Legislature adopted the *Arizona Limited Liability Company Act* (2019 Act), revising LLC requirements relating to organization, standards of conduct, operating agreements, service of process, transferable interest, liability, notice, dissolution and winding up processes, derivative actions and mergers, as well as requirements specific to member-managed LLCs, professional LLCs and foreign LLCs.

Until September 1, 2020, the 2019 Act applies only to: 1) an LLC formed, converted, or domesticated beginning September 1, 2019; 2) a foreign LLC that is registered in Arizona beginning September 1, 2019; and 3) an LLC formed, converted or domesticated before September 2, 2019, that elects to be subject to the Act. Beginning September 1, 2020, the 2019 Act applies to all LLCs and foreign LLCs and the previous statutory requirements for LLCs are repealed. The 2019 Act directed Legislative Council Staff to prepare proposed legislation to conform the *Arizona Revised Statutes* to the 2019 Act's provisions for consideration in the 54th Legislature, Second Regular Session ([Laws 2018, Chapter 168](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Removes the ACC's authority to commence a proceeding to administratively dissolve an LLC if the principal address the LLC provides is not in Arizona.
2. Updates statutory references to remove references to statutes set to be repealed on September 1, 2020, and replace with references to the 2019 Act.
3. Corrects a defective reference relating to the liability of an LLC member who wrongfully dissociates to other LLC members.
4. Makes technical and conforming changes.
5. Becomes effective on September 1, 2020.