

SENATE BILL REPORT

SHB 1018

As Reported By Senate Committee On:
Law & Justice, February 15, 1996

Title: An act relating to the withdrawal from and the term of a limited partnership.

Brief Description: Amending the Washington uniform limited partnership act.

Sponsors: House Committee on Law & Justice (originally sponsored by Representatives Padden and Appelwick).

Brief History:

Committee Activity: Law & Justice: 3/16/95 [DP]; 2/15/96 [DPA].

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass as amended.

Signed by Senators Smith, Chair; Fairley, Vice Chair; Haugen, Johnson, Long, McCaslin, Roach and Schow.

Staff: Martin Lovinger (786-7443)

Background: A limited partnership is a form of business organization which consists of limited partners and at least one general partner. General partners run the business and are personally liable for the debts and obligations of the limited partnership. Limited partners are liable for the partnership's debts and obligations only to the extent of their contributions, as long as they do not participate in control of the business.

A limited partner may withdraw from a limited partnership as specified in the partnership agreement. If the partnership agreement does not specify conditions for withdrawal, a limited partner may withdraw by giving six months' written notice to each general partner.

A limited partnership is dissolved upon the first to occur of: (1) the time specified in the certificate of limited partnership; (2) the happening of events specified in the partnership agreement; (3) the written consent of all partners; (4) withdrawal of a general partner; (5) judicial dissolution; or (6) administrative dissolution.

Summary of Amended Bill: A limited partner may not withdraw prior to the time for the dissolution and winding up of the limited partnership, unless the partnership agreement provides otherwise.

A limited partnership is dissolved and its affairs wound up after 30 years from the filing of the certificate of limited partnership if no other date is specified in the certificate of limited partnership, as amended from time to time, and if no other event occurs to dissolve it sooner.

The entity name requirements are clarified by adding appropriate references to the list of names from which the proposed new entity must be distinguished.

Amended Bill Compared to Original Bill: The striking amendment adds a provision that clarifies the list of names from which the proposed new entity must be distinguished. A technical change is made in grammar by replacing the word "and" with "or" in the provision regarding the dissolution date.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill does not affect the ability of limited partners to provide for less restrictive conditions for the withdrawal of limited partners. The amendment will help avoid problems in naming the entity.

Testimony Against: None.

Testified: Watson B. Blair, Washington State Bar Association (pro).