

2019 -- H 5682

LC001537

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- THE RHODE ISLAND LIMITED-LIABILITY COMPANY ACT

Introduced By: Representatives Filippi, Place, Price, and Nardone

Date Introduced: February 27, 2019

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 7-16 of the General Laws entitled "The Rhode Island Limited-
2 Liability Company Act" is hereby amended by adding thereto the following section:

3 **7-16-77. Avoidance of dissolution by unit buyout.**

4 Whenever a petition for dissolution of a LLC is filed by one or more members
5 (subsequently in this section referred to as the "petitioner") pursuant to § 7-1.2-1314 or a right to
6 compel dissolution which is authorized under § 7-1.2-1701 or is otherwise valid, one or more of
7 its other members may avoid the dissolution by filing with the court prior to the commencement
8 of the hearing, or, in the discretion of the court, at any time prior to a sale or other disposition of
9 the assets of the LLC, an election to purchase the units owned by the petitioner at a price equal to
10 their fair value. If the units are to be purchased by other members, notice must be sent to all
11 members of the LLC other than the petitioner, giving them an opportunity to join in the election
12 to purchase the units. If the parties are unable to reach an agreement as to the fair value of the
13 units, the court shall, upon the giving of a bond or other security sufficient to assure to the
14 petitioner payment of the value of the units, stay the proceeding and determine the value of the
15 units, in accordance with the procedure set forth in § 7-1.2-1202, as of the close of business on
16 the day on which the petition for dissolution was filed. Upon determining the fair value of the
17 units, the court shall state in its order directing that the units be purchased, the purchase price and
18 the time within which the payment is to be made, and may decree any other terms and conditions

1 of sale that it determines to be appropriate, including payment of the purchase price in
2 installments extending over a period of time, and, if the units are to be purchased by members, the
3 allocation of units among members electing to purchase them, which, so far as practicable, are to
4 be proportional to the number of units previously owned. The petitioner is entitled to interest, at
5 the rate on judgments in civil actions, on the purchase price of the units from the date of the filing
6 of the election to purchase the units, and all other rights of the petitioner as owner of the units
7 terminate on that date. The costs of the proceeding, which include reasonable compensation and
8 expenses of appraisers but not fees and expenses of counsel or of experts retained by a party, will
9 be allocated between or among the parties as the court determines. Upon full payment of the
10 purchase price, under the terms and conditions specified by the court, or at any other time that is
11 ordered by the court, the petitioner shall transfer the units to the purchaser.

12 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- THE RHODE
ISLAND LIMITED-LIABILITY COMPANY ACT

- 1 This act would permit a member or members of a limited-liability company to avoid
- 2 dissolution by buying the units owned by the other member or members seeking dissolution.
- 3 This act would take effect upon passage.

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