

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL DRS15232-MV-10

Short Title: Info. Rights of Estate/Death of LLC Member. (Public)

Sponsors: Senator Sawrey (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE SPECIAL ECONOMIC INTEREST OWNERS OF LIMITED  
3 LIABILITY COMPANIES AND TO GRANT THEM INFORMATION RIGHTS AND  
4 STANDING TO SEEK JUDICIAL DISSOLUTION.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 57D-1-03 reads as rewritten:

7 "§ 57D-1-03. Definitions.

8 Unless otherwise specifically provided, the following definitions apply in this Chapter:

9 ...

10 (10) Economic interest. – The proprietary interest of an interest owner in the  
11 capital, income, losses, credits, and other economic rights and interests of a  
12 limited liability company, including the right of the owner of the interest to  
13 receive distributions from the limited liability company.

14 (11) Economic interest owner. – A ~~person~~ person, including a special economic  
15 interest owner, who owns an economic interest but is not a member.

16 ...

17 (15) Interest owner. – A ~~member or member,~~ an economic interest owner,  
18 or a special economic interest owner.

19 ...

20 (21) Member. – A person who has been admitted as a member of the LLC as  
21 provided in the operating agreement or G.S. 57D-3-01, who was a member of  
22 the LLC immediately before the repeal of Chapter 57C of the General Statutes  
23 until the person ceases to be a member as provided in the operating agreement  
24 or G.S. 57D-3-02, or, with respect to a foreign LLC, a person who has been  
25 admitted as a member of the foreign LLC under the law of the jurisdiction in  
26 which the foreign LLC is organized until the person ceases to be a member  
27 under that law.

28 ...

29 (25) Ownership interest. – All of an interest owner's rights and obligations as an  
30 interest owner in an LLC, including (i) any economic interest, (ii) any right to  
31 participate in the management or approve actions proposed by persons  
32 responsible for the management of the LLC, (iii) any right to bring a derivative  
33 action, and (iv) any right to inspect the books and records of or receive  
34 information from the LLC.

35 (26) Person. – An individual or an entity.

36 ...



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1           (32c) Special economic interest owner. – A person who owns an economic interest  
2           and, as provided in G.S. 57D-3-02, has rights to information and to seek  
3           dissolution but is not a member.

4           ...."

5           **SECTION 2.** G.S. 57D-3-02 reads as rewritten:

6           "**§ 57D-3-02. Cessation of membership.**

7           (a) A person ceases to be a member upon the occurrence of any of the following events:

8           (1) The person does any of the following:

9           a. Becomes a debtor in bankruptcy.

10           b. Executes an assignment for the benefit of creditors under any  
11           applicable law.

12           c. Has a general receiver appointed for the person pursuant to  
13           G.S. 1-507.24 or has a trustee, receiver, or liquidator appointed for the  
14           person or for all or substantially all of the person's property.

15           (2) In the case of an individual, the person's death or being adjudicated by a court  
16           of competent jurisdiction as incompetent to manage his or her person or  
17           property.

18           (3) In the case of a member with an economic interest, the transfer or  
19           abandonment of the person's entire economic interest, excluding the  
20           liquidation of a member's economic interest in connection with the dissolution  
21           and winding up of the LLC under G.S. 57D-6-08(2), regardless of whether the  
22           transferee is or becomes a member.

23           (4) The person abandoning all of the rights of his or her ownership interest except  
24           his or her economic interest, or any portion thereof.

25           (b) Upon the occurrence of any of the events described in ~~subdivisions (1) and (2)~~  
26           ~~subdivision (1)~~ of subsection (a) of this section with respect to a member, that person ~~or that~~  
27           ~~person's estate, as applicable,~~ will automatically become an economic interest owner entitled only  
28           to the economic interest attributable to the person's ownership interest, ~~but that person or that~~  
29           ~~person's estate, as applicable, and any other person who ceases to be a member shall remain liable~~  
30           ~~to the LLC for any obligation the person may have under G.S. 57D-4-02, 57D-4-06, and~~  
31           ~~57D-6-12(a)(2)-interest.~~

32           (c) Upon the occurrence of either of the events described in subdivision (2) of subsection  
33           (a) of this section with respect to a member, the member's estate or the member through the  
34           member's designated agent or court-appointed guardian will automatically become a special  
35           economic interest owner entitled to (i) the economic interest attributable to the member's  
36           ownership interest, (ii) the member's information rights as described in G.S. 57D-3-04, and (iii)  
37           the member's standing to seek judicial dissolution under G.S. 57D-6-02(2) or under an alternative  
38           remedy, if applicable, in the operating agreement.

39           (d) Any person who ceases to be a member shall remain liable to the LLC for any  
40           obligation the person may have under G.S. 57D-4-02, 57D-4-06, and 57D-6-12(a)(2)."

41           **SECTION 3.** This act becomes effective October 1, 2023, and applies to requests  
42           for information and actions for dissolution commenced on or after that date.