



Uniform Law Commission

The National Conference of Commissioners on Uniform State Laws

RHODE ISLAND COMMISSION ON UNIFORM STATE LAWS

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April 2, 2024

House Committee on Corporations
Rhode Island House of Representatives
State House
82 Smith Street
Providence, Rhode Island 02903

Public Hearing of April 2, 2024

Re: Statement of Patrick Guida and Thomas Hemmendinger to the House Committee in Support of House Bill 8116 – Enacting the Uniform Limited Liability Company Act in Rhode Island

Dear Chair Solomon, Vice Chair O'Brien, Vice Chair Caldwell, and Members of the Rhode Island House Committee on Corporations,

We are Rhode Island Uniform Law Commission members. Thank you for considering House Bill 8116, enacting the Revised Uniform Limited Liability Company Act, promulgated by the Uniform Law Commission (ULC). The ULC is a non-profit organization formed in 1892 to draft non-partisan model legislation in the areas of state law for which uniformity among the states is advisable.

The State of Rhode Island has a long and successful history of enacting uniform acts, including the Uniform Commercial Code, Uniform Anatomical Gifts Act, Uniform Transfers to Minors Act, Uniform Trade Secret Act, and the Uniform Electronic Transactions Act among others. Last session the General Assembly enacted updates to the Uniform Partnership Act and Uniform Limited Partnership Acts, revisions to the Uniform Law on Notarial Acts, and the Uniform Commercial Real Estate Receivership Act.

We are writing to support House Bill 8116, which would enact the Uniform Limited Liability Company Act (ULLCA) in Rhode Island. This bill is a comprehensive update to the State's existing limited liability company law. ULLCA was first approved by the ULC in 1994 and was significantly updated in 2006. The ULLCA was refined in 2011 and 2013 as part of the ULC's harmonization of uniform unincorporated business entity acts. Adopting House Bill 8116 would bring Rhode Island's limited liability company law into line with several other jurisdictions, including Connecticut, New Jersey, Vermont, and Pennsylvania. Rhode Island's current limited liability statute was enacted in 1992. Currently, Rhode Island statutory law is not aligned with any other state and suffers from the inability to take advantage of the legal authority and case precedent established by court proceedings in states which have enacted the ULLCA.

House Bill 8116 is the product of extensive study, negotiation, and drafting by local practitioners and the Rhode Island Secretary of State's Office. This group scrutinized ULLCA as drafted by the ULC and made adjustments to ensure that the bill's content and structure are appropriate for Rhode Island. The committee has worked with the ULC during the drafting process to confirm that the bill meets the goals and purposes of the uniform acts. While there are many similarities between existing

Rhode Island laws and the new ULLCA, the differences in the ULLCA constitute important improvements which will better align Rhode Island law with best practices in the rest of the country. If passed, House Bill 8116 would bring clarity, cohesiveness, and continuity to limited liability company law in Rhode Island.

House Bill 8116 is a carefully crafted and complete update to Rhode Island's limited liability company law and would provide necessary clarity and change to this complex area of the law. We are attaching three documents prepared by the ULC. The first is a chart comparing the Uniform Limited Liability Company Act and Rhode Island's current LLC statute. The second document summarizes the key similarities and differences between ULLCA and Rhode Island's current statute. The final document outlines reasons why a state should adopt ULLCA. Thank you for your time and consideration.

Respectfully submitted,

Patrick A. Guida
Thomas Hemmendinger