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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/07  
 LAST UPDATED 1/24/07      HB 184

SPONSOR Maestas

SHORT TITLE Uniformed Revised Limited Partnership Act      SB \_\_\_\_\_

ANALYST Wilson

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$0.1	\$0.1	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Administrative Office of the Courts (AOC)  
 Office of the Attorney General (OAG)  
 Public Regulation Commission (PRC)  
 Secretary of State (SOS)

### SUMMARY

#### Synopsis of Bill

House Bill 184 enacts the Uniform Revised Limited Partnership Act (URLPA) The bill enhances the definition, duties and liabilities for partners of limited liability corporations (LLC).

## **FISCAL IMPLICATIONS**

The bill proposes increased fees accepted for LLCs. The fee changes range from \$25 to \$40 per transaction and will go to the general fund.

The SOS states they require a \$110,000 appropriation to administer the provisions of the URLPA so that they can update, modify, train and develop enhancements for current software.

The SOS estimates they have received five inquiries from the public regarding LLCs in the last three years.

## **SIGNIFICANT ISSUES**

The ULPA was approved and recommended for enactment by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in 2001. The changes in language and format in this bill are done so for uniformity of LLCs around the United States.

The Commissioners of the NCCUSL provide the following explanation for the approval of the ULP:

- The new Limited Partnership Act is a “stand alone” act, “de-linked” from both the original general partnership act (“UPA”) and the Revised Uniform Partnership Act (“RUPA”). To be able to stand alone, the Limited Partnership incorporates many provisions from RUPA and some from the Uniform Limited Liability Company Act (“ULLCA”). As a result, the new Act is far longer and more complex than its immediate predecessor, the Revised Uniform Limited Partnership Act (“RULPA”).
- The new act has been drafted for a world in which limited liability partnerships and limited liability companies can meet many of the needs formerly met by limited partnerships. This act therefore targets two types of enterprises that seem largely beyond the scope of LLPs and LLCs: sophisticated, manager-entrenched commercial deals whose participants commit for the long term, and estate planning arrangements (family limited partnerships). This act accordingly assumes that, more often than not, people utilizing it will want strong centralized management, strongly entrenched, and passive investors with little control over or right to exit entity.

The OAG notes some differences between the Uniform Partnership Act proposed by the NCCUSL and this bill. For example, Section 210 of this bill discusses fees payable to the Secretary of State, yet the NCCUSL version of Section 210 addresses a required annual report from a limited partnership to the Secretary of State. This bill does not appear to require an annual report. Also, the bill appears to omit Sections 810-811 of the NCCUSL draft relating to reinstatement of a limited partnership after administrative dissolution.

## **ADMINISTRATIVE IMPLICATIONS**

Costs to the SOS for administering the proposed change should be minimal if any since the agency is currently charged with performing these tasks.

**TECHNICAL ISSUES**

The AOC notes the title of House Bill 184 explains that the bill is enacting the “Uniform Revised Limited Partnership Act” (URLPA). It appears, though, that the bill in enacting the “Uniform Limited Partnership Act” (ULPA), as the contents are almost identical to those contained in the ULPA approved and recommended by the NCCUSL. Thus, this Act should not be confused with the Revised Uniform Limited Partnership Act (RULPA), the immediate predecessor to the NCCUSL’s ULPA.

DW/nt:csd