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BILL



ANALYSIS

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Senate Bill 841 (as reported without amendment)  
Sponsor: Senator Jack Brandenburg  
Committee: Finance

### **CONTENT**

The bill would amend the Uniform Partnership Act to do the following:

- Revise provisions regarding the liability of a partner of a registered limited liability partnership (LLP) for a debt, obligation, or other liability incurred by the partnership.
- Indicate that the limitation on liability would apply regardless of the dissolution of the partnership.
- Specify that these provisions would not affect the personal liability of a partner for a liability of the partnership incurred or arising before the bill's effective date.
- Specify that the failure of a registered LLP to observe any formalities related to exercising its powers or management would not be grounds for imposing liability on a partner.

Under the Act, except for a tax obligation of the partnership, a partner of a registered limited liability partnership is not liable directly or indirectly, including by way of indemnification, contribution, assessment, or otherwise, for debts, obligations, and liabilities of or chargeable to the partnership, whether in tort or contract, arising from negligence, wrongful acts, omissions, misconduct, or malpractice committed while the partnership is a registered LLP and in the course of the partnership business by another partner or an employee, agent, or representative of the partnership. The bill would delete this provision.

Under the bill, except as otherwise provided, a debt, obligation, or other liability of a partnership incurred while it was a registered limited liability partnership would be solely the debt, obligation, or other liability of that partnership. A partner would not be personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the registered LLP solely by reason of being or acting as a partner.

In addition, the Act states that it does not affect the liability of a partner in a registered limited liability partnership for the partner's own negligence, wrongful acts, omissions, misconduct, or malpractice, or that of any person under the partner's direct supervision and control. Under the bill, instead, the proposed provisions would not affect the liability of a partner in a registered LLP for the partner's own negligence, wrongful acts, omissions, misconduct, or malpractice, or that of any individual who was under the partner's direct supervision and control, that resulted in a debt, obligation, or other liability of the partnership.

MCL 449.46

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-2-18

Fiscal Analyst: Michael Siracuse

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Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)

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