



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1511/1
ARG:wlj:rs

2015 ASSEMBLY BILL 60

February 23, 2015 – Introduced by Representatives KOOYENGA, GENRICH, MACCO, JOHNSON, GOYKE, KNUDSON, SANFELIPPO, SUBECK, KLEEFISCH, C. TAYLOR, KULP, KOLSTE, QUINN, KNODL, HESSELBEIN, BARCA, BERCEAU, KREMER, ZAMARRIPA, SPREITZER and HINTZ, cosponsored by Senators DARLING, WANGGAARD, HANSEN and OLSEN. Referred to Committee on Financial Institutions.

1 **AN ACT** *to amend* 183.0103 (1), 183.0103 (3), 183.0202 (2), 183.09025 (4) (a) 3.
2 and 183.1005; and *to create* 183.0202 (7) and subchapter XIV of chapter 183
3 [precedes 183.1401] of the statutes; **relating to:** creation of a category of
4 limited liability company identified as a low-profit limited liability company.

Analysis by the Legislative Reference Bureau

This bill allows an entity operated for profit and organized as a limited liability company (LLC) to become a low-profit LLC by stating in its articles of organization that it is a low-profit LLC. However, to qualify as a low-profit LLC, an LLC must significantly further the accomplishment of one or more charitable or educational purposes, cannot have the production of income or appreciation of property as its primary purpose, and cannot have any political or legislative purpose. In general, provisions of law applicable to LLCs also apply to low-profit LLCs, although one of the permissible identifiers in the name of a low-profit LLC is “L3C” instead of “LLC.”

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 183.0103 (1) of the statutes is amended to read:
6 183.0103 (1) The Except as provided in s. 183.1402, the name of a limited
7 liability company as set forth in its articles of organization must contain the words

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1 “limited liability company” or “limited liability co.” or end with the abbreviation
2 “L.L.C.” or “LLC”. The name may not contain language stating or implying that the
3 limited liability company is organized for any purpose other than that permitted
4 under s. 183.0106 (1).

5 **SECTION 2.** 183.0103 (3) of the statutes is amended to read:

6 183.0103 (3) The name of a limited liability company is not distinguishable
7 from a name referred to in sub. (2) (a) to (c) if the only difference between it and the
8 other name is the inclusion or absence of a word or words referred to in sub. (1) or
9 s. 183.1402 or of the words “corporation”, “incorporated”, “limited”, “company”,
10 “limited partnership”, “limited liability partnership” or “cooperative” or an
11 abbreviation of these words.

12 **SECTION 3.** 183.0202 (2) of the statutes is amended to read:

13 183.0202 (2) A name for the limited liability company that satisfies s. 183.0103
14 and, if applicable, s. 183.1402.

15 **SECTION 4.** 183.0202 (7) of the statutes is created to read:

16 183.0202 (7) If applicable, the statements under s. 183.1403 (2).

17 **SECTION 5.** 183.09025 (4) (a) 3. of the statutes is amended to read:

18 183.09025 (4) (a) 3. A statement that the limited liability company’s name
19 satisfies s. 183.0103 and, if applicable, s. 183.1402.

20 **SECTION 6.** 183.1005 of the statutes is amended to read:

21 **183.1005 Name.** A certificate of registration may not be issued to a foreign
22 limited liability company unless its name satisfies s. 183.0103 (1) and (2) and, if
23 applicable, s. 183.1402. If the name under which a foreign limited liability company
24 is registered in the jurisdiction of its formation does not satisfy s. 183.0103 (1) and
25 (2) and, if applicable, s. 183.1402, the foreign limited liability company may obtain

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1 a certificate of registration to transact business in this state under a fictitious name
2 that is available and that satisfies s. 183.0103 (1) and (2) and, if applicable, s.
3 183.1402.

4 **SECTION 7.** Subchapter XIV of chapter 183 [precedes 183.1401] of the statutes
5 is created to read:

CHAPTER 183

SUBCHAPTER XIV

LOW-PROFIT LIMITED

LIABILITY COMPANIES

10 **183.1401 Definition.** In this subchapter, “low-profit limited liability
11 company” means a limited liability company that is operated for profit and that
12 satisfies the requirements under s. 183.1403.

13 **183.1402 Name.** The name of a low-profit limited liability company as set
14 forth in its articles of organization must contain the words “low-profit limited
15 liability company” or “low-profit limited liability co.” or end with the abbreviation
16 “L3C”.

17 **183.1403 Requirements.** (1) To qualify as a low-profit limited liability
18 company under this subchapter, a limited liability company shall at all times
19 significantly further the accomplishment of one or more charitable or educational
20 purposes within the meaning of section 170 (c) (2) (B) of the Internal Revenue Code.

21 (2) To qualify as a low-profit limited liability company under this subchapter,
22 a limited liability company shall state in its articles of organization all of the
23 following:

24 (a) That it is a low-profit limited liability company.

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1 (b) That the production of income or appreciation of property is not its primary
2 purpose.

3 (c) That it has no purpose to accomplish any political or legislative purpose
4 within the meaning of section 170 (c) (2) (D) of the Internal Revenue Code.

5 **(3)** (a) Subject to par. (b), to qualify as a low-profit limited liability company
6 under this subchapter, a limited liability company's operations shall at all times be
7 consistent with the statements in sub. (2) (b) and (c).

8 (b) The fact that a limited liability company produces significant income or
9 capital appreciation is not, in the absence of other factors, conclusive evidence that
10 the limited liability company has as its primary purpose the production of income or
11 appreciation of property.

12 (c) The operating agreement of a low-profit limited liability company may not
13 eliminate or reduce the obligations or purposes of the low-profit limited liability
14 company under this section.

15 **(4)** Except as otherwise provided in this subchapter, all provisions of this
16 chapter applicable to domestic limited liability companies are applicable to
17 low-profit limited liability companies.

18 **183.1404 Additional duty.** (1) In addition to the duties under s. 183.0402,
19 a member or manager of a low-profit limited liability company shall discharge his
20 or her duties relating to the obligations and purposes of the low-profit limited
21 liability company under s. 183.1403 (2) (b) and (c) with the degree of diligence, care,
22 and skill that an ordinarily prudent person would exercise under similar
23 circumstances.

24 **(2)** The operating agreement of a low-profit limited liability company may not
25 eliminate or reduce the duty imposed under sub. (1).

