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FISCAL IMPACT REPORT

SPONSOR McSorley **ORIGINAL DATE** 01/29/09
LAST UPDATED 03/20/09 **HB** _____

SHORT TITLE Uniform Revised Limited Partnership Changes **SB** 11/aHBIC

ANALYST Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	\$0.1	\$0.1	\$0.1		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts(AOC)

Attorney General's Office (AGO)

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment to SB 11 adds "Amending Sections of Laws 2007" and "Rectifying Effective Dates" to the title of the bill.

In the section titled Application to Existing Limited Partnerships and Other Relationships the amendment corrects citations.

The amendment adds that an amended and restated certificate of limited partner ship stating that it may elect to be subject to the Uniform Revised Limited Partnership Act if the filing is made before January 1, 2010.

After January 1, 2010, the Uniform Revised Limited Partnership Act governs a foreign limited partnership formed at any time.

The amendment makes several technical amendments by changing effective dates, deadlines and transition provisions.

Synopsis of Original Bill

Senate Bill 11 amends the Uniform Revised Limited Partnership Act to require that domestic limited partnerships subject to that Act use the phrase limited liability limited partnership or the abbreviation LLLP or L.L.L.P. and prohibits them from using the abbreviation LP or L.P. in their names, effective July 1, 2009. Current law appears to impose similar restrictions and requirements on foreign limited partnerships effective on that date, but not on limited partnerships formed in New Mexico under the provisions of that act. The amendments refer to the fact that partnerships subject to its provisions are limited liability limited partnerships, as opposed to traditional limited partnerships.

The bill also provides that before transacting business in New Mexico, a foreign limited partnership must have a certificate of authority to transact business in New Mexico issued by the Secretary of State (SOS).

FISCAL IMPLICATIONS

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

The Uniform Revised Limited Partnership Act was enacted in 2007. It repealed the existing Uniform Limited Partnership Act, effective January 1, 2009. The 2007 Act subjected all limited partnerships formed on or after January 1, 2008 to its provisions, and allowed limited partnerships formed prior to that date to elect to be subject to its provisions. The 2007 act generally provided that limited partnerships formed on or after that date, and those limited partnerships formed prior to that date but electing to become subject to its provisions, would have the characteristics of entities known as limited liability limited partnerships. General partners in those entities are granted protection from liability for obligations of the partnership, as opposed to general partners in traditional limited partnerships who are personally liable for the obligations of the limited partnership. The act also distinguishes limited partnerships formed in New Mexico from foreign limited partnerships formed in other states.

This bill specifically prohibits domestic limited partnerships subject to the Uniform Revised Limited Partnership Act from using abbreviations and phrases in their names which are generally used by traditional limited partnerships, and requires the use of abbreviations or phrases which are generally used by limited liability limited partnerships. It also specifically prohibits foreign limited partnerships from transacting business in New Mexico without authorization from the SOS.

This bill does not become effective until July 1, 2009. Presumably the name requirements contained in this bill will not apply until that date, and limited partnerships subject to the act will be allowed to continue to use certain phrases in their names which are used by traditional limited partnerships until that date.

ADMINISTRATIVE IMPLICATIONS

The SOS should be able to handle the provisions in this bill as part of its ongoing responsibilities.

DW/mt:svb