

**HOUSE . . . . . No. 01868**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Linda Dorcena Forry*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to creating low profit limited liability companies

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PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Linda Dorcena Forry</i>	<i>12th Suffolk</i>
<i>James J. Dwyer</i>	<i>30th Middlesex</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Jason M. Lewis</i>	<i>31st Middlesex</i>
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>

# HOUSE . . . . . No. 01868

By Ms. Forry of Boston, a petition (accompanied by bill, House, No. 1868) of Lewis and others relative to the creation of low profit limited liability company small businesses Joint Committee on Community Development and Small Businesses.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE  
□ HOUSE  
□ , NO. 4589 OF 2009-2010.]

## The Commonwealth of Massachusetts

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**In the Year Two Thousand Eleven**  
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An Act relative to creating low profit limited liability companies

□.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 2 of chapter 156C of the General Laws, as appearing in the 2006  
2 Official Edition is hereby amended by inserting, after paragraph 6, the following paragraph: (6a)  
3 “Low-profit limited liability company” or “L3C”, a limited liability company, other than a  
4 foreign limited liability company, organized under or governed by this chapter, which has set  
5 forth in its articles of organization a business purpose that satisfies, and at all times complies  
6 with, each of the following requirements:(i) The limited liability company (a) significantly  
7 furthers the accomplishment of one or more charitable or educational purposes within the  
8 meaning of section 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended, and (b)

9 would not have been formed but for the entity's relationship to the accomplishment of charitable  
10 or educational purposes; (ii) No significant purpose of the limited liability company is the  
11 production of income or the appreciation of property; provided, however, that the fact that the  
12 entity produces significant income or capital appreciation shall not, in the absence of other  
13 factors, be conclusive evidence of a significant purpose involving the production of income or  
14 the appreciation of property; and (iii) No purpose of the limited liability company is to  
15 accomplish one or more political or legislative purposes within the meaning of section  
16 170(c)(2)(D) of the Internal Revenue Code of 1986, as amended.

17 SECTION 2. The first paragraph of section 3 of said chapter 156C, as so appearing, is further  
18 amended by inserting in line 4, after the abbreviation "LC", the following: - " , provided,  
19 however, that if the limited liability company is a low-profit limited liability company, as defined  
20 in section 2, its name shall contain the words "Low-profit Limited Liability Company," or the  
21 abbreviation 'L3C' or 'l3c'".

22 SECTION 3. Subsection (a) of section 12 of said chapter 156C, as so appearing, is hereby  
23 amended by inserting, after paragraph (7) the following paragraph: - (7)(a) if the limited liability  
24 company is a low-profit limited liability company ;

25 SECTION 4. Section 13 of chapter 156C , as so appearing, is further amended by inserting ,  
26 after paragraph (d) the following paragraph: - (d)(1) If a low-profit limited liability company has  
27 ceased to meet any of the requirements in paragraph (6)(a) of section 2 of this chapter, it shall  
28 file a certificate of amendment with the state secretary within thirty (30) days after ceasing to  
29 meet those requirements, to amend its name to conform with the requirements in paragraph (1)  
30 of section (3) of this chapter governing limited liability company names.

31 SECTION 5. Paragraph (5) of section 45 of said chapter 156C, as so appearing, is hereby  
32 amended by striking out, in line 15, the words “forty-four.” And inserting in their place the  
33 words “forty-four; or”

34 SECTION 6. Said section 45 of said chapter 156C, as so appearing, is further amended by  
35 adding the following paragraph:- (6) with respect to a low-profit limited liability company that  
36 has ceased to meet any of the requirements in paragraph (6)(1) of section 2, the failure for sixty  
37 (60) days after ceasing to meet those requirements to file articles of amendment with the state  
38 secretary, amending its name to conform with the requirements of paragraph(1) of section 3.