

Topic: Low-Profit Limited Liability Company (L3C)
 Question by: Kevin Rayburn, Esq., MBA
 Jurisdiction: Tennessee
 Date: July 29, 2013

Jurisdiction	Question(s)
	For those states that don't have a domestic statute recognizing the L3C business entity, how are you handling an application for a certificate of authority by a foreign L3C? Accept or Reject?
Manitoba	
Corporations Canada	
Alabama	
Alaska	
Arizona	Arizona would follow this basic standard as we do not recognize L3Cs.
Arkansas	
California	
Colorado	
Connecticut	
Delaware	
District of Columbia	In DC we do not have L3C as the entity type. We will register this entity as a regular foreign LLC.
Florida	
Georgia	
Hawaii	Hawaii does not have statutes recognizing L3Cs, low profit limited liability companies. If we received an application for a certificate of authority for a foreign LLC filing with the good standing certificate stating it is a LLC organized in their State, we register the entity as a foreign LLC.
Idaho	
Illinois	

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Indiana	Indiana accepts the filing but does not make any differentiation from other foreign LLCs.
Iowa	
Kansas	
Kentucky	
Louisiana	Louisiana would file as a regular foreign LLC.
Maine	
Maryland	
Massachusetts	Massachusetts does not have the entity type L3C. A Foreign L3C would register with this office as a Foreign LLC.
Michigan	
Minnesota	If Minnesota were to receive an application for authority to do business in Minnesota by a non-Minnesota low-profit LLC, we would handle it as if it were any other foreign LLC and it would have to meet those standards and no other. Under the internal affairs doctrine, the law of the home state would prevail where third parties are not the affected targets. I believe that the issues where a low-profit LLC differs from a standard LLC would generally be internal, and therefore under the law of the home state.
Mississippi	
Missouri	
Montana	Montana does NOT have statutes authorizing an L3C.
Nebraska	
Nevada	Nevada would follow this basic standard as we do not recognize L3Cs.
New Hampshire	
New Jersey	
New Mexico	
New York	
North Carolina	The North Carolina General Assembly passed a revised LLC Act this year which removed a designation as an L3C. North Carolina would register the entity as an LLC.
North Dakota	Since North Dakota has not adopted L3C statutes, we would accept it as a conventional LLC without any differentiation on the record.

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Ohio	Ohio would accept the application as a regular foreign LLC. We do not recognize the L3C entity type.
Oklahoma	
Oregon	We accept it as if it were a regular LLC.
Pennsylvania	<p>A filing from an L3C to be a benefit corporation in PA would be rejected. If an L3C wanted to file as an LLC that would be permitted. If the L3C was registered as an LLC in PA and wanted to elect benefit corporation status, they would have to convert the LLC to a corporation.</p> <p>A new corporation can become a benefit corporation by stating so in its articles of incorporation. An existing corporation may become a benefit corporation by amending its articles of incorporation.</p>
Rhode Island	
South Carolina	
South Dakota	
Tennessee	
Texas	
Utah	Utah has an L3C statute
Vermont	
Virginia	<p>Virginia has not enacted L3C provisions, although legislation was previously introduced. The argument was that it is not needed since our Act provides that every Virginia LLC “has the purpose of engaging in any lawful business, purpose, or activity, whether or not such business, purpose, or activity is carried on for profit ... unless a more limited purpose is set forth in the articles of organization.” Therefore, one could by adoption of appropriate articles of organization or operating agreement organize what is essentially a L3C.</p> <p>The Code of Virginia provides that “foreign limited liability company” means “an entity, excluding a foreign business trust, that is an unincorporated organization that is organized under laws other than the laws of this Commonwealth, and that affords to each of its members, pursuant to the laws under which it is organized, limited liability with respect to the liabilities of the entity.” Accordingly, a foreign L3C can register in Virginia as a foreign LLC. But it would have to comply with our name standards and adopt a designated name for use in Virginia if its name does not include “LLC,” etc. “L3C” is not a recognized LLC designation.</p>

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Washington	Washington state returns the application and informs them they must choose a different business structure in our state. We have had only a few of these.
West Virginia	
Wisconsin	Wisconsin would accept the application as a regular foreign LLC. We don't have a statute recognizing the L3C entity type.
Wyoming	

Additional comments:

Kevin,

I'm not a filing officer, but the all various L3C statutes that I have seen function as an add-on to the state's existing LLC statute. Thus an L3C (abomination though it may be) is a subset of the LLC entity type.

Dan

Full text of email:

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Apparently a L3C is a for-profit, social enterprise venture that has a stated goal of performing a socially beneficial purpose, not maximizing income. I believe Illinois, Louisiana, Maine, Michigan, North Carolina, Rhode Island, Utah, Vermont, and Wyoming have statutes recognizing L3Cs. Tennessee had legislation proposed this year to allow domestic formation of L3Cs, but it did not pass.

Thanks in advance!

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