

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 258

Short Title: Extend Liability Limits to General Partners. (Public)

Sponsors: Representatives Faison; Cleveland, Harrison, Wilkins, and Wray.

Referred to: Judiciary III.

February 17, 2005

A BILL TO BE ENTITLED

AN ACT TO EXTEND LIABILITY LIMITATIONS TO ALL PARTNERSHIPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 59-45 reads as rewritten:

"§ 59-45. Nature of partner's liability in ~~ordinary partnerships and in registered limited liability partnerships.~~

(a) Except as provided by subsections (a1) and (b) of this section, all partners are jointly and severally liable for the acts and obligations of the partnership.

(a1) Except as provided in subsection (b) of this section, a partner ~~in a registered limited liability partnership~~ is not individually liable for debts and obligations of the partnership incurred ~~while it is a registered limited liability partnership~~ solely by reason of being a partner and does not become liable by participating, in whatever capacity, in the management or control of the business of the partnership.

(b) Nothing in this Chapter shall be interpreted to abolish, modify, restrict, limit, or alter the law in this State applicable to the professional relationship and liabilities between the individual furnishing the professional services and the person receiving the professional services, the standards of professional conduct applicable to the rendering of the services, or any responsibilities, obligations, or sanctions imposed under applicable licensing statutes. A partner ~~in a registered limited liability partnership~~ is not individually liable, directly or indirectly, including by indemnification, contribution, assessment, or otherwise, for the debts, obligations, and liabilities of, or chargeable to, the ~~registered limited liability~~ partnership that arise from errors, omissions, negligence, malpractice, incompetence, or malfeasance committed by another partner or by an employee, agent, or other representative of the partnership; provided, however, nothing in this Chapter shall affect the liability of a partner ~~of a professional registered limited liability partnership~~ for his or her own errors, omissions, negligence, malpractice, incompetence, or malfeasance committed in the rendering of professional services.

(c) Repealed by Session Laws 1999-362, s. 5.

1 (d) A partner ~~in a registered limited liability partnership~~ is not a proper party to
2 proceedings by or against ~~a limited liability~~ the partnership, except where the object of
3 the proceeding is to enforce a partner's right against or liability to the ~~limited liability~~
4 partnership.

5 (e) The liability of partners of a ~~registered limited liability~~ partnership formed
6 and existing under this Chapter shall at all times be determined solely and exclusively
7 by this Chapter and the laws of this State.

8 (f) If a conflict arises between the laws of this State and the laws of any other
9 jurisdiction with regard to the liability of a partner of ~~a registered limited liability~~ any
10 partnership formed and existing under this Chapter for the debts, obligations, and
11 liabilities of the ~~registered limited liability~~ partnership, this Chapter and the laws of this
12 State shall govern in determining the liability.

13 (g) This section applies to all partnerships formed and existing under this
14 Chapter, including registered limited liability partnerships."

15 **SECTION 2.** This act becomes effective October 1, 2005, and applies to
16 causes of action arising on or after that date.