CS FOR HOUSE BILL NO. 296(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 2/9/00
Referred: Judiciary
Sponsor(s): HOUSE JUDICIARY COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to partnerships; amending Rule 25(c), Alaska Rules of Civil Procedure; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 04.21.035 is amended to read:

Sec. 04.21.035. Responsibility of limited liability organization members.

Notwithstanding any other provision of AS 10.50 or AS 32.06, a member of a limited liability organization holding a license under this title is not relieved of the obligation or the liability otherwise imposed upon a holder of a liquor license under this title solely because the license is held by a limited liability organization.

* Sec. 2. AS 04.21.080(b)(11) is amended to read:

(11) "foreign limited liability partnership" has the meaning given in AS 32.06;

* Sec. 3. AS 04.21.080(b)(15) is amended to read:

(15) "limited liability partnership" has the meaning given in AS 32.06.
Sec. 4. AS 09.40.240 is amended to read:

Sec. 09.40.240. Appointment of receivers. A receiver may be appointed by the court in any action or proceeding except an action for the recovery of specific personal property

(1) provisionally, before judgment, on the application of either party, when the party's right to the property that [WHICH] is the subject of the action or proceeding and that [WHICH] is in the possession of an adverse party is probable, and where it is shown that the property or its rents or profits are in danger of being lost or materially injured or impaired;

(2) after judgment, to carry the judgment into effect;

(3) after judgment, to dispose of the property according to the judgment or to preserve it during the pendency of an appeal, or when an execution has been returned unsatisfied and the debtor refuses to apply the debtor's property in satisfaction of the judgment;

(4) in the cases when a corporation has been dissolved, or is insolvent or in imminent danger of insolvency, or has forfeited its corporate rights;

(5) in the cases when a debtor has been declared insolvent;

(6) under AS 32.06.504(a).

Sec. 5. AS 10.35.040(a) is amended to read:

(a) A person conducting a business may register its name if the name is distinguishable on the records of the department from the name of any other organized entity and from a reserved or registered name. In this subsection,

(1) "organized entity" means

(A) a corporation under AS 10.06;

(B) a foreign corporation authorized under AS 10.06 to transact business in this state;

(C) a BIDCO licensed under AS 10.13;

(D) a cooperative organized under AS 10.15;

(E) a foreign cooperative under AS 10.15 that is authorized under AS 10.06 to do business in this state;
(F) a nonprofit corporation organized under AS 10.20;
(G) a nonprofit foreign corporation authorized under AS 10.20
to transact business in this state;
(H) a cooperative organized under AS 10.25;
(I) a religious corporation formed under AS 10.40;
(J) a professional corporation organized under AS 10.45;
(K) a limited liability company organized under AS 10.50;
(L) a foreign limited liability company registered under
AS 10.50;
(M) a registered limited liability partnership under AS 32.06
[AS 32.05];
(N) a foreign limited liability partnership registered under
AS 32.06 [AS 32.05];
(O) a limited partnership formed under AS 32.11; or
(P) a foreign limited partnership registered under AS 32.11;
(2) "reserved or registered name" means a name reserved or registered
under this chapter, AS 10.06, AS 10.50, AS 32.06 [AS 32.05], or AS 32.11.

* Sec. 6. AS 32 is amended by adding a new chapter to read:


Sec. 32.06.201. Partnership as entity. (a) A partnership is an entity distinct
from its partners.

(b) A limited liability partnership continues to be the same entity that existed
before the filing of a statement of qualification under AS 32.06.911.

Sec. 32.06.202. Formation of partnership. (a) Except as otherwise provided
in (b) of this section, the association of two or more persons to carry on as co-owners
a business for profit forms a partnership, whether or not the persons intend to form a
partnership.

(b) An association formed under a statute other than this chapter, a predecessor
statute, or a comparable statute of another jurisdiction is not a partnership under this
chapter.
(c) In determining whether a partnership is formed, the following rules apply:

(1) joint tenancy, tenancy in common, tenancy by the entireties, joint
property, common property, or part ownership does not by itself establish a
partnership, even if the co-owners share profits made by the use of the property;

(2) the sharing of gross returns does not by itself establish a
partnership, even if the persons sharing them have a joint or common right or interest
in property from which the returns are derived;

(3) a person who receives a share of the profits of a business is
presumed to be a partner in the business, unless the profits are received in payment
(A) of a debt by installments or otherwise;
(B) for services as an independent contractor, or of wages or
other compensation to an employee;
(C) of rent;
(D) of an annuity or other retirement or health benefit provided
to a beneficiary, representative, or designee of a deceased or retired partner;
(E) of interest or other charge on a loan, even if the amount of
payment varies with the profits of the business, including a direct or indirect
present or future ownership of the collateral, or rights to income, proceeds, or
increase in value derived from the collateral; or
(F) for the sale of the good will of a business or other property
by installments or otherwise.

Sec. 32.06.203. Partnership property. Property acquired by a partnership is
property of the partnership and not of the partners individually.

Sec. 32.06.204. When property is partnership property. (a) Property is
partnership property if acquired in the name of
(1) the partnership; or
(2) one or more partners with an indication in the instrument
transferring title to the property of the person’s capacity as a partner or of the
existence of a partnership but without an indication of the name of the partnership.

(b) Property is acquired in the name of the partnership by a transfer to
(1) the partnership in its name; or
(2) one or more partners in their capacity as partners in the partnership if the name of the partnership is indicated in the instrument transferring title to the property.

(c) Property is presumed to be partnership property if purchased with partnership assets, even if not acquired in the name of the partnership or of one or more partners with an indication in the instrument transferring title to the property of the person’s capacity as a partner or of the existence of a partnership.

(d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring title to the property of the person’s capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property even if used for partnership purposes.

Article 2. Relations of Partners to Persons Dealing with Partnership.

Sec. 32.06.301. Partner as agent of partnership. Subject to the effect of a statement of partnership authority under AS 32.06.303,

(1) each partner is an agent of the partnership for the purpose of its business; an act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner does not have authority to act for the partnership in the particular matter and the person with whom the partner is dealing knows or has received a notification that the partner lacks authority;

(2) an act of a partner that is not apparently for carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership does not bind the partnership unless the act was authorized by the other partners.

Sec. 32.06.302. Transfer of partnership property. (a) Subject to the effect of a statement of partnership authority under AS 32.06.303, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.

(b) Partnership property held in the name of one or more partners, with an
indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(c) Partnership property held in the name of one or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(d) A partnership may recover partnership property from a transferee only if the partnership proves that execution of the instrument of initial transfer did not bind the partnership under AS 32.06.301 and

(1) as to a subsequent transferee who gave value for property transferred under (a) or (b) of this section, that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) as to a transferee who gave value for property transferred under (c) of this section, that the transferee knew or had received a notification that the property was partnership property, and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(e) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property under (d) of this section from an earlier transferee of the property.

(f) If a person holds all of the partners’ interests in the partnership, all of the partnership property vests in the person. The person may execute a document in the name of the partnership to evidence vesting of the property in the person and may file or record the document.

Sec. 32.06.303. Statement of partnership authority. (a) A partnership may file a statement of partnership authority that

(1) must include

(A) the name of the partnership;
(B) the street address of its chief executive office and an office in this state, if there is one;

(C) the names and mailing addresses of all of the partners or an agent appointed and maintained by the partnership for the purpose of (b) of this section; and

(D) the names of the partners authorized to execute an instrument transferring real property held in the name of the partnership; and

(2) may state

(A) the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership; and

(B) any other matter.

(b) If a statement of partnership authority names an agent, the agent shall maintain a list of the names and mailing addresses of all of the partners and make it available to any person on request for good cause shown.

(c) If a filed statement of partnership authority is executed under AS 32.06.970(c) and states the name of the partnership but does not contain all of the other information required by (a) of this section, the statement nevertheless operates with respect to a person who is not a partner as provided in (d) and (e) of this section.

(d) Except as otherwise provided in (g) of this section, a filed statement of partnership authority supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:

(1) except for transfers of real property, a grant of authority contained in a filed statement of partnership authority is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a limitation on the grant of authority is not then contained in another filed statement; a filed cancellation of a limitation on authority revives the previous grant of authority;

(2) a grant of authority to transfer real property held in the name of the partnership and contained in a certified copy of a filed statement of partnership authority recorded in the office for recording transfers of the real property is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a certified copy of a filed statement containing a
limitation on the grant of authority is not then of record in the office for recording transfers of that real property; the recording, in the office for recording transfers of that real property, of a certified copy of a filed cancellation of a limitation on authority revives the previous grant of authority.

(e) A person who is not a partner is considered to know of a limitation on the authority of a partner to transfer real property held in the name of the partnership if a certified copy of the filed statement containing the limitation on authority is of record in the office for recording transfers of that real property.

(f) Except as otherwise provided in (d) and (e) of this section and in AS 32.06.704 and 32.06.805, a person who is not a partner is not considered to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.

(g) Unless earlier cancelled, a filed statement of partnership authority is cancelled by operation of law five years after the date on which the statement or the most recent amendment is filed with the department.

Sec. 32.06.304. Statement of denial. A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent under AS 32.06.303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person’s authority or status as a partner. A statement of denial is a limitation on authority under AS 32.06.303(d) and (e).

Sec. 32.06.305. Partnership liable for partner’s actionable conduct. (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of business of the partnership or with authority of the partnership.

(b) If, in the course of the partnership’s business or while acting with authority of the partnership, a partner receives or causes the partnership to receive money or property of a person who is not a partner and the money or property is misapplied by a partner, the partnership is liable for the loss.

Sec. 32.06.306. Partner’s liability. (a) Except as otherwise provided in (b)
and (c) of this section, all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.

(b) A person admitted as a partner into an existing partnership is not personally liable for a partnership obligation incurred before the person’s admission as a partner.

(c) An obligation of a partnership incurred while the partnership is a limited liability partnership, whether arising in contract, in tort, or otherwise, is solely the obligation of the partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for the obligation solely by reason of being or acting as a partner. This subsection applies even if inconsistent with a partnership agreement provision that exists immediately before the vote required to become a limited liability partnership under AS 32.06.911(b).

Sec. 32.06.307. Actions by and against partnership and partners. (a) A partnership may sue and be sued in the name of the partnership.

(b) An action may be brought against a partnership and, to the extent not inconsistent with AS 32.06.306, any or all of the partners in the same action or in separate actions.

(c) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner’s assets unless there is also a judgment against the partner.

(d) A judgment creditor of a partner may not execute against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under AS 32.06.306 and

(1) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(2) the partnership is a debtor in bankruptcy;

(3) the partner has agreed that the creditor is not required to exhaust partnership assets;

(4) a court grants permission to the judgment creditor to execute against the assets of a partner based on a finding that partnership assets subject to execution
are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court’s equitable powers; or

(5) liability is imposed on the partner by law or contract independent of the existence of the partnership.

(e) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under AS 32.06.308.

Sec. 32.06.308. Liability of purported partner. (a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons who are not partners, the purported partner is liable to a person to whom the representation is made if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner’s consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to the liability as if the purported partner were a partner. If partnership liability does not result, the purported partner is liable with respect to the liability jointly and severally with any other person consenting to the representation.

(b) If under (a) of this section a person is represented to be a partner in an existing partnership, or with one or more persons who are not partners, the purported partner is an agent of the persons consenting to the representation to bind those persons to the same extent and in the same manner as if the purported partner were a partner with respect to persons who enter into transactions in reliance upon the representation. If all of the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all of the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

c) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.
(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner’s dissociation from the partnership.

(e) Except as otherwise provided in (a) and (b) of this section, persons who are not partners as to each other are not liable as partners to other persons.

**Article 3. Relations of Partners to Each Other**

**and to Partnership.**

**Sec. 32.06.401. Partner’s rights and duties.** (a) Each partner is considered to have an account that is

1. credited with an amount equal to
   1. (A) the money and the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership; and
   2. (B) the partner’s share of the partnership profits; and

2. charged with an amount equal to
   1. (A) the money and the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner; and
   2. (B) the partner’s share of the partnership losses.

(b) Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner’s share of the profits.

(c) A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of the partnership’s business or property.

(d) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(e) A payment or advance made by a partner that results in a partnership obligation under (c) or (d) of this section constitutes a loan to the partnership that accrues interest from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

(g) A partner may use or possess partnership property only on behalf of the
partnership.

(h) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

(i) A person may become a partner only with the consent of all the partners.

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all the partners.

(k) This section does not affect the obligations of a partnership to other persons under AS 32.06.301.

Sec. 32.06.402. Distributions in kind. A partner does not have a right to receive, and may not be required to accept, a distribution in kind.

Sec. 32.06.403. Partner's rights and duties with respect to information.

(a) A partnership shall keep its records, if any, at its chief executive office.

(b) A partnership shall provide partners and their agents and attorneys access to its records. It shall provide former partners and their agents and attorneys access to records pertaining to the period during which they were partners. The right of access provides the opportunity to inspect and copy records during ordinary business hours. A partnership may impose a reasonable charge covering the costs of labor and material for copies of documents furnished.

(c) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability

(1) without demand, any information concerning the partnership’s business and affairs reasonably required for the proper exercise of the partner’s rights and duties under the partnership agreement or this chapter; and

(2) on demand, any other information concerning the partnership’s business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

Sec. 32.06.404. General standards of partner's conduct. (a) The only fiduciary duties a partner owes to the partnership and the other partners are the duty
of loyalty and the duty of care stated in (b) and (c) of this section.

(b) A partner’s duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership; and

(3) to refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.

(c) A partner’s duty of care to the partnership and the other partners in the conduct and winding up of the partnership business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(d) A partner shall discharge the duties to the partnership and the other partners under this chapter and the duties under the partnership agreement and exercise any rights in accordance with the obligation of good faith and fair dealing.

(e) Each partner does not violate a duty or obligation under this chapter or under the partnership agreement merely because the partner’s conduct furthers the partner’s own interest.

(f) A partner may lend money to and transact other business with the partnership, and the rights and obligations of the partner are the same with regard to the loan or transaction as the rights and obligations of a person who is not a partner, subject to other applicable law.

(g) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

Sec. 32.06.405. Actions by partnership and partners. (a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or
for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting of partnership business, to enforce

(1) the partner’s rights under the partnership agreement;

(2) the partner’s rights under this chapter, including the partner’s
   (A) rights under AS 32.06.401, 32.06.403, or 32.06.404;
   (B) right on dissociation to have the partner’s interest in the partnership purchased under AS 32.06.701 or to enforce any other right under AS 32.06.601 - 32.06.603 or 32.06.701 - 32.06.705; or
   (C) right to compel a dissolution and winding up of the partnership business under AS 32.06.801 or to enforce another right under AS 32.06.801 - 32.06.807; or

(3) the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.

(c) The accrual of, and any time limitation on, a right of action for a remedy under this section are governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Sec. 32.06.406. Continuation of partnership beyond definite term or particular undertaking. (a) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion to the extent consistent with a partnership at will.

(b) If the partners, or the partners who habitually acted in the business during the term or undertaking, continue the business without a settlement or liquidation of the partnership, the partners continuing the business are presumed to have agreed that the partnership will continue.

Article 4. Transferees and Creditors of Partners.

Sec. 32.06.501. Partner not co-owner of partnership property. A partner is not a co-owner of partnership property and does not have an interest in partnership
property that can be transferred, either voluntarily or involuntarily.

Sec. 32.06.502. Partner’s transferable interest in partnership. The only
transferable interest of a partner in the partnership is the partner’s share of the profits
and losses of the partnership and the partner’s right to receive distributions. The
interest is personal property.

Sec. 32.06.503. Transfer of partner’s transferable interest. (a) A transfer,
in whole or in part, of a partner’s transferable interest in the partnership
(1) is permissible;
(2) does not by itself cause the partner’s dissociation or a dissolution
and winding up of the partnership business; and
(3) does not, as against the other partners or the partnership, entitle the
transferee during the continuance of the partnership to participate in the management
or conduct of the partnership business, to require access to information concerning
partnership transactions, or to inspect or copy the partnership records.
(b) A transferee of a partner’s transferable interest in the partnership has a
right to
(1) receive, in accordance with the transfer, distributions to which the
transferor would otherwise be entitled;
(2) receive upon the dissolution and winding up of the partnership
business, in accordance with the transfer, the net amount otherwise distributable to the
transferor; and
(3) seek under AS 32.06.801(6) a judicial determination that it is
equitable to wind up the partnership business.
(c) In a dissolution and winding up, a transferee is entitled to an account of
partnership transactions only from the date of the latest account agreed to by all of the
partners.
(d) Upon transfer, the transferor retains the rights and duties of a partner other
than the interest in distributions transferred.
(e) A partnership is not required to give effect to a transferee’s rights under
this section until it has notice of the transfer.
(f) A transfer of a partner’s transferable interest in the partnership in violation
of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

**Sec. 32.06.504. Partner’s transferable interest subject to charging order.**

(a) On application by a judgment creditor of a partner or of a partner’s transferee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or that the circumstances of the case may require.

(b) A charging order constitutes a lien on the judgment debtor’s transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(c) At any time before foreclosure, an interest charged may be redeemed

(1) by the judgment debtor;

(2) with property other than partnership property by one or more of the other partners; or

(3) with partnership property by one or more of the other partners with the consent of all of the partners whose interests are not charged.

(d) This chapter does not deprive a partner of a right under exemption laws with respect to the partner’s interest in the partnership.

(e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner’s transferee may satisfy a judgment out of the judgment debtor’s transferable interest in the partnership.

**Article 5. Partner’s Dissociation.**

**Sec. 32.06.601. Events causing partner’s dissociation.** A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) when the partnership has notice of the partner’s express will to withdraw as a partner unless a later date is specified by the partner;

(2) an event agreed to in the partnership agreement as causing the partner’s dissociation;
(3) the partner’s expulsion under the partnership agreement;

(4) the partner’s expulsion by the unanimous vote of the other partners

if

(A) it is unlawful to carry on the partnership business with that
partner;

(B) there has been a transfer of all or substantially all of that
partner’s transferable interest in the partnership, other than a transfer for
security purposes, or a court order charging the partner’s interest that has not
been foreclosed;

(C) within 90 days after the partnership notifies a corporate
partner that it will be expelled because the corporate partner has filed a
certificate of dissolution or the equivalent, the corporate partner’s charter has
been revoked, or the corporate partner’s right to conduct business has been
suspended by the jurisdiction of its incorporation, the certificate of dissolution
is not revoked or the charter or right to conduct business is not reinstated; or

(D) the partner is a partnership that has been dissolved and its
business is being wound up;

(5) on application by the partnership or another partner, the partner’s
expulsion by judicial determination because the partner

(A) engaged in wrongful conduct that adversely and materially
affected the partnership business;

(B) wilfully or persistently committed a material breach of the
partnership agreement or of a duty owed to the partnership or the other partners
under AS 32.06.404; or

(C) engaged in conduct relating to the partnership business that
makes it not reasonably practicable to carry on the business in partnership with
the partner;

(6) the partner

(A) becomes a debtor in bankruptcy;

(B) executes an assignment for the benefit of creditors;

(C) seeks, consents to, or acquiesces in the appointment of a
trustee, receiver, or liquidator of that partner or of all or substantially all of that
partner’s property; or

(D) fails, within 90 days after the appointment, to have vacated
or stayed the appointment of a trustee, receiver, or liquidator of the partner or
of all or substantially all of the partner’s property, obtained without the
partner’s consent or acquiescence, or fails within 90 days after the expiration
of a stay to have the appointment vacated;

(7) in the case of a partner who is an individual,

(A) the partner’s death;

(B) the appointment of a guardian or general conservator for the
partner; or

(C) a judicial determination that the partner has otherwise
become incapable of performing the partner’s duties under the partnership
agreement;

(8) in the case of a partner that is a trust or is acting as a partner by
virtue of being a trustee of a trust, distribution of the trust’s entire transferable interest
in the partnership, but the substitution of a successor trustee does not by itself qualify
as a distribution under this paragraph;

(9) in the case of a partner that is an estate or is acting as a partner by
virtue of being a personal representative of an estate, distribution of the estate’s entire
transferable interest in the partnership, but the substitution of a successor personal
representative does not by itself qualify as a distribution under this paragraph; or

(10) termination of a partner who is not an individual, a partnership,
a corporation, a trust, or an estate.

Sec. 32.06.602. Partner’s power to dissociate; wrongful dissociation. (a)
A partner has the power to dissociate at any time, rightfully or wrongfully, by express
will under AS 32.06.601(1).

(b) A partner’s dissociation is wrongful only if

(1) the dissociation breaches an express provision of the partnership
agreement; or

(2) in the case of a partnership for a definite term or particular
undertaking, before the expiration of the term or the completion of the undertaking,

(A) the partner withdraws by express will, unless the withdrawal follows within 90 days after another partner’s dissociation by death or otherwise under AS 32.06.601(6) - (10) or wrongful dissociation under this subsection;

(B) the partner is expelled by judicial determination under AS 32.06.601(5);

(C) the partner is dissociated by becoming a debtor in bankruptcy; or

(D) in the case of a partner who is not an individual, a trust other than a business trust, or an estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners.

Sec. 32.06.603. Effect of partner’s dissociation. (a) If a partner’s dissociation results in a dissolution and winding up of the partnership business, AS 32.06.801 - 32.06.807 apply, otherwise AS 32.06.701 - 32.06.705 apply.

(b) Upon a partner’s dissociation, the partner’s

(1) right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in AS 32.06.803;

(2) duty of loyalty under AS 32.06.404(b)(3) terminates; and

(3) duty of loyalty under AS 32.06.404(b)(1) and (2) and duty of care under AS 32.06.404(c) continue only with regard to matters arising and events occurring before the partner’s dissociation unless the partner participates in winding up the partnership’s business under AS 32.06.803.


Sec. 32.06.701. Purchase of dissociated partner’s interest. (a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under AS 32.06.801, the partnership shall cause the dissociated partner’s interest in the partnership to be purchased for a buy-out price determined
under (b) of this section.

(b) The buy-out price of a dissociated partner’s interest is the amount that would have been distributable to the dissociating partner under AS 32.06.807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and if the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under AS 32.06.602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership must be offset against the buy-out price. Interest must be paid from the date the amount owed becomes due to the date of payment.

(d) A partnership shall indemnify against all partnership liabilities a dissociated partner whose interest is being purchased, whether the liabilities are incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under AS 32.06.702.

(e) If an agreement for the purchase of a dissociated partner’s interest is not reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buy-out price and accrued interest, reduced by any offsets and accrued interest under (c) of this section.

(f) If a deferred payment is authorized under (h) of this section, the partnership may tender a written offer to pay the amount it estimates to be the buy-out price and accrued interest, reduced by any offsets under (c) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(g) The payment or tender required by (e) or (f) of this section must be accompanied by

(1) a statement of partnership assets and liabilities as of the date of dissociation;

(2) the latest available partnership balance sheet and income statement,
if any;

(3) an explanation of how the estimated amount of the payment was calculated; and

(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buy-out price, any offsets under (c) of this section, or other terms of the obligation to purchase.

(h) A partner who wrongfully dissociates before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any portion of the buy-out price until the expiration of the term or completion of the undertaking unless the partner establishes to the satisfaction of a court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must be adequately secured and bear interest.

(i) A dissociated partner may maintain an action against the partnership under AS 32.06.405(b)(2)(B) to determine the buy-out price of that partner’s interest, any offsets under (c) of this section, or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if a payment or offer to pay is not tendered. The court shall determine the buy-out price of the dissociated partner’s interest, any offset due under (c) of this section, and accrued interest and enter judgment for any additional payment or refund. If deferred payment is authorized under (h) of this section, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess attorney fees and costs under its court rules.

Sec. 32.06.702. Dissociated partner’s power to bind and liability to partnership. (a) For two years after a partner dissociates without the dissociation resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under AS 32.06.902 - 32.06.908, is bound by an act of the dissociated partner that would have bound the partnership under AS 32.06.301 before dissociation only if at the time of entering into the transaction the other party reasonably believed that the dissociated partner was then a partner;
(2) did not have notice of the partner’s dissociation; and
(3) is not considered to have had knowledge under AS 32.06.303(e) or notice under AS 32.06.704(c).

(b) A dissociated partner is liable to the partnership for damage that is caused to the partnership by an obligation incurred by the dissociated partner after dissociation and for which the partnership is liable under (a) of this section.

Sec. 32.06.703. Dissociated partner’s liability to other persons. (a) A partner’s dissociation does not of itself discharge the partner’s liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in (b) of this section.

(b) A partner who dissociates without the dissociation resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under AS 32.06.902 - 32.06.908, within two years after the partner’s dissociation only if the partner is liable for the obligation under AS 32.06.306 and at the time of entering into the transaction the other party

(1) reasonably believed that the dissociated partner was then a partner;
(2) did not have notice of the partner’s dissociation; and
(3) is not considered to have had knowledge under AS 32.06.303(e) or notice under AS 32.06.704(c).

(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

(d) A dissociated partner is released from liability for a partnership obligation if a partnership creditor, with notice of the partner’s dissociation but without the partner’s consent, agrees to a material alteration in the nature or time of payment of a partnership obligation.

Sec. 32.06.704. Statement of dissociation. (a) A dissociated partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.
(b) A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of AS 32.06.303(d) and (e).

(c) In AS 32.06.702(a)(3) and 32.06.703(b)(3), a person who is not a partner is considered to have notice of the dissociation 90 days after the statement of dissociation is filed.

Sec. 32.06.705. Continued use of partnership name. Continued use of a partnership name, or of a dissociated partner’s name as part of a partnership name, by partners continuing the business does not by itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.

Article 7. Winding up Partnership Business.

Sec. 32.06.801. Events causing dissolution and winding up of partnership business. A partnership is dissolved, and its business must be wound up, only on the occurrence of any of the following events:

(1) in a partnership at will, when the partnership has notice from a partner, other than a partner who is dissociated under AS 32.06.601(2) - (10), of that partner’s express will to withdraw as a partner, or on a later date specified by the partner;

(2) in a partnership for a definite term or particular undertaking,

   (A) within 90 days after a partner’s dissociation by death or by other event under AS 32.06.601(6) - (10) or by wrongful dissociation under AS 32.06.602(b), at least one-half of the remaining partners state their express will to wind up the partnership business; in this subparagraph, a partner’s rightful dissociation under AS 32.06.602(b)(2)(A) constitutes the expression of that partner’s will to wind up the partnership business;

   (B) the express will of all of the partners to wind up the partnership business; or

   (C) the expiration of the term or the completion of the undertaking;

(3) an event agreed to in the partnership agreement resulting in the winding up of the partnership business;

(4) an event that makes it unlawful for all or substantially all of the
business of the partnership to be continued, but a cure of illegality within 90 days after
notice to the partnership of the event is effective retroactively to the date of the event
for purposes of this section;

(5) on application by a partner, a judicial determination that

(A) the economic purpose of the partnership is likely to be
unreasonably frustrated;

(B) another partner has engaged in conduct relating to the
partnership business that makes it not reasonably practicable to carry on the
business in partnership with that partner; or

(C) it is not otherwise reasonably practicable to carry on the
partnership business in conformity with the partnership agreement; or

(6) on application by a transferee of a partner’s transferable interest,
a judicial determination that it is equitable to wind up the partnership business

(A) after the expiration of the term or completion of the
undertaking if the partnership was for a definite term or particular undertaking
at the time of the transfer or entry of the charging order that gave rise to the
transfer; or

(B) at any time if the partnership was a partnership at will at
the time of the transfer or entry of the charging order that gave rise to the
transfer.

Sec. 32.06.802. Partnership continuation after dissolution. (a) Subject to
(b) of this section, a partnership continues after dissolution only for the purpose of
winding up its business. The partnership is terminated when the winding up of its
business is completed.

(b) At any time after the dissolution of a partnership and before the winding
up of its business is completed, all of the partners, including any dissociating partner
other than a wrongfully dissociating partner, may waive the right to have the
partnership’s business wound up and the partnership terminated. In that event,

(1) the partnership resumes carrying on its business as if dissolution
had never occurred, and any liability incurred by the partnership or a partner after the
dissolution and before the waiver is determined as if dissolution had never occurred;
and

(2) the rights of a third party accruing under AS 32.06.804(1) or arising out of conduct in reliance on the dissolution before the third party knew or received a notification of the waiver may not be adversely affected.

Sec. 32.06.803. Right to wind up partnership business. (a) After dissolution, a partner who has not wrongfully dissociated may participate in winding up the partnership’s business, but, on application of a partner, partner’s legal representative, or transferee, the superior court, for good cause shown, may order judicial supervision of the winding up.

(b) The legal representative of the last surviving partner may wind up a partnership’s business.

(c) A person winding up a partnership’s business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership’s business, dispose of and transfer the partnership’s property, discharge the partnership’s liabilities, distribute the assets of the partnership under AS 32.06.807, settle disputes by mediation or arbitration, and perform other necessary acts.

Sec. 32.06.804. Partner’s power to bind partnership after dissolution. Subject to AS 32.06.805, a partnership is bound by a partner’s act after dissolution that

(1) is appropriate for winding up the partnership business; or

(2) would have bound the partnership under AS 32.06.301 before dissolution if the other party to the transaction did not have notice of the dissolution.

Sec. 32.06.805. Statement of dissolution. (a) After dissolution, a partner who has not wrongfully dissociated may file a statement of dissolution stating the name of the partnership and that the partnership has dissolved and is winding up its business.

(b) A statement of dissolution cancels a filed statement of partnership authority for the purposes of AS 32.06.303(d) and is a limitation on authority under AS 32.06.303(e).

(c) Under AS 32.06.301 and 32.06.804, a person who is not a partner is considered to have notice of the dissolution and the limitation on the partners’
authority as a result of the statement of dissolution 90 days after it is filed.

(d) After filing and, if appropriate, recording a statement of dissolution, a dissolved partnership may file and, if appropriate, record a statement of partnership authority that will operate with respect to a person who is not a partner under AS 32.06.303(d) and (e) in any transaction, whether or not the transaction is appropriate for winding up the partnership business.

Sec. 32.06.806. Partner’s liability to other partners after dissolution. (a)
Except as otherwise provided in (b) of this section, after dissolution, a partner is liable to the other partners for the partner’s share of any partnership liability incurred under AS 32.06.804.

(b) A partner who, with knowledge of the dissolution, incurs a partnership liability under AS 32.06.804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

Sec. 32.06.807. Settlement of accounts and contributions among partners. (a) In winding up a partnership’s business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under (b) of this section.

(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners’ accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner’s account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner’s account, but excluding from the calculation charges attributable to an obligation for which the partner is not personally liable under AS 32.06.306.

(c) If a partner fails to contribute, all of the other partners shall contribute the full amount required under (b) of this section, in the proportions in which those
partners share partnership losses, the additional amount necessary to satisfy the
partnership obligations for which the partners are personally liable under AS 32.06.306.
A partner or partner’s legal representative may recover from the other partners any
contributions the partner makes to the extent the amount contributed exceeds that
partner’s share of the partnership obligations for which the partner is personally liable
under AS 32.06.306.

(d) After the settlement of accounts, each partner shall contribute, in the
proportion in which the partner shares partnership losses, the amount necessary to
satisfy partnership obligations that were not known at the time of the settlement and
for which the partner is personally liable under AS 32.06.306.

(e) The estate of a deceased partner is liable for the partner’s obligation to
contribute to the partnership.

(f) An assignee for the benefit of creditors of a partnership or a partner, or a
person appointed by a court to represent creditors of a partnership or a partner, may
enforce a partner’s obligation to contribute to the partnership.

Article 8. Conversions and Mergers.

Sec. 32.06.902. Conversion of partnership to limited partnership. (a) A
partnership may be converted to a limited partnership under this section.

(b) The terms and conditions of a conversion of a partnership to a limited
partnership must be approved by all of the partners or by a number or percentage
specified for conversion in the partnership agreement.

(c) After the conversion is approved by the partners, the partnership shall file
a certificate of limited partnership with the department. The certificate must include

(1) a statement that the partnership was converted to a limited
partnership from a partnership;

(2) the partnership’s former name; and

(3) a statement of the number of votes cast by the partners for and
against the conversion and, if the vote is less than unanimous, the number or
percentage required to approve the conversion under the partnership agreement.

(d) The conversion takes effect when the certificate of limited partnership is
filed or at a later date specified in the certificate.
1 (e) A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within 90 days after the conversion takes effect. The limited partner’s liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner under AS 32.11.

Sec. 32.06.903. Conversion of limited partnership to partnership. (a) A limited partnership may be converted to a partnership under this section.  
(b) Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions of a conversion of a limited partnership to a partnership must be approved by all of the partners.  
(c) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership.  
(d) The conversion takes effect when the certificate of limited partnership is canceled.  
(e) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. The partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.

Sec. 32.06.904. Effect of conversion; entity unchanged. (a) A partnership or limited partnership that has been converted under AS 32.06.902 - 32.06.908 is for all purposes the same entity that existed before the conversion.  
(b) When a conversion takes effect,  
(1) all property owned by the converting partnership or limited partnership remains vested in the converted entity;  
(2) all obligations of the converting partnership or limited partnership continue as obligations of the converted entity; and  
(3) an action or proceeding pending against the converting partnership
Sec. 32.06.905. Merger of partnerships. (a) Under a plan of merger approved under (c) of this section, a partnership may be merged with one or more partnerships or limited partnerships.

(b) The plan of merger must state

(1) the name of each partnership or limited partnership that is a party to the merger;

(2) the name of the surviving entity into which the other partnerships or limited partnerships will merge;

(3) whether the surviving entity is a partnership or a limited partnership and the status of each partner;

(4) the terms and conditions of the merger;

(5) the manner and basis of converting all or part of the interests of each party to the merger into interests or obligations of the surviving entity or into money or other property; and

(6) the street address of the surviving entity’s chief executive office.

(c) The plan of merger must be approved

(1) in the case of a partnership that is a party to the merger, by all of the partners or a number or percentage specified for merger in the partnership agreement; and

(2) in the case of a limited partnership that is a party to the merger, by the vote required for approval of a merger by the law of the state or foreign jurisdiction where the limited partnership is organized and, in the absence of such a specifically applicable law, by all of the partners, notwithstanding a provision to the contrary in the partnership agreement.

(d) After a plan of merger is approved and before the merger takes effect, the plan may be amended or abandoned as provided in the plan.

(e) The merger takes effect on the later of

(1) the approval of the plan of merger by all parties to the merger under (c) of this section;

(2) the filing of all documents required by law to be filed as a
condition to the effectiveness of the merger; or

(3) an effective date specified in the plan of merger.

Sec. 32.06.906. Effect of merger. (a) When a merger takes effect,

(1) the separate existence of every partnership or limited partnership
that is a party to the merger, other than the surviving entity, ceases;

(2) all property owned by each of the merged partnerships or limited
partnerships vests in the surviving entity;

(3) all obligations of every partnership or limited partnership that is a
party to the merger become the obligations of the surviving entity; and

(4) an action or proceeding pending against a partnership or limited
partnership that is a party to the merger may be continued as if the merger had not
occurred, or the surviving entity may be substituted as a party to the action or
proceeding.

(b) The commissioner is the agent for service of process in an action or
proceeding against a surviving foreign partnership or limited partnership to enforce an
obligation of a domestic partnership or limited partnership that is a party to a merger.
The surviving entity shall promptly notify the department of the mailing address of its
chief executive office and of any change of address. Upon receipt of process, the
department shall mail a copy of the process to the surviving foreign partnership or
limited partnership.

(c) A partner of the surviving partnership or limited partnership is liable for

(1) all obligations of a party to the merger for which the partner was
personally liable before the merger;

(2) all obligations of the surviving entity incurred before the merger by
a party to the merger and not covered by (1) of this subsection, but the obligations
under this paragraph may be satisfied only out of property of the entity; and

(3) except as otherwise provided in AS 32.06.306, all obligations of the
surviving entity incurred after the merger takes effect, but the obligations under this
paragraph may be satisfied only out of property of the entity if the partner is a limited
partner.

(d) If the obligations incurred before the merger by a party to the merger are
not satisfied out of the property of the surviving partnership or limited partnership, the
general partners of the party to the merger immediately before the effective date of the
merger shall contribute the amount necessary to satisfy the party’s obligations to the
surviving entity, in the manner provided in AS 32.06.807, in AS 32.11, or in the
limited partnership law of the jurisdiction where the party was formed, as the case may
be, as if the merged party were dissolved.

(e) As of the date the merger takes effect, a partner of a party to a merger who
does not become a partner of the surviving partnership or limited partnership is
dissociated from the entity of which that partner was a partner. The surviving entity
shall cause the partner’s interest in the entity to be purchased under AS 32.06.701 or
another statute specifically applicable to that partner’s interest with respect to a merger.
The surviving entity is bound under AS 32.06.702 by an act of a general partner
dissociated under this subsection, and the partner is liable under AS 32.06.703 for
transactions entered into by the surviving entity after the merger takes effect.

Sec. 32.06.907. Statement of merger. (a) After a merger, the surviving
partnership or limited partnership may file a statement that one or more partnerships
or limited partnerships have merged into the surviving entity.

(b) A statement of merger must contain

(1) the name of each partnership or limited partnership that is a party
to the merger;

(2) the name of the surviving entity into which the other partnerships
or limited partnership are merged;

(3) the street address of the surviving entity’s chief executive office and
of any office in this state; and

(4) whether the surviving entity is a partnership or a limited
partnership.

(c) Except as otherwise provided in (d) of this section, in AS 32.06.302
property of the surviving partnership or limited partnership that before the merger was
held in the name of another party to the merger is property held in the name of the
surviving entity upon filing a statement of merger.

(d) In AS 32.06.302, real property of the surviving partnership or limited
partnership that before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of the real property.

(e) A filed and, if appropriate, recorded statement of merger, executed and declared to be accurate under AS 32.06.970(c), stating the name of a partnership or limited partnership that is a party to the merger in whose name property was held before the merger and the name of the surviving entity, but not containing all of the other information required by (b) of this section, operates with respect to the partnerships or limited partnerships named to the extent provided in (c) and (d) of this section.

Sec. 32.06.908. Nonexclusivity. AS 32.06.902 - 32.06.908 are not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.

Sec. 32.05.909. Definitions for AS 32.06.902 - 32.06.908. In AS 32.06.902 - 32.06.908,

(1) "general partner" means a partner in a partnership and a general partner in a limited partnership;

(2) "limited partner" means a limited partner in a limited partnership;

(3) "limited partnership" means a limited partnership created under AS 32.11, predecessor law, or a comparable law of another jurisdiction;

(4) "partner" includes both a general partner and a limited partner.

Article 9. Limited Liability Partnerships.

Sec. 32.06.911. Statement of qualification. (a) A partnership may become a limited liability partnership under this section.

(b) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute to the partnership, by the vote necessary to amend those contribution provisions.

(c) After the approval required by (b) of this section, a partnership may become a limited liability partnership by filing a statement of qualification. The
statement must contain

(1) the name of the partnership;

(2) the street address of the partnership’s chief executive office and, if different, the street address of an office in this state, if any;

(3) if the partnership does not have an office in this state, the name and street address of the partnership’s agent for service of process;

(4) a statement that the partnership elects to be a limited liability partnership; and

(5) a deferred effective date, if any.

(d) The agent of a limited liability partnership for service of process must be an individual who is a resident of this state or a person authorized to do business in this state.

(e) The status of a partnership as a limited liability partnership is effective on the later of the filing of the statement or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is cancelled under AS 32.06.970(d) or revoked under AS 32.06.913.

(f) The status of a partnership as a limited liability partnership and the liability of its partners are not affected by errors or later changes in the information required to be contained in the statement of qualification under (c) of this section.

(g) The filing of a statement of qualification establishes that a partnership has satisfied all conditions precedent to the qualification of the partnership as a limited liability partnership.

(h) An amendment or cancellation of a statement of qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

Sec. 32.06.912. Name. The name of a limited liability partnership must end with "Registered Limited Liability Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or "LLP."

Sec. 32.06.913. Biennial report; revocation of qualification. (a) A limited liability partnership, and a foreign limited liability partnership authorized to transact business in this state, shall file with the department a biennial report that contains
(1) the name of the limited liability partnership and the state or other jurisdiction under whose laws the foreign limited liability partnership is formed;

(2) the street address of the partnership’s chief executive office and, if different, the street address of an office of the partnership in this state, if any; and

(3) if the partnership does not have an office in this state, the name and street address of the partnership’s current agent for service of process.

(b) A biennial report is due before January 2 of the filing year. A partnership filing a statement of qualification, or a foreign partnership becoming authorized to transact business in this state, during an even-numbered year shall file the biennial report each even-numbered year. A partnership filing a statement of qualification, or a foreign partnership becoming authorized to transact business in this state, during an odd-numbered year shall file the biennial report each odd-numbered year. The biennial report is delinquent if not filed before February 1 of each odd- or even-numbered year as provided in this subsection.

(c) The department may revoke the statement of qualification of a partnership that fails to file a biennial report when due or pay the required filing fee. To revoke, the department shall provide the partnership at least 60 days’ written notice of intent to revoke the statement. The notice must be mailed to the partnership at its chief executive office stated in the last filed statement of qualification or biennial report. The notice must specify the biennial report that has not been filed or the fee that has not been paid, and the effective date of the revocation. The revocation is not effective if the biennial report is filed and the fee is paid before the effective date of the revocation.

(d) A revocation under (c) of this section only affects a partnership’s status as a limited liability partnership and is not an event of dissolution of the partnership.

(e) A partnership whose statement of qualification has been revoked may apply to the department for reinstatement within two years after the effective date of the revocation. The application must state

(1) the name of the partnership and the effective date of the revocation;

and

(2) that the ground for revocation either did not exist or has been
(f) A reinstatement under (e) of this section relates back to and takes effect on the effective date of the revocation, and the partnership’s status as a limited liability partnership continues as if the revocation had never occurred.

Sec. 32.06.921. Law governing foreign limited liability partnerships. (a) The law under which a foreign limited liability partnership is formed governs relations between and among the partners and between the partners and the partnership and the liability of partners for obligations of the partnership.

(b) A foreign limited liability partnership may not be denied a statement of foreign qualification by reason of any difference between the law under which the partnership was formed and the law of this state.

(c) A statement of foreign qualification does not authorize a foreign limited liability partnership to engage in a business or exercise a power that a partnership may not engage in or exercise in this state as a limited liability partnership.

Sec. 32.06.922. Statement of foreign qualification. (a) Before transacting business in this state, a foreign limited liability partnership must file a statement of foreign qualification. The statement must contain

(1) the name of the foreign limited liability partnership that satisfies the requirements of the state or other jurisdiction under whose law it is formed and ends with "Registered Limited Liability Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or "LLP";

(2) the street address of the partnership’s chief executive office and, if different, the street address of an office of the partnership in this state, if any;

(3) if there is not an office of the partnership in this state, the name and street address of the partnership’s agent for service of process; and

(4) a deferred effective date, if any.

(b) The agent of a foreign limited liability company for service of process must be an individual who is a resident of this state or a person authorized to do business in this state.

(c) The status of a partnership as a foreign limited liability partnership is effective on the later of the filing of the statement of foreign qualification or a date
specified in the statement. The status remains effective, regardless of changes in the partnership, until it is cancelled under AS 32.06.970(d) or revoked under AS 32.06.913.

(d) An amendment or cancellation of a statement of foreign qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

**Sec. 32.06.923. Effect of failure to qualify.** (a) A foreign limited liability partnership transacting business in this state may not maintain an action or proceeding in this state unless it has in effect a statement of foreign qualification.

(b) The failure of a foreign limited liability partnership to have in effect a statement of foreign qualification does not impair the validity of a contract or act of the foreign limited liability partnership or preclude it from defending an action or proceeding in this state.

(c) A limitation on personal liability of a partner is not waived solely by transacting business in this state without a statement of foreign qualification.

(d) If a foreign limited liability partnership transacts business in this state without a statement of foreign qualification, the commissioner is its agent for service of process with respect to a right of action arising out of the transaction of business in this state.

**Sec. 32.06.924. Activities not constituting transacting business.** (a) Activities of a foreign limited liability partnership that do not constitute transacting business under AS 32.06.921 - 32.06.925 include

(1) maintaining, defending, or settling an action or proceeding;

(2) holding meetings of its partners or carrying on another activity concerning its internal affairs;

(3) maintaining bank accounts;

(4) maintaining offices or agencies for the transfer, exchange, and registration of the partnership’s own securities or maintaining trustees or depositories for those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders, whether by mail or through
employees or agents or by another method, if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, with or without a mortgage, or other security interest in property;

(8) collecting debts or foreclosing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;

(9) conducting an isolated transaction that is completed within 30 days and is not one transaction in the course of similar transactions; and

(10) transacting business in interstate commerce.

(b) In AS 32.06.921 - 32.06.925, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under (a) of this section, constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign limited liability partnership to service of process, taxation, or regulation under another law of this state.

Sec. 32.06.925. Action by attorney general. The attorney general may maintain an action to restrain a foreign limited liability partnership from transacting business in this state in violation of AS 32.06.921 - 32.06.925.


Sec. 32.06.955. Knowledge and notice. (a) A person knows a fact if the person has actual knowledge of it.

(b) A person has notice of a fact if the person

(1) knows of it;

(2) has received a notification of it; or

(3) has reason to know it exists from all of the facts known to the person at the time in question.

(c) A person notifies or gives a notification to another person by taking steps reasonably required to inform the other person in the ordinary course of business, whether or not the other person learns of it.

(d) A person receives a notification when the notification
(1) comes to the person’s attention; or
(2) is duly delivered at the person’s place of business or at any other place held out by the person as a place for receiving communications.

e) Except as otherwise provided in (f) of this section, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice of, or receives a notification of the fact, or in any event when the fact would have been brought to the individual’s attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if the person maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual’s regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(f) A partner’s knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

Sec. 32.06.960. Effect of partnership agreement; nonwaivable provisions.

(a) Except as otherwise provided in (b) of this section, relations between and among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this chapter governs relations between and among the partners and between the partners and the partnership.

(b) The partnership agreement may not

(1) vary the rights and duties under AS 32.06.970 except to eliminate the duty to provide copies of statements to all of the partners;
(2) unreasonably restrict the right of access to records under AS 32.06.403(b);
(3) eliminate the duty of loyalty under AS 32.06.404(b) or
32.06.603(b)(3), but

(A) the partnership agreement may identify specific types or
categories of activities that do not violate the duty of loyalty, if not manifestly
unreasonable; or

(B) all of the partners or a number or percentage specified in
the partnership agreement may authorize or ratify, after full disclosure of all
material facts, a specific act or transaction that otherwise would violate the
duty of loyalty;

(4) unreasonably reduce the duty of care under AS 32.06.404(c) or
32.06.603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under
AS 32.06.404(d), but the partnership agreement may prescribe the standards by which
the performance of the obligation is to be measured, if the standards are not manifestly
unreasonable;

(6) vary the power to dissociate as a partner under AS 32.06.602(a),
except to require the notice under AS 32.06.601(1) to be in writing;

(7) vary the right of a court to expel a partner in the events specified
in AS 32.06.601(5);

(8) vary the requirement to wind up the partnership business in cases
under AS 32.06.801(4), (5), or (6);

(9) vary the law applicable to a limited liability partnership under
AS 32.06.975(b); or

(10) restrict rights of third parties under this chapter.

Sec. 32.06.965. Supplemental principles of law. (a) Unless displaced by
particular provisions of this chapter, the principles of law and equity supplement this
chapter.

(b) If an obligation to pay interest arises under this chapter and the rate is not
specified, the rate is governed by AS 45.45.010.

Sec. 32.06.970. Execution, filing, and recording of statements. (a) A
statement may be filed with the department. A certified copy of a statement that is
filed in an office in another state may be filed with the department. Either filing has
the effect provided in this chapter with respect to partnership property located in or transactions that occur in this state.

(b) A certified copy of a statement that has been filed with the department and recorded in the office for recording transfers of real property has the effect provided for recorded statements in this chapter. A recorded statement that is not a certified copy of a statement filed with the department does not have the effect provided for recorded statements in this chapter.

(c) A statement filed by a partnership must be executed by at least two partners. Other statements must be executed by a partner or other person authorized by this chapter. An individual who executes a statement as, or on behalf of, a partner or other person named as a partner in a statement shall personally declare under penalty of perjury that the contents of the statement are accurate.

(d) A person authorized by this chapter to file a statement may amend or cancel the statement by filing an amendment or cancellation that names the partnership, identifies the statement, and states the substance of the amendment or cancellation.

(e) A person who files a statement under this section shall promptly send a copy of the statement to every nonfiling partner and to any other person named as a partner in the statement. Failure to send a copy of a statement to a partner or other person does not limit the effectiveness of the statement as to a person who is not a partner.

(f) The department may collect a fee for filing or providing a certified copy of a statement.

Sec. 32.06.975. Governing law. (a) Except as otherwise provided in (b) of this section, the law of the jurisdiction where a partnership has its chief executive office governs the relations between and among the partners and between the partners and the partnership.

(b) The law of this state governs relations between and among the partners and between the partners and the partnership and the liability of partners for an obligation of a limited liability partnership.

Sec. 32.06.985. Partnership subject to amendment or repeal of chapter.
A partnership governed by this chapter is subject to an amendment or repeal of this chapter.

**Article 11. General Provisions.**

**Sec. 32.06.990. Uniformity of application and construction.** This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting it.

**Sec. 32.06.995. Definitions.** In this chapter, unless the context indicates otherwise,

(1) "business" includes a trade, an occupation, or a profession;

(2) "commissioner" means the commissioner of community and economic development;

(3) "debtor in bankruptcy" means a person who is the subject of
   (A) an order for relief under 11 U.S.C. (Bankruptcy Code) or a comparable order under a successor statute of general application; or
   (B) a comparable order under federal, state, or foreign law governing insolvency;

(4) "department" means the Department of Community and Economic Development;

(5) "distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee;

(6) "foreign limited liability partnership" means a partnership that
   (A) is formed under laws other than the laws of this state; and
   (B) has the status of a limited liability partnership under those laws;

(7) "limited liability partnership" means a partnership that has filed a statement of qualification under AS 32.06.911 and does not have a similar statement in effect in another jurisdiction;

(8) "partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under AS 32.06.202, predecessor law, or a comparable law of another jurisdiction;
(9) "partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement;

(10) "partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking;

(11) "partnership interest" or "partner's interest in the partnership" means all of a partner's interests in the partnership, including the partner's transferable interest and all management and other rights;

(12) "person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity;

(13) "property" means all property, including real, personal, mixed, tangible, or intangible property, or an interest in property;

(14) "state" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or insular possession subject to the jurisdiction of the United States;

(15) "statement" means a statement of partnership authority under AS 32.06.303, a statement of denial under AS 32.06.304, a statement of dissociation under AS 32.06.704, a statement of dissolution under AS 32.06.805, a statement of merger under AS 32.06.907, a statement of qualification under AS 32.06.911, a statement of foreign qualification under AS 32.06.922, or an amendment or cancellation of any of the foregoing;

(16) "transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

Sec. 32.06.997. Short title. This chapter may be cited as the Uniform Partnership Act.

* Sec. 7. AS 32.11.890 is amended to read:

Sec. 32.11.890. Rules for conversions and other cases not covered by chapter. In a case not provided for in this chapter, including conversion of a limited partnership to a partnership, the provisions of AS 32.06 [AS 32.05] govern.
* Sec. 8. AS 32.05.010, 32.05.020, 32.05.030, 32.05.040, 32.05.050, 32.05.060, 32.05.070,
32.05.080, 32.05.090, 32.05.100, 32.05.110, 32.05.120, 32.05.130, 32.05.140, 32.05.150,
32.05.160, 32.05.170, 32.05.180, 32.05.190, 32.05.200, 32.05.210, 32.05.220, 32.05.230,
32.05.240, 32.05.250, 32.05.260, 32.05.270, 32.05.280, 32.05.290, 32.05.300, 32.05.310,
32.05.320, 32.05.330, 32.05.340, 32.05.350, 32.05.360, 32.05.370, 32.05.380, 32.05.405,
32.05.415, 32.05.425, 32.05.435, 32.05.440, 32.05.450, 32.05.460, 32.05.470, 32.05.480,
32.05.490, 32.05.500, 32.05.510, 32.05.520, 32.05.530, 32.05.540, 32.05.550, 32.05.560,
32.05.565, 32.05.570, 32.05.580, 32.05.590, 32.05.600, 32.05.610, 32.05.620, 32.05.630,
32.05.640, 32.05.650, 32.05.660, 32.05.670, 32.05.680, 32.05.690, 32.05.700, 32.05.710,
32.05.720, 32.05.730, 32.05.740, 32.05.750, 32.05.760, 32.05.960, 32.05.970, 32.05.975,
32.05.980, 32.05.990, and 32.05.995 are repealed.

* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section
to read:

INDIRECT COURT RULES AMENDMENT. AS 32.06.906(a)(4), enacted by sec. 6
of this Act, changes Rule 25(c), Alaska Rules of Civil Procedure, by allowing certain
substitutions of parties as a right without being subject to any court discretion under
Rule 25(c).

* Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section
to read:

APPLICABILITY. (a) Before January 1, 2004, secs. 1 - 7 of this Act do not apply
to a partnership or limited liability partnership unless the partnership or limited liability
partnership is formed

(1) on or after January 1, 2001, but this paragraph does not apply to a
partnership or limited liability partnership that is continuing the business of a partnership or
limited liability partnership dissolved under AS 32.05; or

(2) before January 1, 2001, and the partnership or limited liability partnership
elects, under (c) of this section, to be governed by secs. 1 - 7 of this Act.

(b) On and after January 1, 2004, secs. 1 - 7 of this Act apply to all partnerships and
limited liability partnerships.

(c) On or after January 1, 2001, and before January 1, 2004, partnerships and limited
liability partnerships may voluntarily elect, in the manner provided in its partnership
agreement or by law for amending the partnership agreement, to be governed by secs. 1 - 7 of this Act. The provisions of secs. 1 - 7 of this Act relating to the liability of those partnership’s partners to third parties do not apply to limit the partners’ liability to a third party who does business with the partnership within one year preceding the partnership’s election to be governed by secs. 1 - 7 of this Act unless the third party knows or has received a notification of the partnership’s election to be governed by secs. 1 - 7 of this Act; the one-year period may not extend back to before January 1, 2001.

d) If, under (a) of this section, secs. 1 - 7 of this Act do not apply to a partnership or limited partnership, AS 04.21.035 and 04.21.080, as those sections existed before being amended by this Act, AS 09.40.240, as the section existed before being amended by this Act, AS 10.35.040, as the section existed before being amended by this Act, AS 32.05, and AS 32.11.890, as the section existed before being amended by this Act, apply to the partnership or limited partnership.

e) In this section, "limited liability partnership" and "partnership" have the meanings given in AS 32.06.995, enacted by sec. 6 of this Act.

* Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section to read:

SAVINGS CLAUSE. Sections 1 - 9 of this Act do not affect an action or proceeding begun or a right accrued before January 1, 2001.

* Sec. 12. The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. AS 32.06.906(a)(4), enacted by sec. 6 of this Act, takes effect only if sec. 9 of this Act receives the two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State of Alaska.

* Sec. 13. Section 8 of this Act takes effect January 1, 2004.

* Sec. 14. Except for sec. 8 of this Act, this Act takes effect January 1, 2001.