

HOUSE BILL NO. 296

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Introduced: 1/21/00

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

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

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

4 * **Section 1.** AS 04.21.035 is amended to read:

5 **Sec. 04.21.035. Responsibility of limited liability organization members.**

6 Notwithstanding any other provision of AS 10.50 or AS 32.06 [AS 32.05], a member
7 of a limited liability organization holding a license under this title is not relieved of
8 the obligation or the liability otherwise imposed upon a holder of a liquor license
9 under this title solely because the license is held by a limited liability organization.

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

11 (11) "foreign limited liability partnership" has the meaning given in
12 AS 32.06 [AS 32.05.990];

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

14 (15) "limited liability partnership" **has the meaning given in AS 32.06**

1 [MEANS AN ORGANIZATION THAT IS REGISTERED UNDER AS 32.05.415].

2 * **Sec. 4.** AS 09.40.240 is amended to read:

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

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

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

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

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

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

19 **(6) under AS 32.06.504(a).**

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

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

24 (1) "organized entity" means

25 (A) a corporation under AS 10.06;

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

28 (C) a BIDCO licensed under AS 10.13;

29 (D) a cooperative organized under AS 10.15;

30 (E) a foreign cooperative under AS 10.15 that is authorized
31 under AS 10.06 to do business in this state;

- 1 (F) a nonprofit corporation organized under AS 10.20;
 2 (G) a nonprofit foreign corporation authorized under AS 10.20
 3 to transact business in this state;
 4 (H) a cooperative organized under AS 10.25;
 5 (I) a religious corporation formed under AS 10.40;
 6 (J) a professional corporation organized under AS 10.45;
 7 (K) a limited liability company organized under AS 10.50;
 8 (L) a foreign limited liability company registered under
 9 AS 10.50;
 10 (M) a registered limited liability partnership under AS 32.06
 11 [AS 32.05];
 12 (N) a foreign limited liability partnership registered under
 13 AS 32.06 [AS 32.05];
 14 (O) a limited partnership formed under AS 32.11; or
 15 (P) a foreign limited partnership registered under AS 32.11;
 16 (2) "reserved or registered name" means a name reserved or registered
 17 under this chapter, AS 10.06, AS 10.50, AS 32.06 [AS 32.05], or AS 32.11.

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

19 **Chapter 6. Partnerships and Limited Liability Partnerships.**

20 **Article 1. Nature of Partnership.**

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

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

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

29 (b) An association formed under a statute other than this chapter, a predecessor
 30 statute, or a comparable statute of another jurisdiction is not a partnership under this
 31 chapter.

1 (c) In determining whether a partnership is formed, the following rules apply:

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

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

8 (3) a person who receives a share of the profits of a business is
9 presumed to be a partner in the business, unless the profits are received in payment

10 (A) of a debt by installments or otherwise;

11 (B) for services as an independent contractor, or of wages or
12 other compensation to an employee;

13 (C) of rent;

14 (D) of an annuity or other retirement or health benefit provided
15 to a beneficiary, representative, or designee of a deceased or retired partner;

16 (E) of interest or other charge on a loan, even if the amount of
17 payment varies with the profits of the business, including a direct or indirect
18 present or future ownership of the collateral, or rights to income, proceeds, or
19 increase in value derived from the collateral; or

20 (F) for the sale of the good will of a business or other property
21 by installments or otherwise.

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

24 **Sec. 32.06.204. When property is partnership property.** (a) Property is
25 partnership property if acquired in the name of

26 (1) the partnership; or

27 (2) one or more partners with an indication in the instrument
28 transferring title to the property of the person's capacity as a partner or of the
29 existence of a partnership but without an indication of the name of the partnership.

30 (b) Property is acquired in the name of the partnership by a transfer to

31 (1) the partnership in its name; or

1 (2) one or more partners in their capacity as partners in the partnership
 2 if the name of the partnership is indicated in the instrument transferring title to the
 3 property.

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

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

12 **Article 2. Relations of Partners to**
 13 **Persons Dealing with Partnership.**

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

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

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

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

31 (b) Partnership property held in the name of one or more partners, with an

1 indication in the instrument transferring the property to them of their capacity as
2 partners or of the existence of a partnership, but without an indication of the name of
3 the partnership, may be transferred by an instrument of transfer executed by the
4 persons in whose name the property is held.

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

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

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

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

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

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

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

30 (1) must include

31 (A) the name of the partnership;

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

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

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

8 (2) may state

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

11 (B) any other matter.

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

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

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

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

27 (2) a grant of authority to transfer real property held in the name of the
28 partnership and contained in a certified copy of a filed statement of partnership
29 authority recorded in the office for recording transfers of the real property is
30 conclusive in favor of a person who gives value without knowledge to the contrary,
31 so long as and to the extent that a certified copy of a filed statement containing a

1 limitation on the grant of authority is not then of record in the office for recording
 2 transfers of that real property; the recording, in the office for recording transfers of that
 3 real property, of a certified copy of a filed cancellation of a limitation on authority
 4 revives the previous grant of authority.

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

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

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

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

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

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

31 **Sec. 32.06.306. Partner's liability.** (a) Except as otherwise provided in (b)

1 and (c) of this section, all partners are liable jointly and severally for all obligations
2 of the partnership unless otherwise agreed by the claimant or provided by law.

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

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

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

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

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

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

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

27 (2) the partnership is a debtor in bankruptcy;

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

30 (4) a court grants permission to the judgment creditor to execute against
31 the assets of a partner based on a finding that partnership assets subject to execution

1 are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is
 2 excessively burdensome, or that the grant of permission is an appropriate exercise of
 3 the court's equitable powers; or

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

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

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

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

30 (c) A person is not liable as a partner merely because the person is named by
 31 another in a statement of partnership authority.

1 (d) A person does not continue to be liable as a partner merely because of a
 2 failure to file a statement of dissociation or to amend a statement of partnership
 3 authority to indicate the partner's dissociation from the partnership.

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

6 **Article 3. Relations of Partners to Each Other**
 7 **and to Partnership.**

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

10 (1) credited with an amount equal to

11 (A) the money and the value of any other property, net of the
 12 amount of any liabilities, the partner contributes to the partnership; and

13 (B) the partner's share of the partnership profits; and

14 (2) charged with an amount equal to

15 (A) the money and the value of any other property, net of the
 16 amount of any liabilities, distributed by the partnership to the partner; and

17 (B) the partner's share of the partnership losses.

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

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

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

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

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

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

1 partnership.

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

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

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

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

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

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

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

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

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

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

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

30 **Sec. 32.06.404. General standards of partner's conduct.** (a) The only
31 fiduciary duties a partner owes to the partnership and the other partners are the duty

1 of loyalty and the duty of care stated in (b) and (c) of this section.

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

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

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

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

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

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

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

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

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

30 **Sec. 32.06.405. Actions by partnership and partners.** (a) A partnership
31 may maintain an action against a partner for a breach of the partnership agreement, or

1 for the violation of a duty to the partnership, causing harm to the partnership.

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

5 (1) the partner's rights under the partnership agreement;

6 (2) the partner's rights under this chapter, including the partner's

7 (A) rights under AS 32.06.401, 32.06.403, or 32.06.404;

8 (B) right on dissociation to have the partner's interest in the
9 partnership purchased under AS 32.06.701 or to enforce any other right under
10 AS 32.06.601 - 32.06.603 or 32.06.701 - 32.06.705; or

11 (C) right to compel a dissolution and winding up of the
12 partnership business under AS 32.06.801 or to enforce another right under
13 AS 32.06.801 - 32.06.807; or

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

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

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

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

29 **Article 4. Transferees and Creditors of Partners.**

30 **Sec. 32.06.501. Partner not co-owner of partnership property.** A partner
31 is not a co-owner of partnership property and does not have an interest in partnership

1 property that can be transferred, either voluntarily or involuntarily.

2 **Sec. 32.06.502. Partner's transferable interest in partnership.** The only
3 transferable interest of a partner in the partnership is the partner's share of the profits
4 and losses of the partnership and the partner's right to receive distributions. The
5 interest is personal property.

6 **Sec. 32.06. 503. Transfer of partner's transferable interest.** (a) A transfer,
7 in whole or in part, of a partner's transferable interest in the partnership

8 (1) is permissible;

9 (2) does not by itself cause the partner's dissociation or a dissolution
10 and winding up of the partnership business; and

11 (3) does not, as against the other partners or the partnership, entitle the
12 transferee during the continuance of the partnership to participate in the management
13 or conduct of the partnership business, to require access to information concerning
14 partnership transactions, or to inspect or copy the partnership records.

15 (b) A transferee of a partner's transferable interest in the partnership has a
16 right to

17 (1) receive, in accordance with the transfer, distributions to which the
18 transferor would otherwise be entitled;

19 (2) receive upon the dissolution and winding up of the partnership
20 business, in accordance with the transfer, the net amount otherwise distributable to the
21 transferor; and

22 (3) seek under AS 32.06.801(6) a judicial determination that it is
23 equitable to wind up the partnership business.

24 (c) In a dissolution and winding up, a transferee is entitled to an account of
25 partnership transactions only from the date of the latest account agreed to by all of the
26 partners.

27 (d) Upon transfer, the transferor retains the rights and duties of a partner other
28 than the interest in distributions transferred.

29 (e) A partnership is not required to give effect to a transferee's rights under
30 this section until it has notice of the transfer.

31 (f) A transfer of a partner's transferable interest in the partnership in violation

1 of a restriction on transfer contained in the partnership agreement is ineffective as to
2 a person having notice of the restriction at the time of transfer.

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

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

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

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

15 (1) by the judgment debtor;

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

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

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

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

25 **Article 5. Partner's Dissociation.**

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

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

30 (2) an event agreed to in the partnership agreement as causing the
31 partner's dissociation;

- 1 (3) the partner's expulsion under the partnership agreement;
 2 (4) the partner's expulsion by the unanimous vote of the other partners

3 if

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

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

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

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

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

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

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

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

28 (6) the partner

29 (A) becomes a debtor in bankruptcy;

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

31 (C) seeks, consents to, or acquiesces in the appointment of a

1 trustee, receiver, or liquidator of that partner or of all or substantially all of that
2 partner's property; or

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

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

9 (A) the partner's death;

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

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

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

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

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

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

28 (b) A partner's dissociation is wrongful only if

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

31 (2) in the case of a partnership for a definite term or particular

1 undertaking, before the expiration of the term or the completion of the undertaking,

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

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

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

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

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

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

19 (b) Upon a partner's dissociation, the partner's

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

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

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

27 **Article 6. Partner's Dissociation when Business not Wound Up.**

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

1 under (b) of this section.

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

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

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

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

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

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

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

31 (2) the latest available partnership balance sheet and income statement,

1 if any;

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

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

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

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

25 **Sec. 32.06.702. Dissociated partner's power to bind and liability to**
26 **partnership.** (a) For two years after a partner dissociates without the dissociation
27 resulting in a dissolution and winding up of the partnership business, the partnership,
28 including a surviving partnership under AS 32.06.902 - 32.06.908, is bound by an act
29 of the dissociated partner that would have bound the partnership under AS 32.06.301
30 before dissociation only if at the time of entering into the transaction the other party

31 (1) reasonably believed that the dissociated partner was then a partner;

1 (2) did not have notice of the partner's dissociation; and
2 (3) is not considered to have had knowledge under AS 32.06.303(e) or
3 notice under AS 32.06.704(c).

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

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

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

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

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

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

29 **Sec. 32.06.704. Statement of dissociation.** (a) A dissociated partner or the
30 partnership may file a statement of dissociation stating the name of the partnership and
31 that the partner is dissociated from the partnership.

1 (b) A statement of dissociation is a limitation on the authority of a dissociated
2 partner for the purposes of AS 32.06.303(d) and (e).

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

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

10 **Article 7. Winding up Partnership Business.**

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

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

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

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

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

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

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

31 (4) an event that makes it unlawful for all or substantially all of the

1 business of the partnership to be continued, but a cure of illegality within 90 days after
 2 notice to the partnership of the event is effective retroactively to the date of the event
 3 for purposes of this section;

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

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

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

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

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

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

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

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

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

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

1 and

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

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

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

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

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

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

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

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

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

30 (c) Under AS 32.06.301 and 32.06.804, a person who is not a partner is
31 considered to have notice of the dissolution and the limitation on the partners'

1 authority as a result of the statement of dissolution 90 days after it is filed.

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

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

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

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

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

30 (c) If a partner fails to contribute, all of the other partners shall contribute the
31 full amount required under (b) of this section, in the proportions in which those

1 partners share partnership losses, the additional amount necessary to satisfy the
 2 partnership obligations for which the partners are personally liable under AS 32.06.306.
 3 A partner or partner's legal representative may recover from the other partners any
 4 contributions the partner makes to the extent the amount contributed exceeds that
 5 partner's share of the partnership obligations for which the partner is personally liable
 6 under AS 32.06.306.

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

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

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

16 **Article 8. Conversions and Mergers.**

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

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

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

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

26 (2) the partnership's former name; and

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

30 (d) The conversion takes effect when the certificate of limited partnership is
 31 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
2 conversion remains liable as a general partner for an obligation incurred by the
3 partnership before the conversion takes effect. If the other party to a transaction with
4 the limited partnership reasonably believes when entering the transaction that the
5 limited partner is a general partner, the limited partner is liable for an obligation
6 incurred by the limited partnership within 90 days after the conversion takes effect.
7 The limited partner's liability for all other obligations of the limited partnership
8 incurred after the conversion takes effect is that of a limited partner under AS 32.11.

9 **Sec. 32.06.903. Conversion of limited partnership to partnership.** (a) A
10 limited partnership may be converted to a partnership under this section.

11 (b) Notwithstanding a provision to the contrary in a limited partnership
12 agreement, the terms and conditions of a conversion of a limited partnership to a
13 partnership must be approved by all of the partners.

14 (c) After the conversion is approved by the partners, the limited partnership
15 shall cancel its certificate of limited partnership.

16 (d) The conversion takes effect when the certificate of limited partnership is
17 canceled.

18 (e) A limited partner who becomes a general partner as a result of the
19 conversion remains liable only as a limited partner for an obligation incurred by the
20 limited partnership before the conversion takes effect. The partner is liable as a
21 general partner for an obligation of the partnership incurred after the conversion takes
22 effect.

23 **Sec. 32.06.904. Effect of conversion; entity unchanged.** (a) A partnership
24 or limited partnership that has been converted under AS 32.06.902 - 32.06.908 is for
25 all purposes the same entity that existed before the conversion.

26 (b) When a conversion takes effect,

27 (1) all property owned by the converting partnership or limited
28 partnership remains vested in the converted entity;

29 (2) all obligations of the converting partnership or limited partnership
30 continue as obligations of the converted entity; and

31 (3) an action or proceeding pending against the converting partnership

1 or limited partnership may be continued as if the conversion had not occurred.

2 **Sec. 32.06.905. Merger of partnerships.** (a) Under a plan of merger
3 approved under (c) of this section, a partnership may be merged with one or more
4 partnerships or limited partnerships.

5 (b) The plan of merger must state

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

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

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

12 (4) the terms and conditions of the merger;

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

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

17 (c) The plan of merger must be approved

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

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

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

28 (e) The merger takes effect on the later of

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

31 (2) the filing of all documents required by law to be filed as a

1 condition to the effectiveness of the merger; or

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

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

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

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

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

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

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

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

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

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

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

31 (d) If the obligations incurred before the merger by a party to the merger are

1 not satisfied out of the property of the surviving partnership or limited partnership, the
 2 general partners of the party to the merger immediately before the effective date of the
 3 merger shall contribute the amount necessary to satisfy the party's obligations to the
 4 surviving entity, in the manner provided in AS 32.06.807, in AS 32.11, or in the
 5 limited partnership law of the jurisdiction where the party was formed, as the case may
 6 be, as if the merged party were dissolved.

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

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

18 (b) A statement of merger must contain

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

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

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

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

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

31 (d) In AS 32.06.302, real property of the surviving partnership or limited

1 partnership that before the merger was held in the name of another party to the merger
 2 is property held in the name of the surviving entity upon recording a certified copy of
 3 the statement of merger in the office for recording transfers of the real property.

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

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

14 **Sec. 32.05.909. Definitions for AS 32.06.902 - 32.06.908.** In AS 32.06.902 -
 15 32.06.908,

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

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

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

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

22 **Article 9. Limited Liability Partnerships.**

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

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

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

1 statement must contain

- 2 (1) the name of the partnership;
- 3 (2) the street address of the partnership's chief executive office and, if
4 different, the street address of an office in this state, if any;
- 5 (3) if the partnership does not have an office in this state, the name and
6 street address of the partnership's agent for service of process;
- 7 (4) a statement that the partnership elects to be a limited liability
8 partnership; and
- 9 (5) a deferred effective date, if any.

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

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

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

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

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

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

29 **Sec. 32.06.913. Annual report; revocation of qualification.** (a) A limited
30 liability partnership, and a foreign limited liability partnership authorized to transact
31 business in this state, shall file with the department an annual report that contains

1 (1) the name of the limited liability partnership and the state or other
2 jurisdiction under whose laws the foreign limited liability partnership is formed;

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

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

7 (b) An annual report must be filed between January 1 and April 1 of each year
8 following the calendar year when a partnership files a statement of qualification or a
9 foreign partnership becomes authorized to transact business in this state.

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

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

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

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

25 (2) that the ground for revocation either did not exist or has been
26 corrected.

27 (f) A reinstatement under (e) of this section relates back to and takes effect on
28 the effective date of the revocation, and the partnership's status as a limited liability
29 partnership continues as if the revocation had never occurred.

30 **Sec. 32.06.921. Law governing foreign limited liability partnerships.** (a)
31 The law under which a foreign limited liability partnership is formed governs relations

1 between and among the partners and between the partners and the partnership and the
2 liability of partners for obligations of the partnership.

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

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

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

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

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

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

20 (4) a deferred effective date, if any.

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

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

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

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

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

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

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

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

- 17 (1) maintaining, defending, or settling an action or proceeding;
18 (2) holding meetings of its partners or carrying on another activity
19 concerning its internal affairs;
20 (3) maintaining bank accounts;
21 (4) maintaining offices or agencies for the transfer, exchange, and
22 registration of the partnership's own securities or maintaining trustees or depositories
23 for those securities;
24 (5) selling through independent contractors;
25 (6) soliciting or obtaining orders, whether by mail or through
26 employees or agents or by another method, if the orders require acceptance outside this
27 state before they become contracts;
28 (7) creating or acquiring indebtedness, with or without a mortgage, or
29 other security interest in property;
30 (8) collecting debts or foreclosing mortgages or other security interests
31 in property securing the debts, and holding, protecting, and maintaining property so

1 acquired;

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

4 (10) transacting business in interstate commerce.

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

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

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

14 **Article 10. Miscellaneous Provisions.**

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

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

18 (1) knows of it;

19 (2) has received a notification of it; or

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

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

25 (d) A person receives a notification when the notification

26 (1) comes to the person's attention; or

27 (2) is duly delivered at the person's place of business or at any other
28 place held out by the person as a place for receiving communications.

29 (e) Except as otherwise provided in (f) of this section, a person other than an
30 individual knows, has notice, or receives a notification of a fact for purposes of a
31 particular transaction when the individual conducting the transaction knows, has notice

1 of, or receives a notification of the fact, or in any event when the fact would have
 2 been brought to the individual's attention if the person had exercised reasonable
 3 diligence. The person exercises reasonable diligence if the person maintains
 4 reasonable routines for communicating significant information to the individual
 5 conducting the transaction and there is reasonable compliance with the routines.
 6 Reasonable diligence does not require an individual acting for the person to
 7 communicate information unless the communication is part of the individual's regular
 8 duties or the individual has reason to know of the transaction and that the transaction
 9 would be materially affected by the information.

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

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

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

20 (b) The partnership agreement may not

21 (1) vary the rights and duties under AS 32.06.970 except to eliminate
 22 the duty to provide copies of statements to all of the partners;

23 (2) unreasonably restrict the right of access to records under
 24 AS 32.06.403(b);

25 (3) eliminate the duty of loyalty under AS 32.06.404(b) or
 26 32.06.603(b)(3), but

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

30 (B) all of the partners or a number or percentage specified in
 31 the partnership agreement may authorize or ratify, after full disclosure of all

1 material facts, a specific act or transaction that otherwise would violate the
2 duty of loyalty;

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

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

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

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

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

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

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

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

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

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

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

1 recorded statements in this chapter.

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

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

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

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

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

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

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

28 **Article 11. General Provisions.**

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

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

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

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

6 (3) "debtor in bankruptcy" means a person who is the subject of

7 (A) an order for relief under 11 U.S.C. (Bankruptcy Code) or
8 a comparable order under a successor statute of general application; or

9 (B) a comparable order under federal, state, or foreign law
10 governing insolvency;

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

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

16 (6) "foreign limited liability partnership" means a partnership that

17 (A) is formed under laws other than the laws of this state; and

18 (B) has the status of a limited liability partnership under those
19 laws;

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

23 (8) "partnership" means an association of two or more persons to carry
24 on as co-owners a business for profit formed under AS 32.06.202, predecessor law, or
25 a comparable law of another jurisdiction;

26 (9) "partnership agreement" means the agreement, whether written, oral,
27 or implied, among the partners concerning the partnership, including amendments to
28 the partnership agreement;

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

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

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

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

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

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

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

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

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

23 **Sec. 32.11.890. Rules for conversions and other cases not covered by**
 24 **chapter.** In a case not provided for in this chapter, **including conversion of a limited**
 25 **partnership to a partnership**, the provisions of **AS 32.06** [AS 32.05] govern.

26 * **Sec. 8.** AS 32.05.010, 32.05.020, 32.05.030, 32.05.040, 32.05.050, 32.05.060, 32.05.070,
 27 32.05.080, 32.05.090, 32.05.100, 32.05.110, 32.05.120, 32.05.130, 32.05.140, 32.05.150,
 28 32.05.160, 32.05.170, 32.05.180, 32.05.190, 32.05.200, 32.05.210, 32.05.220, 32.05.230,
 29 32.05.240, 32.05.250, 32.05.260, 32.05.270, 32.05.280, 32.05.290, 32.05.300, 32.05.310,
 30 32.05.320, 32.05.330, 32.05.340, 32.05.350, 32.05.360, 32.05.370, 32.05.380, 32.05.405,
 31 32.05.415, 32.05.425, 32.05.435, 32.05.440, 32.05.450, 32.05.460, 32.05.470, 32.05.480,

1 32.05.490, 32.05.500, 32.05.510, 32.05.520, 32.05.530, 32.05.540, 32.05.550, 32.05.560,
2 32.05.565, 32.05.570, 32.05.580, 32.05.590, 32.05.600, 32.05.610, 32.05.620, 32.05.630,
3 32.05.640, 32.05.650, 32.05.660, 32.05.670, 32.05.680, 32.05.690, 32.05.700, 32.05.710,
4 32.05.720, 32.05.730, 32.05.740, 32.05.750, 32.05.760, 32.05.960, 32.05.970, 32.05.975,
5 32.05.980, 32.05.990, and 32.05.995 are repealed.

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

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

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

14 **APPLICABILITY.** (a) Before January 1, 2006, secs. 1 - 7 of this Act do not apply
15 to a partnership or limited liability partnership unless the partnership or limited liability
16 partnership is formed

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

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

22 (b) On and after January 1, 2006, secs. 1 - 7 of this Act apply to all partnerships and
23 limited liability partnerships.

24 (c) On or after January 1, 2001, and before January 1, 2006, partnerships and limited
25 liability partnerships may voluntarily elect, in the manner provided in its partnership
26 agreement or by law for amending the partnership agreement, to be governed by secs. 1 - 7
27 of this Act. The provisions of secs. 1 - 7 of this Act relating to the liability of those
28 partnership's partners to third parties do not apply to limit the partners' liability to a third
29 party who does business with the partnership within one year preceding the partnership's
30 election to be governed by secs. 1 - 7 of this Act unless the third party knows or has received
31 a notification of the partnership's election to be governed by secs. 1 - 7 of this Act; the one-

1 year period may not extend back to before January 1, 2001.

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

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

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

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

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

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

19 * **Sec. 13.** Section 8 of this Act takes effect January 1, 2006.

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