



30 Bank Street
PO Box 350
New Britain
CT 06050-0350
06051 for 30 Bank St
(860)223-4400
fax (860)223-4488

Testimony of Mark G. Sklarz, CBA Business Law Section
**House Bill 5541, An Act Concerning the Conversion of
Partnerships to Limited Liability Companies and the Dissolution of Partnerships**
Judiciary Committee
March 3, 2006

Senator McDonald, Representative Lawlor and members of the Judiciary Committee, thank you for the opportunity to testify before the committee on House Bill 5541, An Act Concerning the Conversion of Partnerships to Limited Liability Companies and the Dissolution of Partnerships.

My name is Mark Sklarz. I am a partner with Day, Berry & Howard LLP in New Haven, where my practice includes advising business entities in various transactions and tax planning. I am also a member of the CBA Business Law Section Executive Committee and I chair its Partnerships, Limited Liability Companies and Other Entities Committee.

The CBA Business Law Section supports House Bill 5541 and respectfully requests that the Judiciary Committee approve the bill. The Section thanks the sponsor of the bill, Rep. Emil "Buddy" Altobello of Meriden, Deputy Speaker of the House of Representatives. Our Section provided technical drafting assistance to Rep. Altobello and staff of the committee on the provisions concerning the conversion of partnerships to LLCs. They have been very receptive to our comments and willing to work with us.

Section 1 of House Bill 5541 would validate the actions of general or limited partnerships that convert to a limited liability company on and after July 1, 1997. The amendment is necessary because Conn. Gen. Stat. §34-199 governing such conversions restricts its use to partnerships formed under Chapter 614, the Uniform Partnership Act (Conn. Gen. Stat. §§34-300 to 34-434), which replaced the former partnership act, sections

34-39 to 34-81, which were referred to in the original 34-199, effective July 1, 1997. The problem is that the only partnerships formed under the Uniform Partnership Act are those created after July 1, 1997. However, after January 1, 2002, all Connecticut partnerships are governed by the Uniform Partnership Act.

Section 2 of House Bill 5541 would clarify the law relating to the dissolution of a general partnership after the death of a partner. It amends Conn. Gen. Stat. §34-372(2), which deals with the winding up of a partnership for a definite term or particular undertaking following a partner's dissociation. Its current intent is to permit a majority of the remaining partners to elect to wind up the business, provided they make this determination within ninety (90) days from the date of dissociation. However, the text of the statute fails to capture the requirement that the action be taken within 90 days.

As originally provided in subdivision (2) when the Connecticut Uniform Partnership Act became effective in 1997, a majority of the remaining partners could elect within 90 days to continue the partnership, the default provision being that the partnership would be wound up if no election were made by that majority to continue its existence. In 2000, the statute was amended consistent with the Revised Uniform Partnership Act (RUPA) with the intent to provide that if no action were taken by a majority of the remaining partners within 90 days from dissociation by a member, the partnership would, by default, continue and not be required to be wound up. *See* Public Act 00-50. This change would have been consistent with the RUPA but the language adopted in §34-372(2) failed to capture the 90-day concept within which members must act as provided for in the RUPA.

Thank you again for the opportunity to testify before the committee. I would be pleased to answer any questions you may have.