

IC 23-18

ARTICLE 18. LIMITED LIABILITY COMPANIES

IC 23-18-1

Chapter 1. Definitions

IC 23-18-1-1

Citation of article

Sec. 1. This article may be cited as the "Indiana business flexibility act".

As added by P.L.8-1993, SEC.301.

IC 23-18-1-2

Application of definitions

Sec. 2. The definitions of this chapter apply throughout this article.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-3

"Articles of organization"

Sec. 3. "Articles of organization" means the articles of organization described by IC 23-18-2-4 and any amended or restated articles of organization.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-4

"Business trust"

Sec. 4. "Business trust" means a business trust or a foreign business trust (as defined in IC 23-5).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-5

"Contribution"

Sec. 5. "Contribution" means any cash, property, services rendered, or a promissory note or other binding obligation to contribute cash or property or to perform services that a person transfers to a limited liability company in the capacity as a member.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-6

"Corporation"

Sec. 6. "Corporation" means a domestic corporation or a foreign corporation (as defined in either IC 23-1 or IC 23-17).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-7

"Distribution"

Sec. 7. "Distribution" means a direct or an indirect transfer of money or other property or the incurrence or the transfer of indebtedness by a limited liability company to or for the benefit of

its members in respect of their interests in the limited liability company. A distribution may be in the form of a declaration or payment of a dividend, purchase, redemption, or other acquisition of an interest, a distribution of indebtedness, or otherwise. The term does not include:

- (1) amounts constituting reasonable compensation for past or present services or reasonable payments made in the ordinary course of business under a bona fide retirement plan or other benefit program; or
- (2) the making of or payment or performance upon a bona fide guaranty or similar arrangement by a corporation to or for the benefit of its shareholders.

However, the failure of an amount to satisfy subdivision (1), or of a payment or performance to satisfy subdivision (2), is not determinative of whether the amount, payment, or performance is a distribution.

As added by P.L.8-1993, SEC.301. Amended by P.L.130-2006, SEC.26.

IC 23-18-1-8

"Event of dissociation"

Sec. 8. "Event of dissociation" means an event that causes a person to cease being a member of a limited liability company as provided by IC 23-18-6-5.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-9

"Foreign limited liability company"

Sec. 9. "Foreign limited liability company" means an entity that is:

- (1) an unincorporated association organized under the laws of a state other than Indiana or another jurisdiction, including a foreign country;
- (2) organized under a statute that affords each member of the entity limited liability with respect to the activities and ownership of the entity; and
- (3) not required to obtain a certificate of registration as a foreign limited partnership under IC 23-16 or qualify to transact business as a foreign business trust under IC 23-5.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-10

"Interest"

Sec. 10. "Interest" means a member's economic rights in the limited liability company, including the member's share of the profits and losses of the limited liability company and the right to receive distributions from the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-11

"Limited liability company" or "domestic limited liability company"

Sec. 11. "Limited liability company" or "domestic limited liability company" means an entity that is an unincorporated association organized under this article.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-12

"Limited partnership"

Sec. 12. "Limited partnership" means an Indiana limited partnership or foreign limited partnership (as defined in IC 23-16).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-13

"Majority in interest of the members"

Sec. 13. "Majority in interest of the members" means the members who have made more than fifty percent (50%) of the agreed value, as stated in the records of the limited liability company, of the total contributions made by all members, to the extent that the contributions have not been previously returned.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-14

"Manager"

Sec. 14. "Manager" means, with respect to a limited liability company whose articles of organization provide for a manager, a person designated in accordance with the authority under IC 23-18-4-1(b).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-15

"Member"

Sec. 15. "Member" means a person admitted to membership in a limited liability company under IC 23-18-6-1 and as to whom an event of dissociation has not occurred.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-16

"Operating agreement"

Sec. 16. "Operating agreement" means any written or oral agreement of the members as to the affairs of a limited liability company and the conduct of its business that is binding upon all the members.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-17

"Person"

Sec. 17. "Person" means an individual, a corporation, a general or limited partnership, an association, a limited liability company, a foreign limited liability company, a business trust, or another legal

or commercial entity.
As added by P.L.8-1993, SEC.301.

IC 23-18-1-18

"Principal office"

Sec. 18. "Principal office" means the office, within or outside of Indiana, so designated in the biennial report where the principal executive offices of a domestic or foreign limited liability company are located.

As added by P.L.8-1993, SEC.301. Amended by P.L.11-1996, SEC.26.

IC 23-18-1-19

"State"

Sec. 19. "State" refers to a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

As added by P.L.8-1993, SEC.301.