



House Committee on Judiciary

Neutral Testimony on House Bill 2371- Revised LLC Act- Series LLC Changes

Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber

Tuesday, February 11, 2025

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. We appreciate the opportunity to testify today as a neutral party, specifically regarding proposed changes to the Series LLC statutes in Kansas. If the committee is willing to approve changes discussed during the informational hearing, we'd gladly be a proponent to HB 2371.

Back in 2012, Representative Rob Bruchman was pursuing adopting Series LLC laws for the state. As he sought input and support from stakeholders, we distributed the bill draft to our membership asking for feedback. At that time we received no feedback and did not take a position.

Now in 2025, the timing couldn't be better to have members reach out asking about modernizing the state's Series statutes as the Kansas Bar Association was taking a deep dive into the full LLC act. We are here today to ask the committee to adopt changes included on page 2 of our testimony to help strengthen our Series LLC statutes for operations in the state of Kansas.

The best illustration to think of a Series LLC is of a condominium building that serves as the primary entity, but each unit within the building operates as its own independent "series" LLC. As we worked through language details this fall, we heard concerns from the Kansas Bankers Association regarding the ambiguity of Series LLCs working independently or jointly. Additionally, the bankers association stated that Delaware had strong case law in this area they were reluctant to divert from, but through negotiations we were able to address their concerns as we finalized language. Our proposed amendment on page 2 of our testimony reflects those positive negotiations and I am pleased to say that we have removed concerns expressed by our partners at the Kansas Bankers Association.

Series LLC's offer flexibility, cost savings and regulatory efficiency. These are newer and unique business structures that are beneficial to the businesses who use them, although they are not widely utilized.

In closing, as the committee works through the comprehensive update presented by the Kansas Bar Association, we would respectfully ask that our proposed changes be included in those modernization efforts. I'd be happy to answer questions at the appropriate time.

