

HOUSE BILL No. 2766

By Committee on Judiciary

Requested by Representative Meyer

2-6

1 AN ACT concerning the powers of artificial persons and foreign artificial
2 persons; relating to political powers such as election activity or ballot-
3 issue activity; providing that artificial persons shall not possess any
4 such political powers and any exercise of such powers shall be void and
5 result in forfeiture of privileges granted pursuant to Kansas law;
6 amending K.S.A. 17-1503, 17-1605, 17-2034, 17-2204, 17-6001, 17-
7 6101, 17-6104, 17-7930, 56-1a106, 56-1a253 and 56a-306 and K.S.A.
8 2025 Supp. 17-7668 and repealing the existing sections.

9
10 *Be it enacted by the Legislature of the State of Kansas:*

11 New Section 1. (a) The legislature finds that the creation of a
12 corporation or other artificial legal entity or person is a privilege granted
13 by the state and is not a natural right. The legislature further finds that the
14 Kansas Constitution requires that corporations or other artificial legal
15 persons be created under general law and all such laws may be amended or
16 repealed. Judicial decisions of the supreme court of the United States
17 recognize that a state possesses plenary authority to determine the powers
18 and capacities of the artificial legal persons that the state creates and
19 define the scope of the privileges that the state confers. The legislature
20 finds that Kansas statutes have historically included broad grants of
21 powers to artificial legal persons, including powers and privileges
22 necessary or convenient to lawful business or purpose, and that such broad
23 grants of power have been construed in other jurisdictions to include
24 political powers.

25 (b) The legislature declares that powers related to election activity
26 and ballot-issue activity were never intended to be among the powers
27 granted to corporations and other artificial legal persons by the state of
28 Kansas, and it is the purpose of this act to make the intent explicit and
29 define the lawful powers of artificial legal persons accordingly. The
30 legislature further declares that the powers conferred on an artificial legal
31 person are separate and distinct from the rights retained by natural persons.
32 This act therefore does not regulate speech, petition or association by any
33 natural person. This act is intended to define and limit only the powers and
34 charter privileges that the state confers upon artificial legal persons that the
35 state charters or authorizes to do business.

1 (c) Every artificial legal person formed under the laws of this state or
2 authorized to transact business in this state accepts such artificial legal
3 person's charter, organization, registration or authorization subject to
4 article 12, section 1 of the constitution of the state of Kansas. Every such
5 artificial legal person is on constructive notice that all charter privileges
6 and statutory grants of powers are subject to modification or withdrawal
7 by general law. No such artificial legal person has acquired or acquires any
8 vested right to the continuation of any statutory grant of power.

9 (d) This act shall apply to every artificial legal person organized
10 under the laws of this state and to every foreign artificial legal person to
11 the extent provided by this act, unless the artificial legal person is
12 expressly identified in statute as a public body corporate and politic.

13 (e) Nothing in this act shall apply to any agency or instrumentality of
14 the state or the state's political subdivisions.

15 (f) (1) The provisions of this act are severable. If any portion of this
16 act is declared unconstitutional or invalid, or the application of any portion
17 of the act to any person or circumstance is held unconstitutional or invalid,
18 the invalidity shall not affect other portions of the act that can be given
19 effect without the invalid portion or application, and the applicability of
20 such other portions of the act to any person or circumstance shall remain
21 valid and enforceable.

22 (2) In the event that any portion of this act is declared
23 unconstitutional or invalid, or the application of any portion of the act to
24 any person or circumstance is held unconstitutional or invalid, no prior
25 grant of powers to entities covered by this act shall be revived, reinstated
26 or implied by operation of law or judicial construction, and nothing in this
27 act shall be construed to authorize broader powers than are expressly
28 conferred herein.

29 New Sec. 2. (a) Except as expressly provided in K.S.A. 17-6101(d),
30 and amendments thereto:

31 (1) No artificial legal person formed under the laws of this state shall
32 possess any power to directly or indirectly engage in election activity or
33 ballot-issue activity; and

34 (2) no foreign artificial legal person that is authorized to transact
35 business, is otherwise transacting business or holds property in this state
36 possesses any power to directly or indirectly engage in election activity or
37 ballot-issue activity.

38 (b) A foreign artificial legal person that directly or indirectly
39 undertakes, finances or directs election activity or ballot-issue activity in
40 Kansas shall be conclusively deemed to be transacting business in this
41 state for purposes of jurisdiction and enforcement of Kansas law.

42 Sec. 3. K.S.A. 17-1503 is hereby amended to read as follows: 17-
43 1503. That every such cooperative corporation, when organized and

1 incorporated, shall enjoy all the rights, privileges and powers not in
2 conflict with the provisions of this act, as are conferred by the statutes of
3 this state on other cooperative corporations. *No such right, privilege or*
4 *power includes any power to directly or indirectly engage in election*
5 *activity or ballot-issue activity as defined in K.S.A. 17-6101, and*
6 *amendments thereto, except as expressly provided in K.S.A. 17-6101(d),*
7 *and amendments thereto. Any act constituting election activity or ballot-*
8 *issue activity, other than as expressly provided in K.S.A. 17-6101(d), and*
9 *amendments thereto, is ultra vires and void and shall result in forfeiture of*
10 *all charter privileges, including limited liability, as a matter of law.*

11 Sec. 4. K.S.A. 17-1605 is hereby amended to read as follows: 17-
12 1605. Each association incorporated under this act shall have the following
13 powers:

14 (a) To engage in any activity in connection with the marketing,
15 selling, harvesting, threshing, milling, preserving, drying, processing,
16 canning, packing, storing, handling or utilization of any agricultural
17 products produced or delivered to the association by the association's
18 members; manufacturing or marketing of the agricultural by-products, or
19 in connection with the purchase, hiring, or use by the association's
20 members or other patrons of supplies, machinery, or equipment;
21 agricultural education, research, legislation and economic and social
22 conditions; improvement of livestock breeds by means of artificial
23 breeding or otherwise; or financing of any such activities; or in any one or
24 more of the activities specified in this section.

25 (b) To function as a general farm organization and to levy and collect
26 dues from the association's members.

27 (c) To borrow money without limitation as to amount of corporate
28 indebtedness or liability; and to make advances to members.

29 (d) To act as the agent or representative of any member or members
30 in any of the above-stated activities.

31 (e) To purchase or otherwise acquire; and to hold, own, and exercise
32 all rights of ownership in, and to sell, transfer or pledge or guarantee the
33 payment of dividends or interest on, or the retirement or redemption of
34 shares of the capital stock or bonds.

35 (f) To become a member, of any corporation or association engaged
36 in any lawful activity.

37 (g) To establish reserves and to invest the funds thereof in physical
38 facilities, stock of subsidiary corporations or bonds or in such other
39 property as may be provided in the bylaws.

40 (h) To buy, hold, and exercise all privileges of ownership over such
41 real and personal property as may be necessary or convenient for the
42 conduct and operation of any of the business of the association or
43 incidental thereto.

1 (i) To do each and everything necessary, suitable, or proper for the
2 accomplishment of any one of the purposes or the attainment of any one or
3 more of the subjects herein enumerated; or conducive to or expedient for
4 the interest or benefit of the association; and to contract accordingly. The
5 association may exercise and possess all powers, rights, and privileges
6 granted by the laws of this state to ordinary corporations, except such as
7 are inconsistent with the express provisions of this act.

8 (j) *Notwithstanding any other provision of law, an association*
9 *incorporated under this act may not directly or indirectly engage in*
10 *election activity or ballot-issue activity as defined in K.S.A. 17-6101, and*
11 *amendments thereto, except as expressly provided in K.S.A. 17-6101(d),*
12 *and amendments thereto. Any provision of the articles, bylaws or other*
13 *organizational documents purporting to grant or confer any power to*
14 *engage in election activity or ballot-issue activity, other than as expressly*
15 *provided in K.S.A. 17-6101(d), and amendments thereto, is void. Any act*
16 *constituting election activity or ballot-issue activity, other than as*
17 *expressly provided in K.S.A. 17-6101(d), and amendments thereto, is ultra*
18 *vires and void and shall result in forfeiture of all charter privileges,*
19 *including limited liability and perpetual duration, as a matter of law. The*
20 *secretary of state shall adopt rules and regulations for administrative*
21 *forfeiture, reinstatement upon disgorgement, certification of compliance*
22 *and any related civil enforcement.*

23 Sec. 5. K.S.A. 17-2034 is hereby amended to read as follows: 17-
24 2034. (a) Subject to the provisions of K.S.A. 17-2035, and amendments
25 thereto, the powers and authority of any business trust authorized under
26 this act to transact business in this state shall be as specified in the
27 instrument by which it was created and any amendments thereto. Except as
28 otherwise provided, such instrument shall be construed and interpreted in
29 accordance with the common law applicable to business trusts. No
30 business trust shall possess any power which would violate the public
31 policy of this state or be authorized to engage in any business which a
32 private corporation for profit organized under the laws of this state may
33 not legally transact. Subject to the foregoing limitations on power and
34 authority, any person dealing with a business trust authorized under this
35 act to transact business in this state shall be bound by the terms and
36 conditions of the instrument by which the trust was created and by any
37 amendments thereto which have been filed in compliance with K.S.A. 17-
38 2033, and amendments thereto.

39 (b) *No business trust shall possess any power to directly or indirectly*
40 *engage in election activity or ballot-issue activity as defined in K.S.A. 17-*
41 *6101, and amendments thereto, except as expressly provided in K.S.A. 17-*
42 *6101(d), and amendments thereto. Any act constituting election activity or*
43 *ballot-issue activity, other than as expressly provided in K.S.A. 17-*

1 *6101(d), and amendments thereto, is ultra vires and void and shall result*
2 *in forfeiture of all charter privileges, including limited liability, as a*
3 *matter of law. The secretary of state shall adopt rules and regulations for*
4 *administrative forfeiture, reinstatement upon disgorgement, certification of*
5 *compliance and any related civil enforcement.*

6 Sec. 6. K.S.A. 17-2204 is hereby amended to read as follows: 17-
7 2204. A credit union shall have the following powers:

8 (a) (1) A credit union may receive the savings of its members in
9 payment for shares, make contracts, sue and be sued, and provide
10 negotiable checks, money orders, any other money type instruments or
11 transfer methods, safe deposit boxes or similar safekeeping facilities to its
12 members.

13 (2) *Notwithstanding any other provision of law, a credit union shall*
14 *not directly or indirectly engage in election activity or ballot-issue activity*
15 *as defined in K.S.A. 17-6101, and amendments thereto, except as expressly*
16 *provided in K.S.A. 17-6101(d), and amendments thereto. Any act*
17 *constituting election activity or ballot-issue activity, other than as*
18 *expressly provided in K.S.A. 17-6101(d), and amendments thereto, is ultra*
19 *vires and void and shall result in forfeiture of all charter privileges,*
20 *including limited liability, as a matter of law. The administrator and the*
21 *attorney general may pursue all available remedies under Kansas law to*
22 *enforce this paragraph. The secretary of state shall adopt rules and*
23 *regulations for administrative forfeiture, reinstatement upon disgorgement*
24 *certification of compliance and any related civil enforcement.*

25 (b) A credit union may make loans to members through the credit
26 committee or authorized loan officer in the way and manner provided in
27 K.S.A. 17-2201 et seq., and amendments thereto.

28 (c) A credit union may invest under written investment policies
29 established by the board:

30 (1) In all types of shares and accounts of a corporate credit union that
31 is federally insured;

32 (2) in shares or accounts of any savings and loan association or
33 mutual savings bank the accounts of which are insured by an insurer
34 approved by the state in which the savings and loan association or mutual
35 savings bank operates for guaranteeing the shares or accounts of such
36 institutions;

37 (3) in the bonds or other obligations of the United States of America,
38 or securities fully guaranteed as to principal and interest thereby;

39 (4) in obligations of, or obligations issued by, any state or political
40 subdivision thereof, including any agency, corporation or instrumentality
41 of a state or political subdivision, except that no credit union may invest
42 more than 10% of its shares, undivided earnings and reserves in the
43 obligations of any one issuer, exclusive of general obligations of the

1 issuer; or

2 (5) in savings banks, state banks, trust companies and national banks,
3 the accounts of which are insured by an insurer approved by the state in
4 which the savings bank, state bank, trust company or national bank
5 operates for guaranteeing the shares or accounts of such institutions.

6 (d) A credit union may enter into agreements with financial
7 institutions or organizations for the extension of credit or debit services.

8 (e) A credit union may do all things necessary to obtain, continue,
9 pay for and terminate insurance of its shares and share certificates with the
10 national credit union share insurance fund or its successor. A credit union
11 also may do all things necessary to obtain, continue, pay for and terminate
12 private insurance coverage of its shares and share certificates in excess of
13 the coverage for such shares and share certificates provided by the national
14 credit union share insurance fund or its successor. Such excess coverage
15 shall be obtained from an insurer approved by the commissioner of
16 insurance.

17 (f) A credit union may receive from its members or other insured
18 credit unions payments on shares and share certificates and may invest its
19 funds in shares, share certificates or other accounts of insured credit
20 unions.

21 (g) A corporate credit union, as defined by K.S.A. 17-2231(e), and
22 amendments thereto, may buy and sell investment securities, as defined by
23 the administrator, but the total amount of such investment securities of any
24 one obligor or maker held by such credit union shall at no time exceed
25 15% of the shares, undivided earnings and reserves of the credit union,
26 except that this limit shall not apply to obligations of the United States
27 government or any agency thereof.

28 (h) Credit unions may enter into agreements to discount or sell
29 student loans made pursuant to federally insured student loan programs
30 under Pub. L. No. 89-329, title IV part (b) of the higher education act of
31 1965 as amended.

32 (i) A credit union may discount or sell to such corporate credit union
33 or any financial institution or organization any real estate loan made by the
34 credit union.

35 (j) A credit union may enter into agreements with a corporate credit
36 union to discount or sell to such corporate credit union any obligation of
37 the United States government or any agency thereof, or of any state,
38 municipality or any agency thereof, if the obligation at the time of
39 purchase was a legal investment for credit unions.

40 (k) A credit union may provide that shares and share certificates may
41 be withdrawn for payment to the account holder or to third parties, in such
42 manner and in accordance with such procedures as may be established by
43 the board of directors.

1 (l) Every credit union incorporated pursuant to or operating under the
2 provisions of the state credit union code may exercise such powers,
3 including incidental powers, as shall be necessary or requisite to enable it
4 to carry on effectively the purposes and business for which it is
5 incorporated.

6 (m) A credit union may receive from the national credit union central
7 liquidity facility created by title III of the federal credit union act, 12
8 U.S.C. § 1795 et seq., payments on: (1) Shares that may be issued at
9 varying dividend rates; (2) share certificates that may be issued at varying
10 dividend rates and maturities; and (3) investments in any other accounts of
11 the credit union. A credit union may invest its funds in the capital stock of
12 the national credit union central liquidity facility.

13 (n) Subject to written guidelines issued by the administrator, a credit
14 union may purchase notes made by individual borrowers to a financial
15 institution at such prices as may be agreed upon by the board of directors
16 of the purchasing credit union. No purchase may be made, however, under
17 authority of this subsection, unless approved in writing by the
18 administrator, if, upon the making of that purchase, the aggregate of the
19 unpaid balances of notes of nonmembers purchased under authority of this
20 subsection would exceed 5% of the shares, undivided earnings and
21 reserves of the credit union.

22 (o) Subject to rules and regulations adopted by the administrator, a
23 credit union, if designated by the administrator as a low-income credit
24 union, may accept payments to share accounts by nonmembers. Such rules
25 and regulations shall specify the maximum level of nonmember shares, the
26 use of such shares, the term of such accounts and other requirements to
27 address safety and soundness issues. Nonmember account holders shall not
28 have the same rights and privileges as members.

29 Sec. 7. K.S.A. 17-6001 is hereby amended to read as follows: 17-
30 6001. (a) Any person, partnership, association or corporation, singly or
31 jointly with others, and without regard to such person's or entity's
32 residence, domicile or state of incorporation, may incorporate or organize
33 a corporation under this code by filing with the secretary of state articles of
34 incorporation which shall be executed and filed in accordance with K.S.A.
35 17-7908 through 17-7910, and amendments thereto.

36 (b) Except as otherwise provided by law, a corporation may be
37 incorporated or organized under this code to conduct or promote any
38 lawful business or purposes. *Notwithstanding any other provision of law,*
39 *election activity and ballot-issue activity, as defined in K.S.A. 17-6101,*
40 *and amendments thereto, shall not constitute a lawful business or purpose.*
41 *No power or activity related to election activity or ballot-issue activity*
42 *shall be deemed necessary or convenient to a lawful business or purpose.*

43 (c) Corporations subject to special statutory regulation may be

1 organized under this code if required by or otherwise consistent with such
2 other statutory regulation, but such corporations shall be subject to the
3 special provisions and requirements applicable to such corporations.
4 Where the provisions and requirements of this code are not inconsistent,
5 they shall be construed as supplemental to such other statutes and not in
6 derogation or limitation thereof, and such corporations shall be governed
7 thereby. Subject to the foregoing provisions of this subsection, any
8 corporation organized under the laws of this state or authorized to do
9 business in this state shall be governed by the applicable provisions of this
10 code.

11 Sec. 8. K.S.A. 17-6101 is hereby amended to read as follows: 17-
12 6101. (a) ~~In addition to the powers enumerated in K.S.A. 17-6102, and~~
13 ~~amendments thereto, every corporation, its officers, directors, and~~
14 ~~stockholders shall possess and may exercise all the powers and privileges~~
15 ~~granted by this code or by any other law or by its articles of incorporation,~~
16 ~~together with any powers incidental thereto, so far as such powers and~~
17 ~~privileges are necessary or convenient to the conduct, promotion or~~
18 ~~attainment of the business or purposes set forth in its articles of~~
19 ~~incorporation.~~

20 *(b) The creation and continued existence of a corporation is not a right*
21 *but a conditional grant of legal status by the state and remains subject to*
22 *complete withdrawal at any time. All powers previously granted to*
23 *corporations under the laws of this state are revoked in their entirety,*
24 *except as such revocation may be limited retroactively pursuant to*
25 *subsection (h). A corporation operating under the jurisdiction of this state*
26 *shall possess no power unless specifically granted by this section.*

27 *(b) Every corporation is hereby granted the artificial person powers*
28 *defined in subsection (c)(5) and the powers enumerated in K.S.A. 17-6102,*
29 *and amendments thereto. No power granted by this section or prior to*
30 *January 1, 2027, by any other law or the corporation's articles of*
31 *incorporation shall be construed to authorize the corporation, directly or*
32 *indirectly, to engage in election activity or ballot issue activity, except as*
33 *expressly provided in subsection (d).*

34 *(c) As used in this section:*

35 *(1) "Election activity" means paying, contributing, or expending*
36 *money or anything of value to support or oppose a candidate, political*
37 *party or political committee. "Election activity" does not include any bona*
38 *fide news story, commentary or editorial distributed through the facilities*
39 *of a broadcasting station or of any print, online or digital newspaper,*
40 *magazine, blog or other periodical publication, unless the broadcasting,*
41 *print, online or digital facility is owned or controlled by a political party,*
42 *political committee or candidate;*

43 *(2) "ballot issue activity" means paying, contributing or expending*

1 money or anything of value to support or oppose a constitutional
2 amendment or other question after it has been formally certified or
3 submitted to the electors of the state or any political subdivision. "Ballot
4 issue activity" does not include any bona fide news story, commentary or
5 editorial distributed through the facilities of a broadcasting station or of
6 any print, online or digital newspaper, magazine, blog or other periodical
7 publication, unless the broadcasting, print, online or digital facility is
8 owned or controlled by a political party, political committee or candidate;

9 (3) "charter privilege" means any benefit that exists only because the
10 state confers such benefit on a corporation or other entity, including,
11 without limitation, limited liability, perpetual duration, succession in the
12 corporate name, business trusts, statutory trusts and tax credits or
13 abatements;

14 (4) "artificial legal person" means any person other than an
15 individual that:

16 (A) Is formed under the laws of this state; or

17 (B) is authorized to transact business, is otherwise transacting
18 business or holds property in this state; and

19 (C) claims any charter privilege under the laws of this state; and

20 (5) "artificial-person powers" means the same powers as an
21 individual to do all things necessary or convenient to carry out a
22 corporation's lawful business and affairs, excluding any power to directly
23 or indirectly engage in election activity or ballot-issue activity. Powers
24 related to election activity or ballot-issue activity shall not be considered
25 necessary or convenient to a corporation's business or affairs under any
26 circumstances.

27 (d) Political committees, candidate committees and party committees
28 registered under Kansas law or federal law are entities created for the
29 purpose of engaging in election activity and ballot-issue activity. Such
30 committees may be granted the power to engage in those activities
31 provided they exist solely for that purpose and claim no charter privilege
32 other than limited liability. This subsection does not grant any other
33 corporation the power to engage in election activity or ballot-issue
34 activity.

35 (e) Any provision of the articles of incorporation, bylaws or other
36 organizational documents of a corporation purporting to grant or confer
37 any power to engage in election activity or ballot-issue activity, directly or
38 indirectly, is void.

39 (f) Any act undertaken by a corporation that constitutes election
40 activity or ballot-issue activity is ultra vires and void. A corporation that
41 exercises any power not granted under this section forfeits all charter
42 privileges, including limited liability and perpetual duration, as a matter
43 of law. The secretary of state shall adopt rules and regulations for

1 *administrative forfeiture, reinstatement upon disgorgement and*
2 *certification of compliance and related civil enforcement.*

3 (g) *A foreign corporation that is authorized to transact business, is*
4 *otherwise transacting business or holds property in this state is subject to*
5 *this section. A foreign corporation that directly or indirectly undertakes,*
6 *finances or directs election activity or ballot-issue activity in Kansas shall*
7 *be conclusively deemed to be transacting business in this state for*
8 *purposes of jurisdiction and enforcement.*

9 (h) *Nothing in this section shall be construed to invalidate, impair or*
10 *modify any existing contract, debt instrument, security or other legal*
11 *obligation validly entered into before January 1, 2027, except that nothing*
12 *herein authorizes any election activity or ballot issue activity after such*
13 *date.*

14 (i) *Every corporation shall be governed by the provisions and be*
15 *subject to the restrictions and liabilities contained in this code.*

16 Sec. 9. K.S.A. 17-6104 is hereby amended to read as follows: 17-
17 6104. No act of a corporation and no conveyance or transfer of real or
18 personal property to or by a corporation shall be invalid by reason of the
19 fact that the corporation was without capacity or power to do such act or to
20 make or receive such conveyance or transfer, but such lack of capacity or
21 power may be asserted:

22 (a) In a proceeding by a stockholder against the corporation to enjoin
23 the doing of any act or acts or the transfer of real or personal property by
24 or to the corporation. If the unauthorized acts or transfer sought to be
25 enjoined are being, or are to be, performed or made pursuant to any
26 contract to which the corporation is a party, the court may, if all of the
27 parties to the contract are parties to the proceeding and if it deems the
28 same to be equitable, set aside and enjoin the performance of such
29 contract, and in so doing may allow to the corporation or to the other
30 parties to the contract, as the case may be, such compensation as may be
31 equitable for the loss or damage sustained by any of them which may
32 result from the action of the court in setting aside and enjoining the
33 performance of such contract, but anticipated profits to be derived from
34 the performance of the contract shall not be awarded by the court as a loss
35 or damage sustained;

36 (b) in a proceeding by the corporation, whether acting directly or
37 through a receiver, trustee or other legal representative, or through
38 stockholders in a representative suit, against an incumbent or former
39 officer or director of the corporation, for loss or damage due to such
40 incumbent or former officer's or director's unauthorized act; and

41 (c) in a proceeding by the attorney general to dissolve the
42 corporation, or to enjoin the corporation from the transaction of
43 unauthorized business.

1 (d) *This section shall not apply to acts that constitute election activity*
2 *or ballot issue activity as defined in K.S.A. 17-6101, and amendments*
3 *thereto. Any such act is ultra vires and void pursuant to K.S.A. 17-6101(f),*
4 *and amendments thereto, and may be addressed in proceedings authorized*
5 *by K.S.A. 17-6101(f), and amendments thereto, or by the attorney general*
6 *under subsection (c) of this section.*

7 Sec. 10. K.S.A. 2025 Supp. 17-7668 is hereby amended to read as
8 follows: 17-7668. (a) Unless otherwise specifically prohibited by law, a
9 limited liability company may carry on any lawful business, purpose or
10 activity, whether or not for profit with the exception of the business of
11 granting policies of insurance, or assuming insurance risks or banking as
12 defined in K.S.A. 9-702, and amendments thereto. *Election activity and*
13 *ballot-issue activity, as those terms are defined in K.S.A. 17-6101, and*
14 *amendments thereto, are not lawful business, purpose or activity for a*
15 *limited liability company, except as expressly provided in K.S.A. 17-*
16 *6101(d), and amendments thereto.*

17 (b) A limited liability company shall possess and may exercise all the
18 powers and privileges granted by this act or by any other law or by its
19 operating agreement, together with any powers incidental thereto,
20 including such powers and privileges as are necessary or convenient to the
21 conduct, promotion or attainment of the business, purposes or activities of
22 the limited liability company. *Notwithstanding any other provision of law,*
23 *no power granted by this act, by any other law or by the operating*
24 *agreement or other organizational documents shall be construed to*
25 *authorize a limited liability company, directly or indirectly, to engage in*
26 *election activity or ballot-issue activity as defined in K.S.A. 17-6101, and*
27 *amendments thereto, except as expressly provided in K.S.A. 17-6101(d),*
28 *and amendments thereto. Any provision of the articles of organization,*
29 *operating agreement or other organizational documents purporting to*
30 *grant or confer any power to engage in election activity or ballot-issue*
31 *activity, other than as expressly provided in K.S.A. 17-6101(d), and*
32 *amendments thereto, is void. Any act undertaken by a limited liability*
33 *company that constitutes election activity or ballot-issue activity, other*
34 *than as expressly provided in K.S.A. 17-6101(d), and amendments thereto,*
35 *is ultra vires and void and shall result in forfeiture of all charter*
36 *privileges, including limited liability and perpetual duration, as a matter*
37 *of law. The secretary of state shall adopt rules and regulations for*
38 *administrative forfeiture, reinstatement upon disgorgement and*
39 *certification of compliance and related civil enforcement. A foreign limited*
40 *liability company that directly or indirectly undertakes, finances or directs*
41 *election activity or ballot-issue activity in Kansas shall be conclusively*
42 *deemed to be transacting business in this state for purposes of jurisdiction*
43 *and enforcement. Nothing in this subsection shall be construed to*

1 *invalidate, impair or modify any existing contract, debt instrument,*
2 *security or other legal obligation validly entered into before January 1,*
3 *2027, except that nothing herein authorizes any election activity or ballot-*
4 *issue activity after such date.*

5 (c) A limited liability company organized and existing under the
6 Kansas revised limited liability company act or otherwise qualified to do
7 business in Kansas may have and exercise all powers that may be
8 exercised by a Kansas professional association or professional corporation
9 under the professional corporation law of Kansas, including employment
10 of professionals to practice a profession, which shall be limited to the
11 practice of one profession, except as provided in K.S.A. 17-2710, and
12 amendments thereto.

13 (d) Only a qualified person may be a member of a limited liability
14 company organized to exercise powers of a professional association or
15 professional corporation. No membership may be transferred to another
16 person until there is presented to such limited liability company a
17 certificate by the licensing body, as defined in K.S.A. 74-146, and
18 amendments thereto, stating that the person to whom the transfer is made
19 or the membership issued is duly licensed to render the same type of
20 professional services as that for which the limited liability company was
21 organized.

22 (e) As used in the section, "qualified person" means:

23 (1) Any natural person licensed to practice the same type of
24 profession that any professional association or professional corporation is
25 authorized to practice;

26 (2) the trustee of a trust that is a qualified trust under section 401(a)
27 of the federal internal revenue code of 1986, as in effect, on July 1, 1999,
28 or of a contribution plan that is a qualified employee stock ownership plan
29 under section 409A(a) of the federal internal revenue code of 1986, as in
30 effect, on July 1, 1999;

31 (3) the trustee of a revocable living trust established by a natural
32 person who is licensed to practice the type of profession that any
33 professional association or professional corporation is authorized to
34 practice, if the terms of such trust provide that such natural person is the
35 principal beneficiary and sole trustee of such trust and such trust does not
36 continue to hold title to membership in the limited liability company
37 following such natural person's death for more than a reasonable period of
38 time necessary to dispose of such membership;

39 (4) a Kansas professional corporation or foreign professional
40 corporation in which at least one member or shareholder is authorized by a
41 licensing body, as defined in K.S.A. 74-146, and amendments thereto, to
42 render in this state a professional service permitted by the articles of
43 organization;

1 (5) a general partnership or limited liability company, if all partners
2 or members thereof are authorized to render the professional services
3 permitted by the articles of organization of the limited liability company
4 formed pursuant to this section and in which at least one partner or
5 member is authorized by a licensing authority of this state to render in this
6 state the professional services permitted by the articles of organization of
7 the limited liability company; or

8 (6) a healing arts school clinic authorized to perform professional
9 services in accordance with K.S.A. 65-2877a, and amendments thereto.

10 (f) Nothing in this act shall restrict or limit in any manner the
11 authority and duty of any licensing body, as defined in K.S.A. 74-146, and
12 amendments thereto, for the licensing of individual persons rendering a
13 professional service or the practice of the profession that is within the
14 jurisdiction of the licensing body, notwithstanding that the person is an
15 officer, manager, member or employee of a limited liability company
16 organized to exercise powers of a professional association or professional
17 corporation. Each licensing body may adopt rules and regulations
18 governing the practice of each profession as are necessary to enforce and
19 comply with this act and the law applicable to each profession.

20 (g) A licensing body, as defined in K.S.A. 74-146, and amendments
21 thereto, the attorney general or district or county attorney may bring an
22 action in the name of the state of Kansas in quo warranto or injunction
23 against a limited liability company engaging in the practice of a profession
24 without complying with the provisions of this act.

25 (h) Notwithstanding any provision of this act to the contrary, without
26 limiting the general powers enumerated in subsection (b), a limited
27 liability company shall, subject to such standards and restrictions, if any,
28 as are set forth in its operating agreement, have the power and authority to
29 make contracts of guaranty and suretyship and enter into interest rate,
30 basis, currency, hedge or other swap agreements or cap, floor, put, call,
31 option, exchange or collar agreements, derivative agreements, or other
32 agreements similar to any of the foregoing.

33 (i) Unless otherwise provided in an operating agreement, a limited
34 liability company has the power and authority to grant, hold or exercise a
35 power of attorney, including an irrevocable power of attorney.

36 (j) (1) (A) Except as provided in subparagraph (B), any act or
37 transaction that may be taken by or in respect of a limited liability
38 company under the Kansas revised limited liability company act or an
39 operating agreement, but that is void or voidable when taken, may be
40 ratified, or the failure to comply with any requirements of the operating
41 agreement making such act or transaction void or voidable may be waived,
42 by the members, managers or other persons whose approval would be
43 required under the operating agreement (i) for such act or transaction to be

1 validly taken, or (ii) to amend the operating agreement in a manner that
2 would permit such act or transaction to be validly taken, in each case at the
3 time of such ratification or waiver.

4 (B) If the void or voidable act or transaction was the issuance or
5 assignment of any limited liability company interests, the limited liability
6 company interests purportedly issued or assigned shall be deemed not to
7 have been issued or assigned for purposes of determining whether the void
8 or voidable act or transaction was ratified or waived pursuant to this
9 subsection.

10 (2) Any act or transaction that is ratified, or with respect to which the
11 failure to comply with any requirements of the operating agreement is
12 waived, pursuant to this subsection shall be deemed validly taken at the
13 time of such act or transaction.

14 (3) If an amendment to the operating agreement to permit any such
15 act or transaction to be validly taken would require notice to any members,
16 managers or other persons under the operating agreement and the
17 ratification or waiver of such act or transaction is effectuated pursuant to
18 this subsection by the members, managers or other persons whose
19 approval would be required to amend the operating agreement, notice of
20 such ratification or waiver shall be given following such ratification or
21 waiver to the members, managers or other persons who would have been
22 entitled to notice of such an amendment and who have not otherwise
23 received notice of, or participated in, such ratification or waiver.

24 (4) The provisions of this subsection shall not be construed to limit
25 the accomplishment of a ratification or waiver of a void or voidable act by
26 other means permitted by law.

27 (5) Upon application of the limited liability company, any member,
28 manager or person claiming to be substantially and adversely affected by a
29 ratification or waiver pursuant to this subsection, excluding any harm that
30 would have resulted if such act or transaction had been valid when taken,
31 the district court may hear and determine the validity and effectiveness of
32 the ratification of, or waiver with respect to, any void or voidable act or
33 transaction effectuated pursuant to this subsection. In any such application,
34 the limited liability company shall be named as a party and service of the
35 application upon the resident agent of the limited liability company shall
36 be deemed to be service upon the limited liability company, and no other
37 party need be joined in order for the court to adjudicate the validity and
38 effectiveness of the ratification or waiver. The court may make such order
39 respecting further or other notice of such application as it deems proper
40 under these circumstances. Nothing in this paragraph limits or affects the
41 right to serve process in any other manner now or hereafter provided by
42 law, and this provision is an extension of and not a limitation upon the
43 right otherwise existing of service of legal process upon nonresidents.

1 Sec. 11. K.S.A. 17-7930 is hereby amended to read as follows: 17-
2 7930. (a) Subject to the constitution of the state of Kansas:

3 (1) The laws of the state, territory, possession, county or other
4 jurisdiction under which a foreign covered entity is organized govern its
5 organization and internal affairs and the liability of its members and
6 governors; and

7 (2) a foreign covered entity may not be denied registration by reason
8 of any difference between those laws and the laws of the state of Kansas.

9 (b) Registration with the secretary of state does not authorize a
10 foreign covered entity to engage in any business or exercise any power
11 that a covered entity may not engage in or exercise in this state as a foreign
12 covered entity.

13 (c) A foreign covered entity may conduct or promote any lawful
14 business or purposes, except as otherwise provided by the laws of this
15 state.

16 (d) ~~This section shall take effect on and after January 1, 2015~~
17 *foreign covered entity that directly or indirectly undertakes, finances or*
18 *directs election activity or ballot-issue activity in Kansas, as defined in*
19 *K.S.A. 17-6101, and amendments thereto, shall be conclusively deemed to*
20 *be transacting business in this state for purposes of jurisdiction and*
21 *enforcement. Registration with the secretary of state shall not authorize a*
22 *foreign covered entity to engage in election activity or ballot-issue activity*
23 *in Kansas, except as expressly provided in K.S.A. 17-6101(d), and*
24 *amendments thereto. Any act undertaken by a foreign covered entity*
25 *constituting election activity or ballot-issue activity, other than as*
26 *expressly provided in K.S.A. 17-6101(d), and amendments thereto, is ultra*
27 *vires and void and shall subject such foreign covered entity to all*
28 *applicable remedies under Kansas law.*

29 Sec. 12. K.S.A. 56a-306 is hereby amended to read as follows: 56a-

30 306. (a) Except as otherwise provided in subsections (b) and (c), all
31 partners are liable jointly and severally for all obligations of the
32 partnership unless otherwise agreed by the claimant or provided by law.

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

36 (c) An obligation of a partnership incurred while the partnership is a
37 limited liability partnership, whether arising in contract, tort, or otherwise,
38 is solely the obligation of the partnership. A partner is not personally
39 liable, directly or indirectly, by way of contribution or otherwise, for such
40 a partnership obligation solely by reason of being or so acting as a partner.
41 This subsection applies notwithstanding anything inconsistent in the
42 partnership agreement that existed immediately before the vote required to
43 become a limited liability partnership under ~~subsection (b)~~ of K.S.A. 56a-

1 1001(b).

2 (d) Notwithstanding subsection (c), an obligation of a partnership
3 incurred while the partnership is a limited liability partnership that arises
4 from, is incurred for or is attributable to election activity or ballot-issue
5 activity as defined in K.S.A. 17-6101, and amendments thereto, is not
6 solely the obligation of the partnership, and each partner is personally
7 liable, directly and indirectly, for such obligation, except as expressly
8 provided in K.S.A. 17-6101(d), and amendments thereto. Any act by a
9 limited liability partnership that constitutes election activity or ballot-
10 issue activity, other than as expressly provided in K.S.A. 17-6101(d), and
11 amendments thereto, is ultra vires and void, and such partnership shall
12 forfeit the limited-liability privileges conferred by its registration until
13 reinstated by the secretary of state pursuant to rule, including
14 reinstatement upon disgorgement and certification of compliance. A
15 foreign limited liability partnership that directly or indirectly undertakes,
16 finances or directs election activity or ballot-issue activity in Kansas shall
17 be conclusively deemed to be transacting business in this state for
18 purposes of jurisdiction and enforcement.

19 Sec. 13. K.S.A. 56-1a106 is hereby amended to read as follows: 56-
20 1a106. A limited partnership may conduct or promote any lawful business
21 or purposes, except as otherwise provided by law of this state, ~~which~~ that a
22 partnership without limited partners may conduct or promote. Election
23 activity and ballot-issue activity, as defined in K.S.A. 17-6101, and
24 amendments thereto, are not lawful business or purpose for a limited
25 partnership, except as expressly provided in K.S.A. 17-6101(d), and
26 amendments thereto. Any act constituting election activity or ballot-issue
27 activity undertaken by a limited partnership, other than as expressly
28 provided in K.S.A. 17-6101(d), and amendments thereto, is ultra vires and
29 void and shall result in forfeiture of all charter privileges of such limited
30 partnership, including limited-liability protections, as a matter of law.

31 Sec. 14. K.S.A. 56-1a253 is hereby amended to read as follows: 56-
32 1a253. (a) Except as provided in this act or in the partnership agreement, a
33 general partner of a limited partnership has the rights and powers and is
34 subject to the restrictions of a partner in a partnership without limited
35 partners.

36 (b) Except as provided in this act, a general partner of a limited
37 partnership has the liabilities of a partner in a partnership without limited
38 partners to persons other than the partnership and the other partners.

39 (c) Except as provided in this act or in the partnership agreement, a
40 general partner of a limited partnership has the liabilities of a partner in a
41 partnership without limited partners to the partnership and to the other
42 partners.

43 (d) Notwithstanding any other provision of law, a general partner of

1 *a limited partnership organized under the laws of this state shall not, on*
2 *behalf of the limited partnership, exercise any power to directly or*
3 *indirectly engage in election activity or ballot-issue activity as defined in*
4 *K.S.A. 17-6101, and amendments thereto, except as expressly provided in*
5 *K.S.A. 17-6101(d), and amendments thereto.*

6 *(e) Any act undertaken by a general partner of a limited partnership*
7 *in violation of subsection (d) is ultra vires and void, and such general*
8 *partner shall forfeit all charter privileges, including limited-liability*
9 *protections, as a matter of law.*

10 *(f) A foreign limited partnership that directly or indirectly*
11 *undertakes, finances or directs election activity or ballot-issue activity in*
12 *Kansas shall be conclusively deemed to be transacting business in this*
13 *state for purposes of jurisdiction and enforcement.*

14 *(g) Nothing in subsections (d) through (f) shall be construed to*
15 *invalidate, impair or modify any existing contract, debt instrument,*
16 *security or other legal obligation validly entered into before January 1,*
17 *2027, except that nothing herein authorizes any election activity or ballot-*
18 *issue activity after such date.*

19 Sec. 15. K.S.A. 17-1503, 17-1605, 17-2034, 17-2204, 17-6001, 17-
20 6101, 17-6104, 17-7930, 56-1a106, 56-1a253 and 56a-306 and K.S.A.
21 2025 Supp. 17-7668 are hereby repealed.

22 Sec. 16. This act shall take effect and be in force from and after
23 January 1, 2027, and its publication in the statute book.