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Adam C. Proffitt, Director

Laura Kelly, Governor

March 11, 2025

The Honorable Susan Humphries, Chairperson
House Committee on Judiciary
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Humphries:

SUBJECT: Fiscal Note for HB 2355 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2355 is respectfully submitted to your committee.

HB 2355 would revise the Kansas Revised Limited Liability Company Act and would authorize a series to conduct business and exercise power of a limited liability company under the Act. Current law defines series as a designated series of members, managers, limited liability company interests or assets that is established under KSA 17-76,143. The bill would authorize a company and any of its series to elect to consolidate its operations as a single taxpayer and elect to be treated as a single business for certain purposes. These elections would not affect the limitation of liability to the extent that the series has specifically accepted joint liability by contract.

Under current law, an operating agreement is defined as any agreement concerning the affairs of a company and the conduct of its business. The bill would allow an operating agreement to provide that any member or class or group of members associated with a series would have no ability to participate in the management or governance of the series, but any member, class, or group would be owners of the series. The bill would also list restrictions, duties, and obligations that an operating agreement could impose on members of the company or series. In addition, any wrongful transfer of property from a series to another series or the company as a whole with intent to hinder, delay, or defraud creditors of their just and lawful debts or damages, or to defraud would be deemed void and of no effect under KSA 33-102, Statute of Frauds.

The Secretary of State indicates HB 2355 would not have a fiscal effect on agency operations. The Department of Revenue indicates that the bill would have no impact on State General Fund revenues. The Department indicates that the bill would require $56,000 from the

State General Fund in FY 2026 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2355 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

Adam C. Proffitt
Director of the Budget

cc: Sandy Tompkins, Office of the Secretary of State
Lynn Robinson, Department of Revenue