

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Limited Liability Company Act is amended by
5 changing Section 1-26 as follows:

6 (805 ILCS 180/1-26)

7 Sec. 1-26. Low-profit limited liability company.

8 (a) A low-profit limited liability company shall at all
9 times significantly further the accomplishment of one or more
10 charitable, religious, scientific, literary, or educational
11 purposes, the purpose of fostering national or international
12 amateur sports competition (but only if no part of its
13 activities involve the provision of athletic facilities or
14 equipment), or the purpose of prevention of cruelty to children
15 or animals, within the meaning of Section 170(c)(2)(B) of the
16 Internal Revenue Code of 1986, 26 U.S.C. 170(c)(2)(B), or its
17 successor, and would not have been formed but for the
18 relationship to the accomplishment of such ~~charitable or~~
19 ~~educational~~ purposes.

20 (b) A limited liability company which intends to qualify as
21 a low-profit limited liability company pursuant to the
22 provisions of this Section shall so indicate in its articles of
23 organization, and further state that:

1 (1) no significant purpose of the company is the
2 production of income or the appreciation of property;
3 however, the fact that a person produces significant income
4 or capital appreciation shall not, in the absence of other
5 factors, be conclusive evidence of a significant purpose
6 involving the production of income or the appreciation of
7 property; and

8 (2) no purpose of the company is to accomplish one or
9 more political or legislative purposes within the meaning
10 of Section 170(c)(2)(D) of the Internal Revenue Code of
11 1986, 26 U.S.C. 170(c)(2)(D), or its successor.

12 (c) A company that no longer satisfies the requirements of
13 this Section 1-26 continues to exist as a limited liability
14 company and shall promptly amend its articles of organization
15 so that its name and purpose no longer identify it as a
16 low-profit limited liability company or L3C.

17 (d) Any company operating or holding itself out as a
18 low-profit limited liability company in Illinois, any company
19 formed as a low-profit limited liability company under this
20 Act, and any chief operating officer, director, or manager of
21 any such company is a "trustee" as defined in Section 3 of the
22 Charitable Trust Act.

23 (e) Nothing in this Section 1-26 prevents a limited
24 liability company that is not organized under it from electing
25 a ~~charitable or educational~~ purpose set forth in subsection (a)
26 in whole or in part for doing business under this Act.

1 (Source: P.A. 96-126, eff. 1-1-10; 96-1000, eff. 7-2-10.)