



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3588

Introduced 2/18/2025, by Rep. Rita Mayfield

SYNOPSIS AS INTRODUCED:

805 ILCS 180/37-40

Amends the Limited Liability Company Act. Provides that a single-member limited liability company shall be considered a single taxpayer and may appeal an assessment under specified provisions of the Property Tax Code.

LRB104 11942 SPS 22035 b

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 37-40 as follows:

6 (805 ILCS 180/37-40)

7 Sec. 37-40. Series of members, managers or limited
8 liability company interests.

9 (a) An operating agreement may establish or provide for
10 the establishment of designated series of members, managers or
11 limited liability company interests having separate rights,
12 powers or duties with respect to specified property or
13 obligations of the limited liability company or profits and
14 losses associated with specified property or obligations, and
15 to the extent provided in the operating agreement, any such
16 series may have a separate business purpose or investment
17 objective.

18 (b) Notwithstanding anything to the contrary set forth in
19 this Section or under other applicable law, in the event that
20 an operating agreement creates one or more series, and if
21 separate and distinct records are maintained for any such
22 series and the assets associated with any such series are held
23 (directly or indirectly, including through a nominee or

1 otherwise) and accounted for separately from the other assets
2 of the limited liability company, or any other series thereof,
3 and if the operating agreement so provides, and notice of the
4 limitation on liabilities of a series as referenced in this
5 subsection is set forth in the articles of organization of the
6 limited liability company and if the limited liability company
7 has filed a certificate of designation for each series which
8 is to have limited liability under this Section, then the
9 debts, liabilities and obligations incurred, contracted for or
10 otherwise existing with respect to a particular series shall
11 be enforceable against the assets of such series only, and not
12 against the assets of the limited liability company generally
13 or any other series thereof, and unless otherwise provided in
14 the operating agreement, none of the debts, liabilities,
15 obligations and expenses incurred, contracted for or otherwise
16 existing with respect to the limited liability company
17 generally or any other series thereof shall be enforceable
18 against the assets of such series. The fact that the articles
19 of organization contain the foregoing notice of the limitation
20 on liabilities of a series and a certificate of designation
21 for a series is on file in the Office of the Secretary of State
22 shall constitute notice of such limitation on liabilities of a
23 series. A series with limited liability shall be treated as a
24 separate entity to the extent set forth in the articles of
25 organization. Each series with limited liability may, in its
26 own name, contract, hold title to assets, grant security

1 interests, sue and be sued and otherwise conduct business and
2 exercise the powers of a limited liability company under this
3 Act. The limited liability company and any of its series may
4 elect to consolidate their operations as a single taxpayer to
5 the extent permitted under applicable law, elect to work
6 cooperatively, elect to contract jointly or elect to be
7 treated as a single business for purposes of qualification to
8 do business in this or any other state. Such elections shall
9 not affect the limitation of liability set forth in this
10 Section except to the extent that the series have specifically
11 accepted joint liability by contract. A single-member limited
12 liability company shall be considered a single taxpayer and
13 may appeal an assessment under Division 4 the Property Tax
14 Code.

15 (c) Except in the case of a foreign limited liability
16 company that has adopted an assumed name pursuant to Section
17 45-15, the name of the series with limited liability must
18 commence with the entire name of the limited liability
19 company, as set forth in its articles of organization, and be
20 distinguishable from the names of the other series set forth
21 in the articles of organization. In the case of a foreign
22 limited liability company that has adopted an assumed name
23 pursuant to Section 45-15, the name of the series with limited
24 liability must commence with the entire name, as set forth in
25 the foreign limited liability company's assumed name
26 application, under which the foreign limited liability company

1 has been admitted to transact business in this State.

2 (d) Upon the filing of the certificate of designation with
3 the Secretary of State setting forth the name of each series
4 with limited liability, the series' existence shall begin, and
5 each of the duplicate copies stamped "Filed" and marked with
6 the filing date shall be conclusive evidence, except as
7 against the State, that all conditions precedent required to
8 be performed have been complied with and that the series has
9 been or shall be legally organized and formed under this Act.
10 If different from the limited liability company, the
11 certificate of designation for each series shall list the name
12 and business address of all of the managers and any member
13 having the authority of a manager. The name of a series with
14 limited liability under subsection (b) of this Section may be
15 changed by filing with the Secretary of State a certificate of
16 designation identifying the series whose name is being changed
17 and the new name of such series. If not the same as the limited
18 liability company, the name and business address of all of the
19 managers and any member having the authority of a manager may
20 be changed by filing a new certificate of designation with the
21 Secretary of State. A series with limited liability under
22 subsection (b) of this Section may be dissolved by filing with
23 the Secretary of State a certificate of designation
24 identifying the series being dissolved or by the dissolution
25 of the limited liability company as provided in subsection (m)
26 of this Section. Certificates of designation may be executed

1 by the limited liability company or any manager, person or
2 entity designated in the operating agreement for the limited
3 liability company.

4 (e) A series of a limited liability company will be deemed
5 to be in good standing as long as the limited liability company
6 is in good standing.

7 (f) The registered agent and registered office for the
8 limited liability company in Illinois shall serve as the agent
9 and office for service of process in Illinois for each series.

10 (g) An operating agreement may provide for classes or
11 groups of members or managers associated with a series having
12 such relative rights, powers and duties as the operating
13 agreement may provide, and may make provision for the future
14 creation of additional classes or groups of members or
15 managers associated with the series having such relative
16 rights, powers and duties as may from time to time be
17 established, including rights, powers and duties senior to
18 existing classes and groups of members or managers associated
19 with the series.

20 (h) A series may be managed by either the member or members
21 associated with the series or by a manager or managers chosen
22 by the members of such series, as provided in the operating
23 agreement. Unless otherwise provided in an operating
24 agreement, the management of a series shall be vested in the
25 members associated with such series.

26 (i) An operating agreement may grant to all or certain

1 identified members or managers or a specified class or group
2 of the members or managers associated with a series the right
3 to vote separately or with all or any class or group of the
4 members or managers associated with the series, on any matter.
5 An operating agreement may provide that any member or class or
6 group of members associated with a series shall have no voting
7 rights.

8 (j) Except to the extent modified in this Section, the
9 provisions of this Act which are generally applicable to
10 limited liability companies, their managers, members and
11 transferees shall be applicable to each particular series with
12 respect to the operation of such series.

13 (k) Except as otherwise provided in an operating
14 agreement, any event under this Act or in an operating
15 agreement that causes a manager to cease to be a manager with
16 respect to a series shall not, in itself, cause such manager to
17 cease to be a manager of the limited liability company or with
18 respect to any other series thereof.

19 (l) Except as otherwise provided in an operating
20 agreement, any event under this Act or an operating agreement
21 that causes a member to cease to be associated with a series
22 shall not, in itself, cause such member to cease to be
23 associated with any other series or terminate the continued
24 membership of a member in the limited liability company or
25 cause the termination of the series, regardless of whether
26 such member was the last remaining member associated with such

1 series.

2 (m) Except to the extent otherwise provided in the
3 operating agreement, a series may be dissolved and its affairs
4 wound up without causing the dissolution of the limited
5 liability company. The dissolution of a series established in
6 accordance with subsection (b) of this Section shall not
7 affect the limitation on liabilities of such series provided
8 by subsection (b) of this Section. A series is terminated and
9 its affairs shall be wound up upon the dissolution of the
10 limited liability company under Article 35 of this Act.

11 (n) If a limited liability company with the ability to
12 establish series does not register to do business in a foreign
13 jurisdiction for itself and certain of its series, a series of
14 a limited liability company may itself register to do business
15 as a limited liability company in the foreign jurisdiction in
16 accordance with the laws of the foreign jurisdiction.

17 (o) If a foreign limited liability company, as permitted
18 in the jurisdiction of its organization, has established a
19 series having separate rights, powers or duties and has
20 limited the liabilities of such series so that the debts,
21 liabilities and obligations incurred, contracted for or
22 otherwise existing with respect to a particular series are
23 enforceable against the assets of such series only, and not
24 against the assets of the limited liability company generally
25 or any other series thereof, or so that the debts,
26 liabilities, obligations and expenses incurred, contracted for

1 or otherwise existing with respect to the limited liability
2 company generally or any other series thereof are not
3 enforceable against the assets of such series, then the
4 limited liability company, on behalf of itself or any of its
5 series, or any of its series on their own behalf may register
6 to do business in the State in accordance with Section 45-5 of
7 this Act. The limitation of liability shall be so stated on the
8 application for admission as a foreign limited liability
9 company and a certificate of designation shall be filed for
10 each series being registered to do business in the State by the
11 limited liability company. Unless otherwise provided in the
12 operating agreement, the debts, liabilities and obligations
13 incurred, contracted for or otherwise existing with respect to
14 a particular series of such a foreign limited liability
15 company shall be enforceable against the assets of such series
16 only, and not against the assets of the foreign limited
17 liability company generally or any other series thereof and
18 none of the debts, liabilities, obligations and expenses
19 incurred, contracted for or otherwise existing with respect to
20 such a foreign limited liability company generally or any
21 other series thereof shall be enforceable against the assets
22 of such series.

23 (Source: P.A. 98-720, eff. 7-16-14; 99-608, eff. 7-22-16;
24 99-637, eff. 7-1-17.)