

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Rules

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BILL: CS/SB 316

INTRODUCER: Rules Committee and Senator Berman

SUBJECT: Limited Liability Companies

DATE: March 26, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Dike</u>	<u>McKay</u>	<u>CM</u>	<b>Favorable</b>
2.	<u>Bond</u>	<u>Cibula</u>	<u>JU</u>	<b>Favorable</b>
3.	<u>Dike</u>	<u>Yeatman</u>	<u>RC</u>	<b>Fav/CS</b>

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 316 amends the Florida Revised Limited Liability Company Act in ch. 605, F.S., to provide for the creation of a protected series limited liability company (LLC) under Florida law. The bill specifies definitions, operations and governance, powers and duties, liability limitations, and requirements related to service and notice, reporting, management, merger, and dissolution.

The bill is effective July 1, 2026.

**II. Present Situation:**

**Limited Liability Companies**

A limited liability company (LLC) is a type of business organization in Florida which is formed under ch. 605, F.S., Florida's Revised Limited Liability Company Act (LLC Act). Under the LLC Act, an LLC can be organized for any lawful purpose.<sup>1</sup> When a business is formed as an

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<sup>1</sup> LLCs are either member-managed, in which the management and conduct of the company are vested in the members, or manager-managed, in which the LLC designates manager(s) in its articles of organization or operating agreement. Section 605.0407, F.S.; Kenneth J. Crotty, *Florida Small Business Practice, Limited Liability Companies* (12 ed. 2024).

LLC, members<sup>2</sup> and managers<sup>3</sup> of the LLC have a “vertical liability shield,” which limits their personal liability for company obligations.<sup>4</sup>

### ***Forming Florida LLCs***

In Florida, an LLC is created by naming the business, designating a registered agent, and filing articles of organization with the Department of State (DOS).<sup>5</sup> The name must be distinguishable from the names of all other business entities that have registered with the DOS and must include the words “limited liability company,” “L.L.C.,” or “LLC.”<sup>6</sup>

Each LLC in the state must also maintain a registered agent. A registered agent must identify their business address as the same as that of the registered office of the LLC.<sup>7</sup> The registered agent can be (1) an individual who lives in the state, (2) another domestic entity that is an authorized entity, or (3) a foreign entity authorized to transact business in the state that is an authorized entity.<sup>8</sup>

Once a name and registered agent have been chosen, an authorized representative must sign and deliver articles of organization to the DOS for filing.<sup>9</sup> The articles of organization must contain the (1) name of the LLC, (2) the street and mailing address of the company’s principal office, and (3) the name, Florida street address, and written acceptance of the LLC’s registered agent.<sup>10</sup> An LLC is officially formed when the LLC’s articles of organization become effective and when at least one person becomes a member at the time the articles of organization become effective.<sup>11</sup>

Once formed, the members of an LLC may establish an operating agreement, which governs the:

- Relations among the members as members and between the members and the LLC;
- Rights and duties of the person acting in the capacity of manager;
- LLC’s activities affairs; and
- Means and conditions for amending the operating agreement.<sup>12</sup>

Each year, an LLC must also deliver to the DOS for filing an annual report stating:

- The LLC’s name;
- The LLC’s principal office and mailing addresses;
- The date of the LLC’s organization;

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<sup>2</sup> “Member” means a person who: (a) is a member of an LLC under s. 605.0401, F.S., or was a member in a company when the company became subject to the Act; and (b) has not dissociated from the LLC under s. 605.0602, F.S. Section 605.0102(40), F.S.

<sup>3</sup> “Manager” means a person who, under the operating agreement of a manager-managed LLC, is responsible, alone or in concert with others, for performing the management functions stated in ss. 605.0407(3) and 605.04073(2), F.S. Section 605.0102(38), F.S.

<sup>4</sup> Sections 605.0304, 605.04093, F.S.

<sup>5</sup> Sections 605.0112, 605.0201, F.S.

<sup>6</sup> Section 605.0112(1), F.S.

<sup>7</sup> Section 605.0113(1)(b), F.S.

<sup>8</sup> *Id.*

<sup>9</sup> Section 605.0201, F.S.

<sup>10</sup> *Id.*

<sup>11</sup> Sections 605.0201 and 605.0207, F.S.

<sup>12</sup> Section 605.0105, F.S.

- The LLC's federal employer identification number<sup>13</sup> or, if none exists, whether one has been applied for;
- The name, title or capacity, and address of at least one person with the authority to manage the LLC; and
- Any additional information that is necessary or appropriate to enable the DOS to carry out the LCC Act.<sup>14</sup>

### ***Foreign LLCs Doing Business in Florida***

A business entity formed as an LLC in another jurisdiction (foreign LLC) must obtain a certificate of authority from the DOS prior to transacting business in Florida. An application to obtain a certificate of authority must contain:

- The name of the foreign LLC;
- The name of the jurisdiction from which the foreign LLC comes;
- The principal office and mailing addresses of the foreign LLC;
- The name, Florida street address, and written acceptance by the foreign LLC's registered agent in Florida;
- The name, title, and address of at least one person who has the authority to manage the foreign LLC; and
- Additional information that may be necessary to enable the DOS to determine whether the foreign LLC is entitled to file an application for a certificate of authority and to determine and assess applicable fees.<sup>15</sup>

Once the DOS determines that an application complies with the filing requirements and the LLC has paid all filing fees, the DOS must file a certificate of authority application.<sup>16</sup> The filing of the application means the foreign LLC has obtained a certificate of authority and is authorized to do business in Florida.<sup>17</sup> Such an LLC must file annual reports as required of a domestic LLC, whose reports must include additional information pertinent to a foreign LLC as specified in the LLC Act.<sup>18</sup>

### **Protected Series Limited Liability Companies**

In 1996, Delaware was the first state to pass legislation allowing for the formation of series LLCs.<sup>19</sup> As this type of business entity has grown in popularity, 22 other jurisdictions have passed series LLC legislation.<sup>20</sup> In 2017, the Uniform Law Commission created the Uniform Protected Series Act (UPSA) to build a statutory framework for series LLC transactions, which

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<sup>13</sup> The federal employer identification number, also known as a federal tax identification number, is issued by the IRS and used to identify a business for federal tax purposes. IRS, *Employer ID Numbers*, <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers> (last visited Mar. 26, 2025).

<sup>14</sup> Section 605.0212, F.S.

<sup>15</sup> Section 605.0902(1), F.S.

<sup>16</sup> Section 605.0903, F.S.

<sup>17</sup> *Id.*

<sup>18</sup> Section 605.0212, F.S.

<sup>19</sup> Protected Series LLC Task Force of the Florida Bar Business Law Section, *White Paper: Analysis of Proposed Additions to Chapter 605* (Oct. 27, 2024).

<sup>20</sup> *Id.*

can be “plugged” into a state’s existing LLC statutes.<sup>21</sup> The UPSA contains definitions; a description of the nature and purpose of a protected series LLC, as well as its powers, purpose, and duration; a description of how a protected series is governed by the LLC’s operating agreement; and rules for applying certain provisions of a state’s existing LLC act to a protected series.<sup>22</sup>

A series LLC consists of an overarching, “umbrella” LLC under which one or more protected series LLCs are created. Each protected series LLC has its own assets and liabilities, and while not a legally distinct entity, is treated as if it is a separate LLC. Like an LLC, a series LLC provides personal liability protection to its members.<sup>23</sup> In addition to this vertical liability protection, foreign series LLCs provide horizontal liability protection from the overarching LLC or other protected series LLCs under the series LLC.<sup>24</sup>

### ***Florida***

While a protected series LLC formed in another state can file for a certificate of authority to engage in business in this state, Florida law also does not recognize foreign series LLCs.<sup>25</sup> Thus each protected series LLC from an out-of-state series LLC must separately apply for a certificate of authority to transact business in Florida.<sup>26</sup> Florida law also does not permit the formation of a protected series LLC within a series LLC formed in this state.<sup>27</sup>

In 2020, the Business Law Section of the Florida Bar formed the Protected Series LLC Task Force (Task Force) to analyze the UPSA and consider its adoption in Florida.<sup>28</sup> The Task Force proposed that new Sections 605.2101 through 605.2802, F.S., be added to the LLC Act to authorize the formation of protected series LLCs under Florida law, using language borrowed from the UPSA with certain deviations to address particular aspects of Florida law.<sup>29</sup> The Task Force proposes such additions to the LLC Act to provide clarity for judges and lawyers handling contracts, claims, and disputes relating to foreign series LLCs.<sup>30</sup>

### **III. Effect of Proposed Changes:**

The bill adds the Uniform Protected Series Provisions in ss. 605.2101-605.2802, F.S., to allow for the formation and regulation of a protected series LLC under Florida law.

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<sup>21</sup> *Id.*

<sup>22</sup> Uniform Law Commission, *Summary: Uniform Protected Series Act*, <https://www.uniformlaws.org/committees/community-home?communitykey=11843f3f-6ba5-4010-be96-8c2125fe7d31> (last visited Mar. 26, 2025).

<sup>23</sup> Reinaldo Gomez de la Vega, Business Law Section of the Florida Bar, *Series LLCs: Structure, Benefits, and Implications*, <https://flabizlaw.org/member-articles/series-llcs-structure-benefits-and-implications/> (last visited Mar. 26, 2025).

<sup>24</sup> Business Law Section, *supra* note 19.

<sup>25</sup> Business Law Section, *supra* note 19.

<sup>26</sup> Section 605.0902(3), F.S.; Business Law Section, *supra* note 19.

<sup>27</sup> Business Law Section, *supra* note 19.

<sup>28</sup> Business Law Section, *supra* note 19.

<sup>29</sup> Business Law Section, *supra* note 19.

<sup>30</sup> Business Law Section, *supra* note 19.

## **Series LLC Formation**

The bill establishes provisions for the formation of a series LLC or a protected series LLC. The bill specifies that the provisions of the LLC Act applicable to the formation of an LLC also apply to the formation of a series LLC or protected series LLC, except as otherwise provided.

**Section 5** specifies a short title for sections 605.2101 through 605.2802 – the “Uniform Protected Series Provisions.”

**Section 6** lays out definitions for use throughout the provisions.

### *Establishment of a Protected Series*

**Section 13** creates s. 605.2201, F.S., which allows for the creation of a protected series LLC upon the affirmative vote, or consent, of all members of an LLC. After such a vote, the bill requires an LLC deliver a protected series designation, signed by the company, which states the name of the company and the name of the protected series being established, to the DOS for filing.

Under the bill, a protected series is established when the protected series designation takes effect. If the company wishes to amend a protected series designation, a series LLC must deliver a statement of designation change, signed by the company, to the DOS for filing. The statement of designation change must set forth:

- The names of the series LLC and the protected series to which the change applies;
- Each change to the protected series designation; and
- A statement that each designation change was approved by the affirmative vote or consent of the members of the series limited liability company required to make the designated change.

The amendment takes effect when the statement of designation change takes effect pursuant to existing provisions of the LLC Act.

### *Protected Series Name*

**Section 14** creates s. 605.2202, F.S., which specifies the requirements for the name of a protected series LLC. A protected series name must comply with the statutory requirements for LLC names generally. In addition, the bill requires that the name of the protected series must (1) begin with the series LLC’s name, including any word or abbreviation required by the LLC Act and (2) contain the phrase “protected series” or the abbreviation “P.S.” or “PS.”

If a series LLC changes its name, the LLC must deliver a statement of designation change to the DOS for filing for each of the LLC’s protected series, changing the name of all its protected series to comply with this section.

### *Nature of a Protected Series*

**Section 7** creates s. 605.2103, F.S., which specifies that a protected series of a series LLC is a person<sup>31</sup> distinct from all of the following:

- The series LLC.
- Another protected series of the series LLC.
- A member of the series LLC, regardless of whether the member is an associated member<sup>32</sup> of the protected series of the series LLC.
- A protected series transferee<sup>33</sup> of a protected series of the series LLC.
- A transferee of a transferable interest<sup>34</sup> of the series LLC.

### *Powers and Duration of a Protected Series*

**Section 8** creates s. 605.2104, F.S., stipulating that a protected series:

- Can sue and be sued in its own name.
- Generally has the same powers and purposes as the series LLC.
- Ceases to exist once the series LLC completes its winding up.
- May not:
  - Be a member of a series LLC;
  - Establish a protected series; or
  - Except as otherwise permitted by Florida law, not allowed to have a purpose or power, or take an action, that Florida law prohibits an LLC from having or doing.

### *Registered Agent*

**Section 15** creates s. 605.2203, F.S., which specifies that the registered agent in Florida for a series LLC is the registered agent for each protected series of the company. The bill requires that before delivering a protected series designation to the DOS, the series LLC must agree with a registered agent that the agent will serve as the registered agent for each protected series of the company. The person that signs the protected series designation must affirm this fact.

Under the bill, if a person ceases to be the registered agent for a series LLC, they also cease to be the registered agent for the protected series. If a person ceases to be the registered agent for the protected series, other than as a result of termination of the protected series, the person ceases to be the registered agent for the series LLC. Additionally, the bill provides that—except as otherwise agreed upon by a series LLC and its registered agent—the registered agent does not have to distinguish between the processes, notices, demands, and other records of the series LLC and the protected series.

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<sup>31</sup> “Person” means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or another legal or commercial entity. Section 605.0102, F.S.

<sup>32</sup> An “associated member” is a member of a series LLC that meets the statutory requirements and is associated with a protected series. *See* section 605.2302, F.S.

<sup>33</sup> A “protected series transferee” means a person other than the series limited liability company to which all or part of a protected-series transferable interest of a protected series of a series limited liability company has been transferred.

<sup>34</sup> A “protected series transferable interest” means the right, as initially owned by a person in the person’s capacity as an associated member, to receive distributions from a protected series, whether or not the person remains a member or continues to own any part of the right. The term includes a fraction of an interest.

### *Foreign Series LLCs and Foreign Protected Series*

**Section 40** creates s. 605.2702, F.S., to provide that in determining whether a foreign series LLC or foreign protected series is transacting business in this state or is subject to personal jurisdiction of a court in this state, the following apply:

- The activities and affairs of the foreign series LLC are not attributable to one of its foreign protected series solely because the foreign protected series is a foreign protected series of the LLC.
- The activities and affairs of a foreign protected series are not attributable to the foreign series LLC or another foreign protected series of such LLC, solely because the foreign protected series is a foreign protected series of the LLC.

**Section 41** creates s. 605.2703, F.S., establishing parameters for certificates of authority to transact business in this state. Under the bill, the proposed sections governing application for a certificate of authority apply to foreign series LLCs and foreign protected series as if the foreign protected series was a foreign series LLC formed separately and distinctly from the foreign series LLC. The bill also provides that an application by a foreign protected series for a certificate of authority must include the following:

- The name and governing jurisdiction of the foreign series LLC and the foreign protected series, and other information as required by the department.
- If the company has other foreign protected series, the name, title, capacity, and addresses of a person that has the authority to manage the foreign series LLC and who knows the name and addresses of:
  - Each other foreign protected series of the foreign series LLC; and
  - The foreign protected-series manager of, and registered agent for service of process on, each other foreign protected series of the foreign series LLC.

Further, the bill requires the foreign protected series to comply with specified requirements under the LLC Act, including the naming of the foreign protected series and information required to amend a certificate of authority.

**Section 42** creates s. 605.2704, F.S., to provide not later than 30 days after becoming a party to a proceeding before a civil, administrative, or other adjudicative tribunal of the United States located in Florida:

- A foreign series LLC must disclose to every party the name and street and mailing addresses of:
  - Each of its foreign protected series; and
  - Each foreign protected series manager of and a registered agent for service of process for each foreign protected series.
- A foreign protected series of a foreign series LLC must disclose to every part the name and street and mailing addresses of:
  - The foreign series LLC;
  - Each manager of the foreign series LLC;
  - An agent for service of process for the foreign series LLC;
  - Any other foreign protected series LLC; and
  - Each foreign protected-series manager of and an agent for service of process for the other foreign protected series.

Under the bill, if a foreign series LLC or foreign protected series does not comply with the aforementioned disclosure requirements, a party to the proceeding may request the tribunal to treat the noncompliance as a failure to comply with the tribunal's discovery rules and/or bring a separate proceeding to the court to enforce compliance.

### **Operations and Governance**

The bill specifies that the provisions of the LLC Act applicable to LLCs in general, and their members and managers, including, but not limited to, provisions relating to LLC operation, existence, and management; court proceedings; and filings with the DOS and other state or local government agencies, generally apply to each series LLC and to each protected series established under s. 605.2201, F.S. The bill also creates provisions of the LLC Act applicable only to the operation and governance of a series LLC and a protected series.

### ***Governing Law***

**Sections 9 and 39** create s. 605.2105 and 605.2701, F.S., to establish the governing law for protected series operating in Florida. Florida law governs:

- The internal affairs of a protected series or a foreign protected series.
- The relations between a protected series and specified parties, including the series LLC and another protected series of such LLC.
- The liability of a person for a debt, an obligation, or another liability of a protected series or foreign protected series arising under specified circumstances.
- The liability of a series LLC or foreign series LLC for a debt, obligation, or other liability of its protected series arising under specified circumstances.
- The liability of a protected series or foreign protected series for a debt, obligation, or other liability of the series LLC or foreign series LLC arising under specified circumstances.

### ***Operating Agreements***

**Section 10** creates s. 605.2106, F.S., to provide that a protected series' operating agreement generally governs the internal affairs of a protected series and relations among the protected series and specified parties. The bill also establishes how a series LLC can handle matters in an authorized manner when such matters are not specified in the operating agreement, and how certain restrictions on operating agreements imposed by the LLC Act or other laws apply.

**Section 11** creates s. 650.2107, F.S., to provide that operating agreements for a series LLC may not vary the effect of specified provisions of law created by the bill, except as otherwise specified. The bill also establishes that an operating agreement may not unreasonably restrict the duties and rights of a person who is not an associated member of a protected series to information concerning the protected series; however, the agreement may impose reasonable restrictions on the availability and use of such information, and may provide appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use.

### ***Application***

**Section 12** creates s. 605.2108, F.S., to establish specific provisions and exemptions for the application of ch. 605, F.S.



### *Issuance of Certificate of Status*

**Section 4** amends s. 605.0211, F.S., making technical changes to language and adding references to foreign LLCs, to conform this statute with other provisions of the bill.

**Section 17** creates s. 605.2205, F.S., to establish that the DOS must issue a certificate of status for protected series or foreign protected series upon compliance with statutory requirements, if:

- The records filed with the DOS show that DOS has accepted and filed articles of organization for the series LLC and a protected series designation for the protected series.
- For a foreign protected series, the records filed with the DOS show that DOS has filed a certificate of authority for the foreign series LLC and a certificate of authority for the foreign protected series.

A certificate must contain specified information, including:

- The name of the series LLC, the name of the protected series, the date the protected series designation took effect, and other requisite information.
- For a foreign protected series, the foreign series LLC name, the foreign protected series' name, the fact that the foreign series is authorized to transact business in Florida, and other requisite information.

Under the bill, the certificate may be relied on as conclusive evidence of the facts stated therein, subject to any qualifications stated by the DOS in the certificate.

### *Annual Report*

**Section 18** creates s. 605.2206, F.S., to require that a series LLC include the name of each protected series in its annual report for which the (1) series LLC has delivered to the DOS for filing a protected series designation and (2) which has not dissolved and completed winding up. The failure of the series LLC to comply with this requirement prevents issuance of a certificate of status pertaining to the protected series but does not otherwise affect the protected series.

Similarly, a registered foreign series LLC must include the name of each registered foreign protected series in its annual report for which the (1) foreign series LLC has delivered to the DOS for filing an application for certificate of authority to transact business in the state and (2) which has not withdrawn its certificate of authority.

### *Associated Assets*

**Section 19** creates s. 605.2301, F.S., to provide that only an asset of a protected series may be an associated asset of the protected series, while only an asset of a series LLC may be an associated asset of the series LLC. Further, the bill specifies that an asset of a protected series is an associated asset of the protected series, and an asset of a series LLC is an associated asset of the series LLC, only if the protected series or series LLC creates and maintains specified records that state the name of the protected series or series LLC and describe the asset with sufficient specificity to permit a disinterested, reasonable individual to make specified determinations about the asset. Such records may be organized by specific listing, category, type, quantity, or computational or allocational formula or procedure, including a percentage or share of any asset, or in any other reasonable manner.

Further, a series LLC or protected series may, to the extent authorized by law, hold an associated asset directly or indirectly, except that:

- A protected series may not hold an associated asset in the name of the series LLC or another protected series of such LLC; and
- The series LLC may not hold an associated asset in the name of its protected series.

The bill also provides for the effect of a deed or other instrument granting an interest in real property to or from a series LLC or one or more protected series of a series LLC, or any other instrument otherwise affecting an interest in real property held by such entity, in each case to the extent such deed or other instrument is recorded in the office for recording transfers or other matters affecting real property and specified records are maintained.

### *Associated Member*

**Section 20** creates s. 605.2302, F.S., to specify that only a member of a series LLC may be an associated member of a protected series. A member becomes an associated member of a protected series of the company if the operating agreement or a procedure established by the operating agreement states all of the following:

- That the member is an associated member of the protected series;
- The date on which the member became an associated member of the protected series; and
- Any protected-series transferable interest the associated member has in connection with becoming or being an associated member of the protected series.

Under the bill, if a person that is an associated member of a protected series of the series LLC is disassociated from the company, the person ceases to be an associated member of the protected series.

### *Protected Series Transferrable Interest*

**Section 21** creates s. 605.2303, F.S., to provide that a protected-series transferable interest of a protected series of a series LLC must be owned initially by an associated member of the protected series of the series LLC. Additionally, if a protected series of a series LLC has no associated members when established, the company owns the protected-series transferable interests in the protected series. A series LLC may also acquire a protected-series transferable interest through a transfer from another person or as provided in the operating agreement.

Further, except as otherwise specified, any provision of the LLC Act which applies to a protected-series transferee of a protected series of a series LLC applies to the company in its capacity as an owner of a protected-series transferable interest of the protected series. Any provision of the operating agreement of a series LLC which applies to a protected-series transferee of a protected series of a series LLC applies to the company in its capacity as an owner of a protected-series transferable interest of the protected series.

### *Management*

**Section 22** creates s. 605.2304, F.S., to provide that a protected series may have one or more protected-series managers; and if a protected series has no associated members, the series LLC is the protected-series manager. The bill also provides for the determination of any duties of a

protected-series manager to: (1) the protected series, (2) any associated member of the protected series, and (3) any protected-series transferee of the protected series.

However, the person acting as a protected-series manager owes no duty to:

- The series LLC;
- Another protected series of the series LLC;
- Another person in that person acting in their capacity as:
  - A member of the series LLC which is not an associated member of the protected series;
  - A protected-series transferee or protected-series manager of another protected series; or
  - A transferee of the series LLC.

Further, the bill provides that an associated member of a protected series has the same rights as any other member of the company to vote on or consent to an amendment to the company's operating agreement or other matters being decided by members, regardless of whether the amendment or matter affects the interests of the protected series or associated member. The bill also specifies that the right of a member to maintain a derivative action to enforce a right of an LLC applies to an associated member of a protected series and a member of a series LLC.

Under the bill, an associated member of a member-managed protected series is an agent for the protected series with the power to bind the protected series to the same extent that a member of the member-managed LLC is an agent for the company with power to bind the company. Similarly, a protected-series manager of a manager-managed protected series is an agent for the protected series with power to bind the protected series to the same extent that a manager of a manager-managed LLC is an agent for the company with power to bind the company.

### ***Right of Non-Associated Members to Information of Protected Series***

**Section 23** creates s. 650.2305, F.S., to establish the right to information concerning the protected series of a member of a series LLC which is not an associated member of the protected series of the company; a person who was formerly an associated member of a protected series; the legal representative of a deceased associated member of a protected series; and a protected series manager of a protected series. This section guarantees the same rights to information concerning the protected series that counterparts to those listed have under the LLC Act. The bill also requires that court-ordered inspection provisions of s. 605.0411, F.S., apply to the information rights regarding series LLCs and protected series.<sup>35</sup>

### ***Entity Transactions***

**Section 31** creates definitions for use in the provisions relating to entity transactions and mergers.

**Sections 32 and 33** create ss. 605.2602 and 605.2603, F.S., respectively, to provide that a protected series and a series LLC, respectively, may not participate or be a party to, result from,

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<sup>35</sup> Section 605.0411, F.S., applies if an LLC does not allow a member, manager, or other person who complies with applicable law to inspect and copy any records required to be available for inspection. Under this section, the circuit court may summarily order inspection and copying of the records demanded under specified circumstances, and may order the LLC to pay the costs, including reasonable attorney fees, incurred by the member, manager, or other person seeking the records to obtain the order and enforce its rights.

or be formed, organized, established, or created by a conversion,<sup>36</sup> domestication,<sup>37</sup> interest exchange,<sup>38</sup> merger,<sup>39</sup> or other transaction with the same substantive effect as a merger in this state or a foreign jurisdiction.

### *Mergers*

**Section 34** creates s. 605.2604, F.S., to authorize a series LLC to be a party to a merger, only if:

- Each other party to the merger is an LLC; and
- The surviving company is not created in a merger.

**Section 35** creates s. 605.2605, F.S., to require that the plan of a merger:

- Comply with s. 605.1022, F.S., relating to the contents of a plan of merger of an LLC; and
- State specified information in a record, which depends on whether the protected series is a protected series of a non-surviving company,<sup>40</sup> a protected series of a surviving company, a relocated protected series,<sup>41</sup> a continuing protected series,<sup>42</sup> or a protected series to be established by the surviving company.

**Section 36** creates s. 605.2606, F.S., to require that the articles of a merger:

- Comply with s. 605.1025, F.S., relating to articles of a merger.
- Include as an attachment one of the appropriate records: a statement of designation cancellation and termination, a state of relocation and a statement of protected series designation, or a signed protected series designation.

### *Effects of Merger*

**Section 37** creates s. 605.2607, F.S., establishing that when a merger of a protected series becomes effective, all of the following apply:

- As provided in the plan of merger, each protected series of each merging series LLC is either a relocated protected series, a continuing protected series, or is dissolved, wound up, and terminated.
- Any protected series to be established because of the merger is established.
- As it pertains to relocated protected series or continuing protected series:
  - It is the same person without interruption as it was before the merger.
  - All property continues to be vested in a protected series without transfer, reversion, or impairment.
  - All debts, obligations, and other liabilities continue as such.
  - All rights, privileges, immunities, powers, and purposes remain.
- The new name of a relocated protected series may be substituted for the former name in any pending action or proceeding.

<sup>36</sup> A “conversion” is a transaction authorized under ss. 605.1041-605.1046, F.S.

<sup>37</sup> A “domestication” is a transaction authorized under ss. 605.1051-605.1056, F.S.

<sup>38</sup> An “interest exchange” is a transaction authorized under ss. 605.1031-605.1036, F.S.

<sup>39</sup> A “merger” is a transaction authorized under ss. 605.1021-605.1026, F.S.

<sup>40</sup> “Surviving company” means a merging company that continues in existence after a merger.

<sup>41</sup> “Relocated protected series” means a protected series of a non-surviving company which, after a merger, continues in uninterrupted existence as a protected series of the surviving company.

<sup>42</sup> “Continuing protected series” means a protected series of a surviving series LLC which continues in uninterrupted existence after a merger.

- To the extent provided in the plan of merger, the bill sets out that:
  - A person becomes an associated member or a protected-series transferee of a relocated protected series or continuing protected series.
  - A person becomes an associated member of a protected series established by the surviving company because of the merger.
  - Any change in the rights or obligations of a person, in the person's capacity as an associated member or a protected-series transferee of a relocated protected series or continuing protected series, takes effect.
  - Any consideration to be paid to a person, that before the merger was an associated member or a protected-series transferee of a relocated protected series or continuing protected series, is due.
- Any person that is an associated member of a relocated protected series becomes a member of the surviving company.

**Section 38** creates s. 605.2608, F.S., establishing the manner in which a creditor's rights, which existed immediately before a merger, may be enforced after the merger.

### **Dissolution and Reinstatement**

The bill establishes the methods by which a protected series may be voluntarily or automatically dissolved under the LLC Act.

#### *Events Causing Dissolution of a Protected Series*

**Section 28** creates s. 605.2501, F.S., to provide that a protective series of a series LLC is dissolved, and its activities and affairs wound up, upon the occurrence of one of the following:

- Dissolution of the series LLC.
- Occurrence of an event/circumstance in the operating agreement that triggers dissolution.
- Affirmative vote or consent of all associated members.
- Entry by the court of an order dissolving the protected series on application by an associated member or a protected-series manager under specified circumstances.
- Entry by the court of an order dissolving the protected series on application by the series LLC or a member or manager of the series LLC, under specified circumstances.
- Automatic or involuntary dissolution of the series LLC that established the protected series.
- The filing of a state of administrative dissolution of the series LLC or protected series by the DOS.

#### *Winding Up Dissolved Protected Series*

**Section 29** creates s. 605.2502, F.S., to provide the manner of dissolution, specifying that a protected series may deliver to the DOS for filing its articles of protected series dissolution and the series LLC deliver for filing the statement of designation cancellation. The bill requires that a dissolved protected series wind up its activities in the same manner, or be dissolved by judicial supervision or other remedy, that a dissolved LLC is under s. 605.0709, F.S. Further, the bill specifies that a series LLC has not completed its winding up until each of its protected series has completed its winding up.

### *Effects of Reinstatement or Revocation of Voluntary Dismissal*

**Section 30** creates s. 605.2503, F.S., to establish that, if a series LCC that has been administratively dissolved is reinstated, or if a series LLC that voluntarily dissolved revokes its articles of dissolution prior to filing a statement of termination:

- Each protected series of the series LLC ceases winding up; and
- The provisions of s. 605.0708, F.S., relating to revocation of articles of dissolution, apply to the series LLC and to each protected series as specified in law.

### **Liability Limitations**

The bill recognizes both the traditional, vertical liability shield of an LLC and the new, horizontal liability shield of a series LLC, and establishes the limitations of such shields as applied to a series LLC.

### *Liability Shield*

**Section 24** creates s. 605.2401, F.S., to provide that a person is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, an obligation, or other liability of:

- A protected series of a series LLC solely by reason of being or acting as:
  - An associated member, protected-series manager, or protected-series transferee of the protected series; or
  - A member, manager, or a transferee of the series LLC.
- A series LLC solely by reason of being or acting as an associated member, protected-series manager, or protected-series transferee of a protected series of the LLC.

Additionally, the bill specifies that:

- A series LLC's debt, obligation, or other liability is solely the debt, obligation, or liability of the series LLC.
- A protected series' debt, obligation, or other liability is solely the debt, obligation, or liability of the protected series.
- A series LLC is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of its protected series solely by reason of the protected series being a protected series of the series LLC, or the series LLC:
  - Being or acting as a protected-series manager of the protected series;
  - Having the protected series manage the series LLC; or
  - Owning a protected-series transferrable interest of the protected series.
- A protected series is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the series LLC or another protected series of the series LLC, solely by reason of:
  - Being a protected series of the series LLC;
  - Being or acting as a manager of the series LLC or a protected-series manager of another protected series of the company; or
  - Having the series LLC or another protected series of the company be or act as a protected-series manager of the protected series.

### *Claim Seeking to Disregard Liability Limitation*

**Section 25** creates s. 605.2402, F.S., to provide that a claim seeking to disregard a liability limitation pertaining to a series LLC, a protected series, or person connected thereto, including a principle providing a right to a creditor or holding a person liable for a debt, obligation, or other liability of another person, is governed by the principles of law and equity which would apply if each protected series were an LLC formed separately from the series LLC and distinct from the series LLC and any other protected series of such LLC. The bill also specifies that:

- The failure of an LLC or protected series to observe formalities relating to the exercise of its powers over its affairs is not grounds to disregard a limitation in s. 605.2401(1), F.S., relating to the liability of persons acting in specified roles, but may be grounds to disregard a limitation in s. 605.2401(2), F.S., relating to the liability of a protected series or series LLC.
- This section applies to a claim seeking to disregard a liability limitation applicable to a foreign series LLC or a foreign protected series and comparable to a limitation stated in s. 605.2401, F.S., if:
  - The claimant is a Florida resident, transacting business in Florida, or authorized to transact business in Florida; or
  - The claim is to establish or enforce a liability arising under Florida law other than the LLC Act or from an act or omission in Florida.

### *Remedies of Certain Judgment Creditors*

**Section 26** creates s. 605.2403, F.S., to specify that the provisions of s. 605.0503, F.S., which provides or restricts remedies available to a judgement creditor of a member or transferee of an LLC, apply to the judgement creditor of:

- An associated member or other holder of a protected-series transferable interest of a protected series of a series LLC or a foreign series LLC; and
- A series LLC, to the extent the company owns a protected-series transferable interest of a protected series.

### *Enforcement of Claim Against Non-Associated Assets*

**Section 27** creates s. 605.2404, F.S., to establish that, if a claim against a series LLC or protected series has been reduced to judgement, in addition to any other remedy provided by law or equity, the judgment may be enforced in accordance with the following:

- A judgment against a series LLC may be enforced against an asset of a protected series of the LLC if the asset:
  - Was a non-associated asset of the protected series on the incurrence date;<sup>43</sup> or
  - Is a non-associated asset of the protected series on the enforcement date.<sup>44</sup>
- A judgment against a protected series may be enforced against the series LLC if the asset:
  - Was a non-associated asset of the series LLC on the incurrence date; or
  - Is a non-associated asset of the series LLC on the enforcement date.

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<sup>43</sup> "Incurrence date" means the date on which a series limited liability company or protected series of the company incurred the liability giving rise to a claim that a claimant seeks to enforce under this section, under s. 605.2404, F.S.

<sup>44</sup> "Enforcement date" means 12:01 a.m. on the date on which a claimant first serves process on a series limited liability company or protected series in an action seeking to enforce a claim against an asset of the company or protected series by attachment, levy, or similar means under s. 605.2404, F.S.

- A judgment against a protected series may be enforced against an asset of another protected series of the series LLC if the asset:
  - Was a non-associated asset of the other protected series on the incurrence date; or
  - Is a non-associated asset of the other protected series on the enforcement date.

Further, the bill specifies that:

- If a claim against a series LLC or a protected series has not been reduced to a judgment, and a law other than the LLC Act authorizes a prejudgment remedy by attachment,<sup>45</sup> levy,<sup>46</sup> or the like, the court may apply s. 604.2404(2), F.S., as a prejudgment remedy.
- The party asserting that an asset is or was an associated asset of a series LLC or a protected series has the burden of proof on the issue.
- Section 605.2404, F.S., applies to an asset of a foreign series LLC or foreign protected series under specified circumstances, including that the asset is real or tangible property in Florida.

## Other Provisions

### *Service of Process*

**Section 1** amends s. 48.062, F.S., to define the terms “registered foreign protected series of a foreign series LLC” and “registered foreign series LLC.” This statute is amended to establish service of process on series LLCs, so that:

- Service on a series LLC is notice to each protected series thereof;
- Service on a protected series LLC is notice to the series LLC and each protected series thereof;
- Service on a registered foreign series LLC is notice to each protected series thereof; and
- Service on a registered foreign protected series is notice to the foreign series LLC and any other registered foreign series thereof.

**Section 3** amends s. 605.0117, F.S., removing the paragraph referencing service of foreign series LLCs, as that subject matter is covered by new statutes created by the bill.

**Section 16** creates s. 605.2204, F.S., which provides that process against a series LLC, a protected series, a registered foreign series LLC, or a registered foreign protected series may be serviced in the same manner as service is made on such entity under s. 48.062 and chapters 48 or 49, F.S. Under the bill, any notice or demand on a series LLC or protected series LLC may be given or made to any member of a member-managed series LLC, to any manager of a manager-managed LLC, to the registered agent of a series LLC at the registered office of the series LLC in Florida, or to any other address in Florida which is the principal Florida office of the series LLC. Similarly, any notice or demand on a registered foreign series LLC or a registered foreign protected series may be given or made to any member of a member-managed foreign series LLC, any manager of a manager-managed foreign series LLC, the registered agent of the registered

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<sup>45</sup> An “attachment” is a court order directing the freezing or seizure of specific assets belonging to a debtor, pending the outcome of a civil matter involving a creditor who may obtain a judgment in his or her favor that could be satisfied by the sale or application of the assets. See Legal Information Institute, *Attachment*, <https://www.law.cornell.edu/wex/attachment> (last visited Mar. 26, 2025).

<sup>46</sup> A “levy” is the court-ordered seizure and sale of property to satisfy a delinquent debt or judgment. Legal Information Institute, *Levy*, <https://www.law.cornell.edu/wex/levy> (last visited Mar. 26, 2025).



foreign series LLC at the registered office of the foreign series LLC, or the principal office address, or any other Florida address, which is the principal Florida office of the registered foreign series LLC. However, the bill does not affect the right to serve process on, give notice to, or make a demand on a series LLC, a protected series LLC, a foreign series LLC, or a protected foreign series LLC in any other manner provided by law.

*Notice*

**Section 2** amends s. 605.0103, F.S., changing an internal reference affecting knowledge and notice under ch. 605, F.S., the Florida Revised Limited Liability Company Act.

*Electronic Signatures*

**Section 43** creates s. 605.2801, F.S., to require that s. 605.1102, F.S., relating to the applicability of the Electronic Signatures in Global and National Commerce Act, applies to the Uniform Protected Series Provisions.

**Effective Date**

**Section 44** creates s. 605.2802, F.S., to provide that:

- Beginning July 1, 2026, Chapter 605, F.S., governs all domestic and foreign series LLCs, all domestic protected series, and all foreign series that do business in Florida.
- A domestic LLC formed before July 1, 2026, may not create or designate any protected series before the bill's effective date.

**Section 45** provides an effective date of July 1, 2026.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Indeterminate. New or additional business entities may organize and do business in the state.

**C. Government Sector Impact:**

Indeterminate. New or additional entities registering with the Department of State may marginally increase their workload.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 48.062, 605.0103, 605.0117, and 605.0211.

This bill creates the following sections of the Florida Statutes: 605.2101, 605.2102, 605.2103, 605.2104, 605.2105, 605.2106, 605.2107, 605.2108, 605.2201, 605.2202, 605.2203, 605.2204, 605.2205, 605.2206, 605.2301, 605.2302, 605.2303, 605.2304, 605.2305, 605.2401, 605.2402, 605.2403, 605.2404, 605.2501, 605.2502, 605.2503, 605.2601, 605.2602, 605.2603, 605.2604, 605.2605, 605.2606, 605.2607, 605.2608, 605.2701, 605.2702, 605.2703, 605.2704, 605.2801, and 605.2802.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Rules on March 26, 2025:**

The amendment changes the effective date, and related dates for LLC governance, in the bill.

B. Amendments:

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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