AN ACT

ENTITLED, An Act to limit the personal liability of persons in professional corporations and limited liability companies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. An obligation of a professional corporation or limited liability company formed pursuant to chapter 47-11A, 47-11B, 47-11C, 47-11D, 47-11E, 47-13A, or 47-13B, whether arising in contract, tort, or otherwise, is the obligation of the professional corporation or limited liability company and the individual whose act or omission gives rise to the obligation. No shareholder, director, or officer of a professional corporation or member or manager of a limited liability company is personally liable, directly or indirectly, by way of contribution or otherwise, for such obligation based solely on such person's capacity as a shareholder, director, or officer of a professional corporation or member or manager of a limited liability company. This limitation of liability does not extend to amounts owed to the State of South Dakota or its political subdivisions for any taxes, or any penalty or interest on such taxes.

Section 2. Any professional corporation or limited liability company may amend its articles of incorporation to be consistent with this Act.

Section 3. The code counsel shall codify sections 1, 2, and 11 of this Act in chapters 47-11A, 47-11B, 47-11C, 47-11D, 47-11E, 47-13A, and 47-13B.

Section 4. That §§ 47-11A-8, 47-11A-9, 47-11A-10, 47-11A-11, and 47-11A-12 be repealed.

Section 5. That §§ 47-11B-17, 47-11B-18, 47-11B-19, 47-11B-20, and 47-11B-21 be repealed.

Section 6. That §§ 47-11C-17, 47-11C-18, 47-11C-19, 47-11C-20, and 47-11C-21 be repealed.

Section 7. That §§ 47-11D-17, 47-11D-18, 47-11D-19, 47-11D-20, and 47-11D-21 be repealed.

Section 8. That §§ 47-11E-8, 47-11E-9, 47-11E-10, 47-11E-11, and 47-11E-12 be repealed.

Section 9. That subdivision 47-13A-2(7) be repealed.

Section 10. That §§ 47-13B-8, 47-13B-9, 47-13B-10, 47-13B-11, and 47-13B-12 be repealed.

Section 11. The repealed provisions contained in this Act, that limited the liability of a shareholder, director, or officer of a professional corporation or member or manager of a limited liability company by limiting or eliminating the joint and several liability of such person for any act, error, or omission of an employee of the professional corporation or limited liability company by maintaining professional liability insurance meeting certain standards, shall remain in effect for any act, error, or omission, whether arising in contract, tort, or otherwise, occurring before July 1, 2005.

An Act to limit the personal liability of persons in professional corporations and limited liability companies.

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I certify that the attached Act originated in the

SENATE as Bill No. 144

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Secretary of the Senate

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President of the Senate

Attest:

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Secretary of the Senate

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Speaker of the House

Attest:

_____
Chief Clerk

Senate Bill No. 144
File No. ____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20___

_____
Governor

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STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____ , 20___
at _____ o'clock __ M.

_____
Secretary of State

By _____
Asst. Secretary of State