

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 1 - 0
Yeas:	Barker, Bonamici, Flores, Komp, Krieger, Read, Whisnant, Macpherson
Nays:	Cameron
Exc.:	0
Prepared By:	Matt Kalmanson, Counsel
Meeting Dates:	4/17, 4/26

WHAT THE MEASURE DOES: Establishes that a charging order against the membership interest of a limited liability company is a lien on a member's right to distributions, and has priority over all later charging orders. Defines "distributional interest" to mean a member's right to distributions from the member's membership interest.

ISSUES DISCUSSED:

- Charging orders
- Nature of limited liability companies
- Effect of charging orders on limited liability companies and their members
- Need to establish rules governing priority
- Importance of retaining members' liability protections and control over affairs of company

EFFECT OF COMMITTEE AMENDMENT: Deletes provisions relating to foreclosure and redemption. Deletes references to "transferee." Retains priority provisions. Defines "distributional interest" to mean a member's right to distributions from the member's membership interest.

BACKGROUND: A charging order is an order from a court that is placed on a debtor's property for money owed to a lender. Although ORS 63.259 permits a court to charge the membership interest of a member of a limited liability company, the statute is silent on judgment debtor priority. Thus, it is possible that a member could stipulate to a number of court-supervised charging orders, thereby assigning the same interest to a number of different judgment creditors. HB 2310 A would provide that the priority of charging orders is based on the date the court issued the order.