

275.376 Conversion of corporation or foreign corporation to limited liability company.

- (1) A corporation may be converted to a limited liability company pursuant to this section.
- (2) The terms and conditions of the conversion of a corporation to a limited liability company shall be set forth in a written plan of conversion and approved by the board of directors and by the shareholders of the corporation.
- (3) The plan of conversion shall set forth:
 - (a) The name of the corporation planning to convert;
 - (b) The terms and conditions of the conversion, including the articles of organization and the written operating agreement, if any, of the limited liability company into which the corporation will convert; and
 - (c) The manner and basis of converting the shares of the corporation into membership interests, obligations, or other securities of the limited liability company or into cash or other property in whole or part.
- (4) The plan of conversion may set forth any other provision relating to the conversion.
- (5) For a plan of conversion to be approved:
 - (a) The board of directors shall recommend the plan of conversion to the shareholders, unless the board of directors determines that, because of conflict of interest or other special circumstances, it should make no recommendation and communicates the basis for its determination to the shareholders with a plan; and
 - (b) The shareholders entitled to vote shall approve the plan.
- (6) The board of directors may condition its submission of the proposed conversion on any basis.
- (7) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with KRS 271B.7-050. The notice shall also state that the purpose, or one (1) of the purposes, of the meeting is to consider the plan of conversion and contain or be accompanied by a copy or summary of the plan.
- (8) Unless KRS Chapter 271B, the articles of incorporation, or the board of directors acting pursuant to subsection (6) of this section, require a greater vote or vote by voting groups, the plan of conversion to be authorized shall be approved by each voting group entitled to vote separately on the plan by a majority of all the votes entitled to be cast on the plan by that voting group.
- (9) Separate voting by voting groups shall be required on a plan of conversion if the plan contains a provision that, if contained in a proposed amendment to the articles of incorporation, would require action by one (1) or more separate voting groups on the proposed amendment under KRS 271B.10-040.
- (10) After a conversion is authorized, and at any time before articles of organization are filed, the planned conversion may be abandoned subject to any contractual rights, without further shareholder action, in accordance with the procedure set forth in the

plan of conversion or, if none is set forth, in the manner determined by the board of directors.

- (11) After the conversion is approved, the corporation shall file articles of organization with the office of the Secretary of State that satisfy the requirements of KRS 275.025 and also include:
 - (a) A statement that the corporation was converted to a limited liability company;
 - (b) Its former name; and
 - (c) The designation, number of outstanding shares, and number of votes to be cast by each voting group entitled to vote separately on the plan of conversion and either the total number of undisputed votes cast for the plan separately by each voting group or a statement that the number cast for the plan by each voting group was sufficient for approval by that voting group.
- (12) The conversion shall take effect when the articles of organization are filed with the office of the Secretary of State or, subject to KRS 14A.2-070, at a later date specified in the articles of organization.
- (13) Both a nonprofit corporation organized under the laws of the Commonwealth and a foreign nonprofit corporation, if not forbidden by the laws of its jurisdiction of organization, may convert into a nonprofit limited liability company, except that the only member or members of the converted nonprofit limited liability company shall be organizations qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code. The articles of organization filed to effect this conversion, in addition to the otherwise applicable requirements, shall contain an affirmative statement that the only member or members of the converted nonprofit limited liability company are qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 47, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 16, effective July 15, 2010; amended ch. 133, sec. 44, effective July 15, 2010; and amended ch. 151, sec. 143, effective January 1, 2011. -- Created 2007 Ky. Acts ch. 137, sec. 16, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts chs. 133 and 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendments, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (6/26/2007). The Reviser of Statutes has corrected a manifest clerical or typographical error in this section pursuant to the authority of KRS 7.136.