

ACT 182

H.B. NO. 2263-80

A Bill for an Act Relating to Limited Partnerships.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 425-22, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 425-22 Formation.** Two or more persons, each of whom may be an individual or a corporation and any of whom may be acting in a fiduciary capacity, desirous of forming a limited partnership, shall sign, acknowledge, and file a certificate, as follows:

- (1) The certificate shall state:
 - (A) The name of the partnership;
 - (B) The character of the business;
 - (C) The location of the principal place of business;
 - (D) The name and place of residence of each member; general and limited partners being respectively designated;
 - (E) The term for which the partnership is to exist;
 - (F) The amount of cash and a description of and the agreed value of the other property contributed by each limited partner;
 - (G) The additional contributions, if any, agreed to be made by each limited partner and the times at which or events on the happening of which they are to be made;
 - (H) The time, if agreed upon, when the contribution of each limited partner is to be returned;
 - (I) The share of the profits or the other compensation by way of income which each limited partner is to receive by reason of his contribution;
 - (J) The right, if given, of a limited partner to substitute an assignee as contributor in his place, and the terms and conditions of the substitution;
 - (K) The right, if given, of the partners to admit additional limited partners;
 - (L) The right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income and the nature of the priority;
 - (M) The right, if given, of the remaining general partners or partners to continue the business on the death or retirement of a general partner, or on the order of a court of competent jurisdiction adjudicating a general partner incompetent to manage his person or his property; and

(N) The right, if given, of a limited partner to demand and receive property other than cash in return for his contribution.

- (2) The certificate shall be acknowledged by each of the persons before some officer authorized to take acknowledgements of deeds, and shall be filed in the office of the director of regulatory agencies.

A limited partnership is formed if there has been substantial compliance in good faith with the foregoing requirements.

The director shall preserve the certificate and keep a record of the same, which shall be duly indexed. The certificate, record, and index shall, during all business hours, be open to the inspection of the public, free of charge. A fee of \$1.50 shall be charged for each name signed to any certificate.”

SECTION 2. Section 425-29, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 425-29 Rights, powers, and liabilities of a general partner. A general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to:

- (1) Do any act in contravention of the certificates;
- (2) Do any act which would make it impossible to carry on the ordinary business of the partnership;
- (3) Confess a judgment against the partnership;
- (4) Possess partnership property, or assign their rights in specific partnership property, for other than a partnership purpose;
- (5) Admit a person as a general partner;
- (6) Admit a person as a limited partner, unless the right to do so is given in the certificate;
- (7) Continue the business with partnership property on the death or retirement of a general partner, or on the order of a court of competent jurisdiction adjudicating a general partner incompetent to manage his person or his property, unless the right to do so is given in the certificate.”

SECTION 3. Section 425-40, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 425-40 Effect of retirement, death, or adjudication of incompetency of a general partner. The retirement or death of a general partner, or the order of a court of competent jurisdiction adjudicating a general partner incompetent to manage his person or his property dissolves the partnership, unless the business is continued by the remaining general partners under a right to do so stated in the certificate, or with the consent of all members.”

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored.*

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.

SECTION 5. This Act shall take effect upon its approval.
(Approved May 29, 1980.)