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HOUSE BILL 759: ESTATES & TRUSTS - CONVERSION OF SOLE PROPRIETORSHIPS TO LIMITED LIABILITY COMPANIES BY PERSONAL REPRESENTATIVES AND FIDUCIARIES

By Walter W. Green

House Bill 759 repeals and reenacts, with amendments, the Estates and Trusts Article, Sections 7-401 and 15-102 of the Annotated Code of Maryland. This Bill allows a personal representative or fiduciary to convert a decedent's sole proprietorship to a limited liability company. House Bill 759 became effective October 1, 1999.

Under amended Section 7-401, where the decedent was the owner of a sole proprietorship, the personal representative may convert the business to the form of a limited liability company. The previous statute provided for the personal representative to continue an unincorporated business for a limited period of time, or to incorporate a business in which the decedent was engaged at the time of death.

Under amended Section 15-102, a fiduciary is also given the power to convert a sole proprietorship in which the decedent was engaged at the time of his death to a limited liability company. The statute previously only allowed a fiduciary to continue as or become a limited partner of a partnership, or to incorporate any business or venture which formed a part of the fiduciary estate.

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