

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2320

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 14, 1997

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 2320.

Limited liability companies and limited liability partnerships are organizational forms recently authorized by the Legislature. These companies and partnerships have many of the same characteristics as corporations. This bill imposes a prohibition on limited liability companies and limited liability partnerships which is currently imposed on corporations. It prohibits limited liability companies and limited liability partnerships from pleading or using the defense of usury in an action brought against them for damages or enforcing a remedy on an obligation executed by them.

Currently, a person who makes a loan to a corporation at a rate in excess of 50% per annum is guilty of criminal usury. The committee amended the bill to apply this same provision to limited liability companies and limited liability partnerships.