

TITLE 30  
CORPORATIONS

CHAPTER 23  
GENERAL PARTNERSHIPS

PART 1  
GENERAL PROVISIONS

30-23-101. SHORT TITLE. This chapter may be cited as the "Idaho Uniform Partnership Act."

[30-23-101, added 2015, ch. 243, sec. 23, p. 806.]

30-23-102. DEFINITIONS. (a) In this chapter:

- (1) "Business" includes every trade, occupation and profession.
- (2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in section [30-23-403](#), Idaho Code, that is provided by a person to a partnership to become a partner or in the person's capacity as a partner.
- (3) "Distribution" means a transfer of money or other property from a partnership to a person on account of a transferable interest or in a person's capacity as a partner. The term:
  - (A) Includes:
    - (i) A redemption or other purchase by a partnership of a transferable interest; and
    - (ii) A transfer to a partner in return for the partner's relinquishment of any right to participate as a partner in the management or conduct of the partnership's business or have access to records or other information concerning the partnership's business; and
  - (B) Does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.
- (4) "Foreign limited liability partnership" means a foreign partnership whose partners have limited liability for the debts, obligations, or other liabilities of the foreign partnership under a provision similar to section [30-23-306](#)(c), Idaho Code.
- (5) "Foreign partnership" means an unincorporated entity formed under the law of a jurisdiction other than this state which would be a partnership if formed under the law of this state. The term includes a foreign limited liability partnership.
- (6) "Limited liability partnership" means a partnership that has filed a statement of qualification under section [30-23-901](#), Idaho Code, and does not have a similar statement in effect in any other jurisdiction.
- (7) "Partner" means a person that:
  - (A) Has become a partner in a partnership under section [30-23-402](#), Idaho Code, or was a partner in a partnership when the partnership became subject to this chapter under section [30-23-110](#), Idaho Code; and
  - (B) Has not dissociated as a partner under section [30-23-601](#), Idaho Code.

(8) "Partnership" means an association of two (2) or more persons to carry on as co-owners a business for profit formed under this chapter or that becomes subject to this chapter under part 2 of this chapter or section [30-23-110](#), Idaho Code. The term includes a limited liability partnership.

(9) "Partnership agreement" means the agreement, whether or not referred to as a partnership agreement and whether oral, implied, in a record, or in any combination thereof, of all the partners of a partnership concerning the matters described in section [30-23-105](#)(a), Idaho Code. The term includes the agreement as amended or restated.

(10) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(11) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a partner, to receive distributions from a partnership in accordance with the partnership agreement, whether or not the person remains a partner or continues to own any part of the right. The term applies to any fraction of the interest, by whomever owned.

(12) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner.

(b) The following definitions outside this chapter apply to this chapter:

- (1) "Debtor in bankruptcy" - section [30-21-102](#)(7), Idaho Code.
- (2) "Jurisdiction" - section [30-21-102](#)(22), Idaho Code.
- (3) "Jurisdiction of formation" - section [30-21-102](#)(23), Idaho Code.
- (4) "Person" - section [30-21-102](#)(35), Idaho Code.
- (5) "Principal office" - section [30-21-102](#)(36), Idaho Code.
- (6) "Property" - section [30-21-102](#)(41), Idaho Code.
- (7) "Record" - section [30-21-102](#)(44), Idaho Code.
- (8) "Registered agent" - section [30-21-102](#)(45), Idaho Code.
- (9) "Sign" - section [30-21-102](#)(47), Idaho Code.
- (10) "State" - section [30-21-102](#)(48), Idaho Code.
- (11) "Transfer" - section [30-21-102](#)(50), Idaho Code.

[30-23-102, added 2015, ch. 243, sec. 23, p. 806; am. 2020, ch. 82, sec. 18, p. 192.]

30-23-103. KNOWLEDGE -- NOTICE. (a) A person knows a fact if the person:

- (1) Has actual knowledge of it; or
- (2) Is deemed to know it under subsection (d)(1) of this section or law other than this chapter.

(b) A person has notice of a fact if the person:

- (1) Has reason to know the fact from all the facts known to the person at the time in question; or
- (2) As deemed to have notice of the fact under subsection (d)(2) of this section.

(c) Subject to section [30-21-212](#), Idaho Code, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(d) A person not a partner is deemed:

- (1) To know of a limitation on authority to transfer real property as provided in section [30-23-303](#)(g), Idaho Code; and
- (2) To have notice of:
  - (A) A person's dissociation as a partner ninety (90) days after a statement of dissociation under section [30-23-704](#), Idaho Code, becomes effective; and
  - (B) A partnership's:
    - (i) Dissolution ninety (90) days after a statement of dissolution under section [30-23-802](#), Idaho Code, becomes effective;
    - (ii) Termination ninety (90) days after a statement of termination under section [30-23-802](#), Idaho Code, becomes effective; and
    - (iii) Participation in a merger, interest exchange, conversion, or domestication ninety (90) days after articles of merger, interest exchange, conversion, or domestication under [chapter 22, title 30](#), Idaho Code, become effective.
- (e) A partner's knowledge or notice of a fact relating to the partnership is effective immediately as knowledge of or notice to the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

[30-23-103, added 2015, ch. 243, sec. 23, p. 807; am. 2020, ch. 82, sec. 19, p. 194.]

30-23-104. GOVERNING LAW. The internal affairs of a partnership and the liability of a partner as a partner for the debts, obligations, or other liabilities of the partnership are governed by:

- (1) In the case of a limited liability partnership, the law of this state; and
- (2) In the case of a partnership that is not a limited liability partnership, the law of the jurisdiction in which the partnership has its principal office.

[30-23-104, added 2015, ch. 243, sec. 23, p. 808.]

30-23-105. PARTNERSHIP AGREEMENT -- SCOPE, FUNCTION AND LIMITATIONS. (a) Except as otherwise provided in subsections (c) and (d) of this section, the partnership agreement governs:

- (1) Relations among the partners as partners and between the partners and the partnership;
- (2) The business of the partnership and the conduct of that business; and
- (3) The means and conditions for amending the partnership agreement.
- (b) To the extent the partnership agreement does not provide for a matter described in subsection (a) of this section, this chapter governs the matter.
- (c) A partnership agreement may not:
  - (1) Vary the provisions of section [30-23-110](#), Idaho Code;
  - (2) Vary the law applicable under section [30-23-104](#)(1), Idaho Code;
  - (3) Vary the provisions of section [30-21-210](#), Idaho Code;
  - (4) Vary the provisions of section [30-23-307](#), Idaho Code;
  - (5) Unreasonably restrict the duties and rights under section [30-23-408](#), Idaho Code, but the partnership agreement may impose reasonable

restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(6) Alter or eliminate the duty of loyalty or the duty of care, except as otherwise provided in subsection (d) of this section;

(7) Eliminate the contractual obligation of good faith and fair dealing under section [30-23-409](#)(d), Idaho Code, but the partnership agreement may prescribe the standards, if not manifestly unreasonable, by which the performance of the obligation is to be measured;

(8) Unreasonably restrict the right of a person to maintain an action under section [30-23-410](#)(b), Idaho Code;

(9) Relieve or exonerate a person from liability for conduct involving bad faith, willful or intentional misconduct, or a knowing violation of the law;

(10) Vary the power of a person to dissociate as a partner under section [30-23-602](#)(a), Idaho Code, except to require that the notice under section [30-23-601](#)(1), Idaho Code, be in a record;

(11) Vary the right of a court to expel a partner in the events specified in section [30-23-601](#)(5), Idaho Code;

(12) Vary the causes of dissolution specified in section [30-23-801](#)(4) or (5), Idaho Code;

(13) Vary the requirement to wind up the partnership's business as specified in section [30-23-802](#)(a), (b)(1), and (d), Idaho Code;

(14) Vary the right of a partner under section [30-23-901](#)(f), Idaho Code, to vote on or consent to a cancellation of a statement of qualification;

(15) Vary the right of a partner to approve a merger, interest exchange, conversion, or domestication under section [30-22-203](#)(a)(2), [30-22-303](#)(a)(2), [30-22-403](#)(a)(2), or [30-22-503](#)(a)(2), Idaho Code;

(16) Vary the required contents of a plan of merger under section [30-22-202](#)(a), Idaho Code, plan of interest exchange under section [30-22-302](#)(a), Idaho Code, plan of conversion under section [30-22-402](#)(a), Idaho Code, or plan of domestication under section [30-22-502](#)(a), Idaho Code;

(17) Vary any requirement, procedure, or other provision of this act pertaining to:

(A) Registered agents; or

(B) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this act; or

(18) Except as otherwise provided in sections [30-23-106](#) and [30-23-107](#)(2), Idaho Code, restrict the rights under this act of a person other than a partner.

(d) Subject to subsection (c)(8) of this section, without limiting other terms that may be included in a partnership agreement, the following rules apply:

(1) The partnership agreement may:

(A) Specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one (1) or more disinterested and independent persons after full disclosure of all material facts; and

(B) Alter the prohibition stated in section [30-23-406](#)(2)(b), Idaho Code, so that the prohibition requires only that the part-

nership's total assets not be less than the sum of its total liabilities.

(2) To the extent the partnership agreement expressly relieves a partner of a responsibility that the partner would otherwise have under this chapter and imposes the responsibility on one (1) or more other partners, the agreement also may eliminate or limit any fiduciary duty of the partner relieved of the responsibility that would have pertained to the responsibility.

(3) If not manifestly unreasonable, the partnership agreement may:

(A) Alter or eliminate the aspects of the duty of loyalty stated in section [30-23-409](#)(b), Idaho Code;

(B) Identify specific types or categories of activities that do not violate the duty of loyalty;

(C) Alter the duty of care, but may not authorize conduct involving bad faith, willful or intentional misconduct or a knowing violation of the law; and

(D) Alter or eliminate any other fiduciary duty.

(e) The court shall decide as a matter of law whether a term of a partnership agreement is manifestly unreasonable under subsection (c) (6) or (d) (3) of this section. The court:

(1) Shall make its determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and

(2) May invalidate the term only if, in light of the purposes and business of the partnership, it is readily apparent that:

(A) The objective of the term is unreasonable; or

(B) The term is an unreasonable means to achieve the provision's objective.

[30-23-105, added 2015, ch. 243, sec. 23, p. 808.]

30-23-106. PARTNERSHIP AGREEMENT -- EFFECT ON PARTNERSHIP AND PERSON BECOMING PARTNER -- PREFORMATION AGREEMENT. (a) A partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the agreement.

(b) A person that becomes a partner is deemed to assent to the partnership agreement.

(c) Two (2) or more persons intending to become the initial partners of a partnership may make an agreement providing that upon the formation of the partnership the agreement will become the partnership agreement.

[30-23-106, added 2015, ch. 243, sec. 23, p. 810.]

30-23-107. PARTNERSHIP AGREEMENT -- EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP. (a) A partnership agreement may specify that its amendment requires the approval of a person that is not a party to the agreement or the satisfaction of a condition. An amendment is ineffective if its adoption does not include the required approval or satisfy the specified condition.

(b) The obligations of a partnership and its partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement. Subject only to a court order issued under section [30-23-504](#)(b) (2), Idaho Code, to effectuate a charging order, an

amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

- (1) Is effective with regard to any debt, obligation, or other liability of the partnership or its partners to the person in the person's capacity as a transferee or person dissociated as a partner; and
- (2) Is not effective to the extent the amendment:
  - (A) Imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner; or
  - (B) Prejudices the rights under section [30-23-701](#), Idaho Code, of a person that dissociated as a partner before the amendment was made.
- (c) If a record delivered by a partnership to the secretary of state for filing becomes effective under this chapter and contains a provision that would be ineffective under section [30-23-105](#)(c) or (d)(3), Idaho Code, if contained in the partnership agreement, the provision is ineffective in the record.
- (d) Subject to subsection (c) of this section, if a record delivered by a partnership to the secretary of state for filing becomes effective and conflicts with a provision of the partnership agreement:
  - (1) The agreement prevails as to partners, persons dissociated as partners, and transferees; and
  - (2) The record prevails as to other persons to the extent they reasonably rely on the record.

[30-23-107, added 2015, ch. 243, sec. 23, p. 810; am. 2020, ch. 82, sec. 20, p. 194.]

30-23-108. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE. (a) A record delivered to the secretary of state for filing pursuant to this act must be signed as follows:

- (1) Except as otherwise provided in subsections (2) and (3) of this section, a record signed by a partnership must be signed by a person authorized by the partnership.
- (2) A record filed on behalf of a dissolved partnership that has no partner must be signed by the person winding up the partnership's business under section [30-23-802](#)(3), Idaho Code, or a person appointed under section [30-23-802](#)(4), Idaho Code, to wind up the business.
- (3) A statement of denial by a person under section [30-23-304](#), Idaho Code, must be signed by that person.
- (4) Any other record delivered on behalf of a person to the secretary of state for filing must be signed by that person.
- (b) A record filed under this chapter may be signed by an agent. Whenever this chapter requires a particular individual to sign a record and the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.
- (c) A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

[30-23-108, added 2015, ch. 243, sec. 23, p. 810.]

30-23-109. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. (a) If a record delivered to the secretary of state for filing under this act and filed by the secretary of state contains inaccurate information, a person

that suffers loss by reliance on the information may recover damages for the loss from a partner if:

- (1) A person signed the record, or caused another to sign it on the person's behalf, and knew the information to be inaccurate at the time the record was signed; and
- (2) Subject to subsection (b) of this section:
  - (A) The record was delivered for filing on behalf of the partnership; and
  - (B) The partner had notice of the inaccuracy for a reasonably sufficient time before the information was relied upon so that, before the reliance, the partner reasonably could have:
    - (i) Effected an amendment under section [30-23-901](#)(f), Idaho Code;
    - (ii) Filed a petition under section [30-21-210](#), Idaho Code; or
    - (iii) Delivered to the secretary of state for filing a statement of change under section [30-21-407](#), Idaho Code, or a statement of correction under section [30-21-205](#), Idaho Code.

(b) To the extent the partnership agreement expressly relieves a partner of responsibility for maintaining the accuracy of information contained in records delivered on behalf of the partnership to the secretary of state for filing under this act and imposes that responsibility on one (1) or more other partners, the liability stated in subsection (a) (2) of this section applies to those other partners and not to the partner that the partnership agreement relieves of the responsibility.

(c) An individual who signs a record authorized or required to be filed under this act affirms under penalty of perjury that the information stated in the record is accurate.

[30-23-109, added 2015, ch. 243, sec. 23, p. 811; am. 2020, ch. 82, sec. 21, p. 195.]

30-23-110. APPLICATION TO EXISTING RELATIONSHIPS. (a) Before July 1, 2017, this chapter governs only:

- (1) A partnership formed on or after July 1, 2015; and
- (2) Except as otherwise provided in subsection (c) of this section, a partnership formed before July 1, 2015, that elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(b) Except as otherwise provided in subsection (c) of this section, on and after July 1, 2017, this chapter governs all partnerships.

(c) With respect to a partnership that elects pursuant to subsection (a) (2) of this section to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the partnership's partners to third parties apply:

- (1) Before July 1, 2015, to:
  - (A) A third party that had not done business with the partnership in the year before the election took effect; and
  - (B) A third party that had done business with the partnership in the year before the election took effect only if the third party knows or has been notified of the election; and



(2) On and after July 1, 2017, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under paragraph (1) (B) of this subsection.

[30-23-110, added 2015, ch. 243, sec. 23, p. 811.]

30-23-111. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

- (1) Delivery of record - section [30-21-104](#), Idaho Code.
- (2) Signing and filing pursuant to judicial order - section [30-21-210](#), Idaho Code.
- (3) Filing requirements - section [30-21-201](#), Idaho Code.
- (4) Effective date and time - section [30-21-203](#), Idaho Code.
- (5) Withdrawal of filed record before effectiveness - section [30-21-204](#), Idaho Code.
- (6) Correcting filed record - section [30-21-205](#), Idaho Code.
- (7) Duty of secretary of state to file; review of refusal to file; delivery of record by secretary of state - sections [30-21-206](#) and [30-21-212](#), Idaho Code.
- (8) Reservation of power to amend or repeal - section [30-21-701](#), Idaho Code.
- (9) Supplemental principles of law - section [30-21-702](#), Idaho Code.

[30-23-111, added 2015, ch. 243, sec. 23, p. 812; am. 2020, ch. 82, sec. 22, p. 196.]

## PART 2 NATURE OF PARTNERSHIP

30-23-201. PARTNERSHIP AS ENTITY. (a) A partnership is an entity distinct from its partners.

(b) A partnership is the same entity regardless of whether the partnership has a statement of qualification in effect under section [30-23-901](#), Idaho Code.

[30-23-201, added 2015, ch. 243, sec. 24, p. 812.]

30-23-202. FORMATION OF PARTNERSHIP. (a) Except as otherwise provided in subsection (b) of this section, the association of two (2) or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

(b) An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.

(c) In determining whether a partnership is formed, the following rules apply:

- (1) Joint tenancy, tenancy in common, tenancy by the entirety, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.
- (2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.



(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

- (A) Of a debt by installments or otherwise;
- (B) For services as an independent contractor or of wages or other compensation to an employee;
- (C) Of rent;
- (D) Of an annuity or other retirement or health benefit to a deceased or retired partner or a beneficiary, representative, or designee of a deceased or retired partner;
- (E) Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
- (F) For the sale of the goodwill of a business or other property by installments or otherwise.

[30-23-202, added 2015, ch. 243, sec. 24, p. 812.]

30-23-203. PARTNERSHIP PROPERTY. Property acquired by a partnership is property of the partnership and not of the partners individually.

[30-23-203, added 2015, ch. 243, sec. 24, p. 813.]

30-23-204. WHEN PROPERTY IS PARTNERSHIP PROPERTY. (a) Property is partnership property if acquired in the name of:

- (1) The partnership; or
- (2) One (1) or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership but without an indication of the name of the partnership.

(b) Property is acquired in the name of the partnership by a transfer to:

- (1) The partnership in its name; or
- (2) One (1) or more partners in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

(c) Property is presumed to be partnership property if purchased with partnership assets, even if not acquired in the name of the partnership or of one (1) or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership.

(d) Property acquired in the name of one (1) or more of the partners, without an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.

[30-23-204, added 2015, ch. 243, sec. 24, p. 813.]

### PART 3

#### RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

30-23-301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under section [30-23-303](#), Idaho Code, the following rules apply:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the signing of an instrument in the partnership name, for apparently carrying on in the ordinary course of the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner did not have authority to act for the partnership in the particular matter and the person with which the partner was dealing knew, or had notice, that the partner lacked authority.

(2) An act of a partner that is not apparently for carrying on in the ordinary course of the partnership's business or business of the kind carried on by the partnership binds the partnership only if the act was actually authorized by all the other partners.

[30-23-301, added 2015, ch. 243, sec. 25, p. 813.]

30-23-302. TRANSFER OF PARTNERSHIP PROPERTY. (a) Partnership property may be transferred as follows:

(1) Subject to the effect of a statement of partnership authority under section [30-23-303](#), Idaho Code, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.

(2) Partnership property held in the name of one (1) or more partners with an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(3) Partnership property held in the name of one (1) or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(b) A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under section [30-23-301](#), Idaho Code, and:

(1) As to a subsequent transferee who gave value for property transferred under subsection (a) (1) and (2) of this section, proves that the subsequent transferee knew or had been notified that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) As to a transferee who gave value for property transferred under subsection (a) (3) of this section, proves that the transferee knew or had been notified that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b) of this section, from any earlier transferee of the property.

(d) If a person holds all the partners' interests in the partnership, all the partnership property vests in that person. The person may sign a

record in the name of the partnership to evidence vesting of the property in that person and may file or record the record.

[30-23-302, added 2015, ch. 243, sec. 25, p. 814.]

30-23-303. STATEMENT OF PARTNERSHIP AUTHORITY. (a) A partnership may deliver to the secretary of state for filing a statement of partnership authority. The statement:

(1) Must include the name of the partnership; and if the partnership is not a limited liability partnership, the street and mailing addresses of its principal office;

(2) With respect to any position that exists in or with respect to the partnership, may state the authority, or limitations on the authority, of all persons holding the position to:

(A) Execute an instrument transferring real property held in the name of the partnership; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership; and

(3) May state the authority, or limitations on the authority, of a specific person to:

(A) Execute an instrument transferring real property held in the name of the partnership; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership.

(b) To amend or cancel a statement of authority filed by the secretary of state, a partnership must deliver to the secretary of state for filing an amendment or cancellation stating:

(1) The name of the partnership;

(2) If the partnership is not a limited liability partnership, the street and mailing addresses of the partnership's principal office;

(3) If the partnership is a limited liability partnership, the name and street and mailing addresses of its registered agent;

(4) The date the statement being affected became effective; and

(5) The contents of the amendment or a declaration that the statement is canceled.

(c) A statement of authority affects only the power of a person to bind a partnership to persons that are not partners.

(d) Subject to subsection (c) of this section and section [30-23-103](#)(4)(a), Idaho Code, and except as otherwise provided in subsections (f), (g) and (h) of this section, a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation.

(e) Subject to subsection (c) of this section, a grant of authority not pertaining to transfers of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that if the person gives value:

(1) The person has knowledge to the contrary;

(2) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(3) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(f) Subject to subsection (c) of this section, an effective statement of authority that grants authority to transfer real property held in the name

of the partnership is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value:

(1) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(2) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(g) Subject to subsection (c) of this section, if an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a partnership is filed by the secretary of state, all persons are deemed to know of the limitation.

(h) Subject to subsection (i) of this section, an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of subsection (f) of this section and is a limitation on authority for purposes of subsection (g) of this section.

(i) After a statement of dissolution becomes effective, a partnership may deliver to the secretary of state for filing a statement of authority that is designated as a post-dissolution statement of authority. The statement operates as provided in subsections (f) and (g) of this section.

(j) Unless canceled earlier, an effective statement of authority is canceled by operation of law five (5) years after the date on which the statement, or its most recent amendment, becomes effective.

(k) An effective statement of denial operates as a restrictive amendment under this section.

[30-23-303, added 2015, ch. 243, sec. 25, p. 814.]

30-23-304. STATEMENT OF DENIAL. A person named in a filed statement of authority granting that person authority may deliver to the secretary of state for filing a statement of denial that:

(1) Provides the name of the partnership and the caption of the statement of authority to which the statement of denial pertains; and

(2) Denies the grant of authority.

[30-23-304, added 2015, ch. 243, sec. 25, p. 816.]

30-23-305. PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CONDUCT. (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of business of the partnership or with the actual or apparent authority of the partnership.

(b) If, in the course of the partnership's business or while acting with actual or apparent authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss.

[30-23-305, added 2015, ch. 243, sec. 25, p. 816.]

30-23-306. PARTNER'S LIABILITY. (a) Except as otherwise provided in subsections (b) and (c) of this section, all partners are liable jointly and severally for all debts, obligations, and other liabilities of the partnership unless otherwise agreed by the claimant or provided by law.

(b) A person that becomes a partner is not personally liable for a debt, obligation, or other liability of the partnership incurred before the person became a partner.

(c) A debt, obligation, or other liability of a partnership incurred while the partnership is a limited liability partnership is solely the debt, obligation, or other liability of the limited liability partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability partnership solely by reason of being or so acting as a partner. This subsection applies:

(1) Despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability partnership under section [30-23-901\(b\)](#), Idaho Code; and

(2) Regardless of the dissolution of the limited liability partnership.

(d) The failure of a limited liability partnership to observe formalities relating to the exercise of its powers or management of its business is not a ground for imposing liability on a partner for a debt, obligation, or other liability of the partnership.

(e) The cancellation or administrative revocation of a limited liability partnership's statement of qualification does not affect the limitation in this section on the liability of a partner for a debt, obligation, or other liability of the partnership incurred while the statement was in effect.

[30-23-306, added 2015, ch. 243, sec. 25, p. 816.]

30-23-307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS. (a) A partnership may sue and be sued in the name of the partnership.

(b) To the extent not inconsistent with section [30-23-306](#), Idaho Code, a partner may be joined in an action against the partnership or named in a separate action.

(c) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(d) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under section [30-23-306](#), Idaho Code, and:

(1) A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(2) The partnership is a debtor in bankruptcy;

(3) The partner has agreed that the creditor need not exhaust partnership assets;

(4) A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(5) Liability is imposed on the partner by law or contract independent of the existence of the partnership.

(e) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under section [30-23-308](#), Idaho Code.

[30-23-307, added 2015, ch. 243, sec. 25, p. 817.]

30-23-308. LIABILITY OF PURPORTED PARTNER. (a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one (1) or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

(b) If a person is thus represented to be a partner in an existing partnership, or with one (1) or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation. If all the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

(c) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

(e) Except as otherwise provided in subsections (a) and (b) of this section, persons who are not partners as to each other are not liable as partners to other persons.

[30-23-308, added 2015, ch. 243, sec. 25, p. 817.]

#### PART 4

#### RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

30-23-401. PARTNER'S RIGHTS AND DUTIES. (a) Each partner is entitled to an equal share of the partnership profits and, except in the case of a limited liability partnership, is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.

(b) A partnership shall reimburse a partner for any payment made by the partner in the course of the partner's activities on behalf of the partnership, if the partner complied with this section and section [30-23-409](#), Idaho Code, in making the payment.

(c) A partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of this section or section [30-23-407](#) or [30-23-409](#), Idaho Code.

(d) In the ordinary course of its business, a partnership may advance reasonable expenses, including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a partner, if the person promises to repay the partnership if the person ultimately is determined not to be entitled to be indemnified under subsection (c) of this section.

(e) A partnership may purchase and maintain insurance on behalf of a partner against liability asserted against or incurred by the partner in that capacity or arising from that status even if, under section [30-23-105](#)(c)(7), Idaho Code, the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.

(f) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(g) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (b) or (f) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

(h) Each partner has equal rights in the management and conduct of the partnership's business.

(i) A partner may use or possess partnership property only on behalf of the partnership.

(j) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

(k) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership, and an amendment to the partnership agreement, may be undertaken only with the affirmative vote or consent of all of the partners.

[30-23-401, added 2015, ch. 243, sec. 26, p. 818; am. 2020, ch. 82, sec. 23, p. 196.]

30-23-402. BECOMING PARTNER. (a) Upon formation of a partnership, a person becomes a partner under section [30-23-202](#)(a), Idaho Code.

(b) After formation of a partnership, a person becomes a partner:

- (1) As provided in the partnership agreement;
- (2) As a result of a transaction effective under [chapter 22, title 30](#), Idaho Code; or
- (3) With the affirmative vote or consent of all the partners.

(c) A person may become a partner without:

- (1) Acquiring a transferable interest; or
- (2) Making or being obligated to make a contribution to the partnership.

[30-23-402, added 2015, ch. 243, sec. 26, p. 819; am. 2020, ch. 82, sec. 24, p. 197.]



30-23-403. FORM OF CONTRIBUTION. A contribution may consist of property transferred to, services performed for, or another benefit provided to the partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

[30-23-403, added 2015, ch. 243, sec. 26, p. 819.]

30-23-404. LIABILITY FOR CONTRIBUTION. (a) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, termination, or other inability to perform personally.

(b) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the partnership to contribute money equal to the value of the part of the contribution which has not been made.

(c) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all the partners. If a creditor of a limited liability partnership extends credit or otherwise acts in reliance on an obligation described in subsection (a) of this section, without knowledge or notice of a compromise under this subsection, the creditor may enforce the obligation.

[30-23-404, added 2015, ch. 243, sec. 26, p. 819.]

30-23-405. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION. (a) Any distributions made by a partnership before its dissolution and winding up must be in equal shares among partners, except to the extent necessary to comply with a transfer effective under section [30-23-503](#), Idaho Code, or charging order in effect under section [30-23-504](#), Idaho Code.

(b) Subject to section [30-23-701](#), Idaho Code, a person has a right to a distribution before the dissolution and winding up of a partnership only if the partnership decides to make an interim distribution.

(c) A person does not have a right to demand or receive a distribution from a partnership in any form other than money. Except as otherwise provided in section [30-23-806](#), Idaho Code, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(d) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee is entitled to all remedies available to a creditor of the partnership with respect to the distribution. However, the partnership's obligation to make a distribution is subject to offset for any amount owed to the partnership by the partner or a person dissociated as partner on whose account the distribution is made.

[30-23-405, added 2015, ch. 243, sec. 26, p. 819.]

30-23-406. LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP. (a) A limited liability partnership may not make a distribution, including a distribution under section [30-23-806](#), Idaho Code, if after the distribution:

(1) The partnership would not be able to pay its debts as they become due in the ordinary course of the partnership's business; or

(2) The partnership's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the partner-

ship were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and transferees whose preferential rights are superior to the rights of persons receiving the distribution.

(b) A limited liability partnership may base a determination that a distribution is not prohibited under subsection (a) of this section on:

- (1) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or
- (2) A fair valuation or other method that is reasonable under the circumstances.

(c) Except as otherwise provided in subsection (e) of this section, the effect of a distribution under subsection (a) of this section is measured:

- (1) In the case of a distribution as defined in section [30-23-102](#) (a) (3) (A), Idaho Code, as of the earlier of:

- (A) The date money or other property is transferred or debt is incurred by the limited liability partnership; or

- (B) The date the person entitled to the distribution ceases to own the interest or rights being acquired by the partnership in return for the distribution;

- (2) In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

- (3) In all other cases, as of the date:

- (A) The distribution is authorized, if the payment occurs not later than one hundred twenty (120) days after that date; or

- (B) The payment is made, if the payment occurs more than one hundred twenty (120) days after the distribution is authorized.

(d) A limited liability partnership's indebtedness to a partner or transferee incurred by reason of a distribution made in accordance with this section is at parity with the partnership's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(e) A limited liability partnership's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of subsection (a) of this section if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that a payment of a distribution could then be made under this section. If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(f) In measuring the effect of a distribution under section [30-23-806](#), Idaho Code, the liabilities of a dissolved limited liability partnership do not include any claim that has been disposed of under section [30-23-807](#), [30-23-808](#) or [30-23-809](#), Idaho Code.

[30-23-406, added 2015, ch. 243, sec. 26, p. 819; am. 2020, ch. 82, sec. 25, p. 197.]

30-23-407. LIABILITY OF IMPROPER DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP. (a) Except as provided in subsection (b) of this section, if a partner of a limited liability partnership consents to a distribution made in violation of section [30-23-406](#), Idaho Code, and in consenting to the distribution fails to comply with section [30-23-409](#), Idaho Code, the partner is personally liable to the partnership for the amount of the distribution that exceeds the amount that could have been distributed without the violation of section [30-23-406](#), Idaho Code.

(b) To the extent the partnership agreement of a limited liability partnership expressly relieves a partner of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one (1) or more other partners, the liability stated in subsection (a) of this section applies to the other partners and not to the partner that the partnership agreement relieves of the authority and responsibility.

(c) A person that receives a distribution knowing that the distribution violated section [30-23-406](#), Idaho Code, is personally liable to the limited liability partnership but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section [30-23-406](#), Idaho Code.

(d) A person against which an action is commenced because the person is liable under subsection (a) of this section may:

- (1) Implead any other person that is liable under subsection (a) of this section and seek to enforce a right of contribution from the person; and
- (2) Implead any person that received a distribution in violation of subsection (c) of this section and seek to enforce a right of contribution from the person in the amount the person received in violation of subsection (c) of this section.

(e) An action under this section is barred unless commenced not later than two (2) years after the distribution.

[30-23-407, added 2015, ch. 243, sec. 26, p. 820.]

30-23-408. RIGHTS TO INFORMATION OF PARTNERS AND PERSONS DISSOCIATED AS PARTNER. (a) A partnership shall keep its books and records, if any, at its principal office.

(b) On reasonable notice, a partner may inspect and copy during regular business hours, at a reasonable location specified by the partnership, any record maintained by the partnership regarding the partnership's business, financial condition, and other circumstances, to the extent the information is material to the partner's rights and duties under the partnership agreement or this act.

(c) The partnership shall furnish to each partner:

- (1) Without demand, any information concerning the partnership's business, financial condition, and other circumstances that the partnership knows and is material to the proper exercise of the partner's rights and duties under the partnership agreement or this act, except to the extent the partnership can establish that it reasonably believes the member already knows the information; and
- (2) On demand, any other information concerning the partnership's business, financial condition, and other circumstances, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(d) The duty to furnish information under subsection (c) of this section also applies to each partner to the extent the partner knows any of the information described in subsection (c) of this section.

(e) Subject to subsection (j) of this section, on ten (10) days' demand made in a record received by a partnership, a person dissociated as a partner may have access to information to which the person was entitled while a partner if:

- (1) The information pertains to the period during which the person was a partner;

(2) The person seeks the information in good faith; and

(3) The person satisfies the requirements imposed on a partner by subsection (b) of this section.

(f) Not later than ten (10) days after receiving a demand under subsection (e) of this section, the partnership in a record shall inform the person that made the demand of:

(1) The information that the partnership will provide in response to the demand and when and where the partnership will provide the information; and

(2) The partnership's reasons for declining, if the partnership declines to provide any demanded information.

(g) A partnership may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(h) A partner or person dissociated as a partner may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the partnership agreement or under subsection (j) of this section applies both to the agent or legal representative and to the partner or person dissociated as a partner.

(i) Subject to section [30-23-505](#), Idaho Code, the rights under this section do not extend to a person as transferee.

(j) In addition to any restriction or condition stated in the partnership agreement, a partnership, as a matter within the ordinary course of its business, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

[30-23-408, added 2015, ch. 243, sec. 26, p. 821.]

30-23-409. STANDARDS OF CONDUCT FOR PARTNERS. (a) A partner owes to the partnership and the other partners the duties of loyalty and care stated in subsections (b) and (c) of this section.

(b) The fiduciary duty of loyalty of a partner includes the duties:

(1) To account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner:

(A) In the conduct or winding up of the partnership's business;

(B) From a use by the partner of the partnership's property; or

(C) From the appropriation of a partnership opportunity;

(2) To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a person having an interest adverse to the partnership; and

(3) To refrain from competing with the partnership in the conduct of the partnership's business before the dissolution of the partnership.

(c) The duty of care of a partner in the conduct or winding up of the partnership business is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional misconduct, or a knowing violation of law.

(d) A partner shall discharge the duties and obligations under this chapter or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under this act or under the partnership agreement solely because the partner's conduct furthers the partner's own interest.

(f) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a partner that otherwise would violate the duty of loyalty.

(g) It is a defense to a claim under subsection (b) (2) of this section and any comparable claim in equity or at common law that the transaction was fair to the partnership.

(h) If, as permitted by subsection (f) of this section or by the partnership agreement, a partner enters into a transaction with the partnership that otherwise would be prohibited by subsection (b) (2) of this section, the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

[30-23-409, added 2015, ch. 243, sec. 26, p. 822.]

30-23-410. ACTIONS BY PARTNERSHIP AND PARTNERS. (a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner, with or without an accounting as to partnership business, to enforce the partner's rights and protect the partner's interests, including rights and interests under the partnership agreement or this act or arising independently of the partnership relationship.

(c) A right to an accounting on dissolution and winding up does not revive a claim barred by law.

[30-23-410, added 2015, ch. 243, sec. 26, p. 822.]

30-23-411. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING. (a) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

[30-23-411, added 2015, ch. 243, sec. 26, p. 823.]

## PART 5

### TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

30-23-501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property that can be transferred, either voluntarily or involuntarily.

[30-23-501, added 2015, ch. 243, sec. 27, p. 823.]

30-23-502. NATURE OF TRANSFERABLE INTEREST. A transferable interest is personal property.

[30-23-502, added 2015, ch. 243, sec. 27, p. 823.]

30-23-503. TRANSFER OF TRANSFERABLE INTEREST. (a) A transfer, in whole or in part, of a transferable interest:

(1) Is permissible, except the transfer of a transferable interest in a professional entity is not permissible without compliance with section [30-21-901](#)(i), Idaho Code;

(2) Does not by itself cause a partner's dissociation or a dissolution and winding up of the partnership business; and

(3) Subject to section [30-23-505](#), Idaho Code, does not entitle the transferee to:

(A) Participate in the management or conduct of the partnership's business; or

(B) Except as otherwise provided in subsection (c) of this section, have access to records or other information concerning the partnership's business.

(b) A transferee has the right to:

(1) Receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled; and

(2) Seek under section [30-23-801](#)(5), Idaho Code, a judicial determination that it is equitable to wind up the partnership business.

(c) In a dissolution and winding up of a partnership, a transferee is entitled to an account of the partnership's transactions only from the date of dissolution.

(d) A partnership need not give effect to a transferee's rights under this section until the partnership knows or has notice of the transfer.

(e) A transfer of a transferable interest in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.

(f) Except as otherwise provided in section [30-23-601](#)(4)(B), Idaho Code, if a partner transfers a transferable interest, the transferor retains the rights of a partner other than the transferable interest transferred and retains all the duties and obligations of a partner.

(g) If a partner transfers a transferable interest to a person that becomes a partner with respect to the transferred interest, the transferee is liable for the partner's obligations under sections [30-23-404](#) and [30-23-407](#), Idaho Code, known to the transferee when the transferee becomes a partner.

[30-23-503, added 2015, ch. 243, sec. 27, p. 823.]

30-23-504. CHARGING ORDER. (a) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and requires the partnership to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a) of this section, the court may:

(1) Appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and

(2) Make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to section [30-23-503](#), Idaho Code.

(d) At any time before foreclosure under subsection (c) of this section, the partner or transferee whose transferable interest is subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c) of this section, a partnership or one (1) or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(f) This chapter does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.

(g) This section provides the exclusive remedy by which a person seeking, in the capacity of a judgment creditor, to enforce a judgment against a partner or transferee may satisfy the judgment from the judgment debtor's transferable interest.

[30-23-504, added 2015, ch. 243, sec. 27, p. 824.]

30-23-505. POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER. If a partner dies, the deceased partner's legal representative may exercise:

(1) The rights of a transferee provided in section [30-23-503](#)(c), Idaho Code; and

(2) For purposes of settling the estate, the rights the deceased partner had under section [30-23-408](#), Idaho Code.

[30-23-505, added 2015, ch. 243, sec. 27, p. 824.]

## PART 6 DISSOCIATION

30-23-601. EVENTS CAUSING DISSOCIATION. A person is dissociated as a partner when:

(1) The partnership has notice of the person's express will to withdraw as a partner, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on that later date;

(2) An event stated in the partnership agreement as causing the person's dissociation occurs;

(3) The person is expelled as a partner pursuant to the partnership agreement;



- (4) The person is expelled as a partner by the affirmative vote or consent of all the other partners if:
- (A) It is unlawful to carry on the partnership business with the person as a partner;
  - (B) There has been a transfer of all of the person's transferable interest in the partnership other than:
    - (i) A transfer for security purposes; or
    - (ii) A charging order in effect under section [30-23-504](#), Idaho Code, that has not been foreclosed;
  - (C) The person is an entity and:
    - (i) The partnership notifies the person that it will be expelled as a partner because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of formation; and
    - (ii) Not later than ninety (90) days after the notification, the statement of dissolution or the equivalent has not been withdrawn, rescinded or revoked or the person's charter or the equivalent or right to conduct business has not been reinstated; or
  - (D) The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up;
- (5) On application by the partnership or another partner, the person is expelled as a partner by judicial order because the person:
- (A) Has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's business;
  - (B) Has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under section [30-23-409](#), Idaho Code; or
  - (C) Has engaged or is engaging in conduct relating to the partnership's business which makes it not reasonably practicable to carry on the business with the person as a partner;
- (6) The person:
- (A) Becomes a debtor in bankruptcy;
  - (B) Executes an assignment for the benefit of creditors; or
  - (C) Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property;
- (7) In the case of an individual:
- (A) The individual dies;
  - (B) A guardian or general conservator for the individual is appointed; or
  - (C) A court orders that the individual has otherwise become incapable of performing the individual's duties as a partner under this chapter or the partnership agreement;
- (8) In the case of a person that is a testamentary or inter vivos trust or is acting as a partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the partnership is distributed;
- (9) In the case of a person that is an estate or is acting as a partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the partnership is distributed;

(10) In the case of a person that is not an individual, the existence of the person terminates;

(11) The partnership participates in a merger under [chapter 22, title 30](#), Idaho Code, and:

(A) The partnership is not the surviving entity; or

(B) Otherwise as a result of the merger, the person ceases to be a partner;

(12) The partnership participates in an interest exchange under [chapter 22, title 30](#), Idaho Code, and, as a result of the interest exchange, the person ceases to be a partner;

(13) The partnership participates in a conversion under [chapter 22, title 30](#), Idaho Code;

(14) The partnership participates in a domestication under [chapter 22, title 30](#), Idaho Code, and, as a result of the domestication, the person ceases to be a partner;

(15) The partnership dissolves and completes winding up;

(16) In the case of a professional entity, restrictions or limitations are placed upon a partner's ability to continue to render professional services.

[30-23-601, added 2015, ch. 243, sec. 28, p. 825; am. 2020, ch. 82, sec. 26, p. 198.]

30-23-602. POWER TO DISSOCIATE AS PARTNER -- WRONGFUL DISSOCIATION. (a) A person has the power to dissociate as a partner at any time, rightfully or wrongfully, by withdrawing as a partner by express will under section [30-23-601](#)(1), Idaho Code.

(b) A person's dissociation as a partner is wrongful only if the dissociation:

(1) Is in breach of an express provision of the partnership agreement; or

(2) In the case of a partnership for a definite term or particular undertaking, occurs before the expiration of the term or the completion of the undertaking and:

(A) The person withdraws as a partner by express will, unless the withdrawal follows not later than ninety (90) days after another person's dissociation by death or otherwise under section [30-23-601](#)(6) through (10), Idaho Code, or wrongful dissociation under this subsection;

(B) The person is expelled as a partner by judicial order under section [30-23-601](#)(5), Idaho Code;

(C) The person is dissociated under section [30-23-601](#)(6), Idaho Code; or

(D) In the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A person that wrongfully dissociates as a partner is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any debt, obligation, or other liability of the partner to the partnership or the other partners.

[30-23-602, added 2015, ch. 243, sec. 28, p. 826.]

30-23-603. EFFECT OF DISSOCIATION. (a) If a person's dissociation results in a dissolution and winding up of the partnership business, part 8 of this chapter applies; otherwise, part 7 of this chapter applies.

(b) If a person is dissociated as a partner:

(1) The person's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in section [30-23-802](#)(c), Idaho Code; and

(2) The person's duties and obligations under section [30-23-409](#), Idaho Code, end with regard to matters arising and events occurring after the person's dissociation except to the extent the partner participates in winding up the partnership's business pursuant to section [30-23-802](#), Idaho Code.

(c) A person's dissociation does not of itself discharge the person from a debt, obligation, or other liability to the partnership or the other partners that the person incurred while a partner.

[30-23-603, added 2015, ch. 243, sec. 28, p. 827.]

#### PART 7

#### PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

30-23-701. PERSONS DISSOCIATED AS A PARTNER WITHOUT DISSOLUTION OF PARTNERSHIP. (a) If a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership business under section [30-23-801](#), Idaho Code, the partnership shall cause the person's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b) of this section.

(b) The buyout price of the interest of a person dissociated as a partner is the amount that would have been distributable to the person under section [30-23-806](#)(b), Idaho Code, if, on the date of dissociation, the assets of the partnership were sold and the partnership were wound up, with the sale price equal to the greater of:

(1) The liquidation value; or

(2) The value based on a sale of the entire business as a going concern without the person.

(c) Interest accrues on the buyout price from the date of dissociation to the date of payment, but damages for wrongful dissociation under section [30-23-602](#)(b), Idaho Code, and all other amounts owing, whether or not presently due, from the person dissociated as a partner to the partnership, must be offset against the buyout price.

(d) A partnership shall defend, indemnify, and hold harmless a person dissociated as a partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the person under section [30-23-702](#), Idaho Code.

(e) If no agreement for the purchase of the interest of a person dissociated as a partner is reached not later than one hundred twenty (120) days after a written demand for payment, the partnership shall pay, or cause to be paid, in money to the person the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c) of this section.

(f) If a deferred payment is authorized under subsection (h) of this section, the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets

under subsection (c) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(g) The payment or tender required by subsection (e) or (f) of this section must be accompanied by the following:

- (1) A statement of partnership assets and liabilities as of the date of dissociation;
- (2) The latest available partnership balance sheet and income statement, if any;
- (3) An explanation of how the estimated amount of the payment was calculated; and
- (4) Written notice that the payment is in full satisfaction of the obligation to purchase unless, not later than one hundred twenty (120) days after the written notice, the person dissociated as a partner commences an action to determine the buyout price, any offsets under subsection (c) of this section, or other terms of the obligation to purchase.

(h) A person that wrongfully dissociates as a partner before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any part of the buyout price until the expiration of the term or completion of the undertaking, unless the person establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must be adequately secured and bear interest.

(i) A person dissociated as a partner may maintain an action against the partnership, pursuant to section [30-23-410](#) (2) (b), Idaho Code, to determine the buyout price of that person's interest, any offsets under subsection (c) of this section, or other terms of the obligation to purchase. The action must be commenced not later than one hundred twenty (120) days after the partnership has tendered payment or an offer to pay or within one (1) year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the person's interest, any offset due under subsection (c) of this section, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h) of this section, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (g) of this section.

[30-23-701, added 2015, ch. 243, sec. 29, p. 827.]

30-23-702. POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS PARTNER. (a) After a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership business and before the partnership is merged out of existence, converted, or domesticated under [chapter 22, title 30](#), Idaho Code, or dissolved, the partnership is bound by an act of the person only if:

- (1) The act would have bound the partnership under section [30-23-301](#), Idaho Code, before dissociation; and
- (2) At the time the other party enters into the transaction:
  - (A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a partner.

(b) If a partnership is bound under subsection (a) of this section, the person dissociated as a partner that caused the partnership to be bound is liable:

- (1) To the partnership for any damage caused to the partnership arising from the obligation incurred under subsection (a) of this section; and
- (2) If a partner or another person dissociated as a partner is liable for the obligation to the partner or other person for any damage caused to the partner or other person arising from the liability.

[30-23-702, added 2015, ch. 243, sec. 29, p. 828; am. 2020, ch. 82, sec. 27, p. 199.]

30-23-703. LIABILITY OF PERSON DISSOCIATED AS PARTNER TO OTHER PERSONS. (a) Except as otherwise provided in subsection (b) of this section, a person dissociated as a partner is not liable for a partnership obligation incurred after dissociation.

(b) A person that is dissociated as a partner is liable on a transaction entered into by the partnership after the dissociation only if:

- (1) The partner would be liable on the transaction; and
- (2) At the time the other party enters into the transaction:
  - (A) Less than two (2) years has passed since the dissociation; and
  - (B) The other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a partner.

(c) By agreement with a creditor of a partnership and the partnership, a person dissociated as a partner may be released from liability for a debt, obligation, or other liability of the partnership.

(d) A person dissociated as a partner is released from liability for a debt, obligation, or other liability of the partnership if the partnership's creditor, with knowledge or notice of the person's dissociation but without the person's consent, agrees to a material alteration in the nature or time of payment of the debt, obligation or other liability.

[30-23-703, added 2015, ch. 243, sec. 29, p. 829.]

30-23-704. STATEMENT OF DISSOCIATION. (a) A person dissociated as a partner or the partnership may deliver to the secretary of state for filing a statement of dissociation stating the name of the partnership and that the person has dissociated from the partnership.

(b) A statement of dissociation is a limitation on the authority of a person dissociated as a partner for the purposes of section [30-23-303](#) (d) and (e), Idaho Code.

[30-23-704, added 2015, ch. 243, sec. 29, p. 829.]

30-23-705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or the name of a person dissociated as a partner as part of the partnership name, by partners continuing the business does not of itself make the person dissociated as a partner liable for an obligation of the partners or the partnership continuing the business.

[30-23-705, added 2015, ch. 243, sec. 29, p. 829.]

PART 8  
DISSOLUTION AND WINDING UP

30-23-801. EVENTS CAUSING DISSOLUTION. A partnership is dissolved, and its business must be wound up, upon the occurrence of any of the following:

(1) In a partnership at will, the partnership knows or has notice of a person's express will to withdraw as a partner, other than a partner that has dissociated under section [30-23-601](#) (2) through (10), Idaho Code, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on the later date;

(2) In a partnership for a definite term or particular undertaking:

(A) Within ninety (90) days after a person's dissociation by death or otherwise under section [30-23-601](#) (6) through (10), Idaho Code, or wrongful dissociation under section [30-23-602](#) (b), Idaho Code, the affirmative vote or consent of at least half of the remaining partners to wind up the partnership business, for which purpose a person's rightful dissociation pursuant to section [30-23-602](#) (b) (2) (A), Idaho Code, constitutes the expression of that partner's expression of consent to wind up the partnership business;

(B) The affirmative vote or consent of all the partners to wind up the partnership business; or

(C) The expiration of the term or the completion of the undertaking;

(3) An event or circumstance that the partnership agreement states causes dissolution;

(4) On application by a partner, the entry by the district court of an order dissolving the partnership on the ground that:

(A) Conduct of all or substantially all the partnership's business is unlawful;

(B) The economic purpose of the partnership is likely to be unreasonably frustrated;

(C) Another partner has engaged in conduct relating to the partnership business that makes it not reasonably practicable to carry on the business in partnership with that partner; or

(D) It is otherwise not reasonably practicable to carry on the partnership business in conformity with the partnership agreement;

(5) On application by a transferee, the entry by the district court of an order dissolving the partnership on the ground that it is equitable to wind up the partnership business:

(A) After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(B) At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer;

(6) The passage of ninety (90) consecutive days during which the partnership does not have at least two (2) partners.

[30-23-801, added 2015, ch. 243, sec. 30, p. 829.]

30-23-802. WINDING UP. (a) A dissolved partnership shall wind up its business and, except as otherwise provided in section [30-23-803](#), Idaho Code, the partnership continues after dissolution only for the purpose of winding up.

(b) In winding up its business, the partnership:

(1) Shall discharge the partnership's debts, obligations, and other liabilities, settle and close the partnership's business, and marshal and distribute the assets of the partnership; and

(2) May:

(A) Deliver to the secretary of state for filing a statement of dissolution stating the name of the partnership and that the partnership is dissolved;

(B) Preserve the partnership business and property as a going concern for a reasonable time;

(C) Prosecute and defend actions and proceedings, whether civil, criminal or administrative;

(D) Transfer the partnership's property;

(E) Settle disputes by mediation or arbitration;

(F) Deliver to the secretary of state for filing a statement of termination stating the name of the partnership and that the partnership is terminated; and

(G) Perform other acts necessary or appropriate to the winding up.

(c) A person whose dissociation as a partner resulted in dissolution may participate in winding up as if still a partner, unless the dissociation was wrongful.

(d) If a dissolved partnership does not have a partner and no person has the right to participate in winding up under subsection (c) of this section, the personal or legal representative of the last person to have been a partner may wind up the partnership's business. If the representative does not exercise that right, a person to wind up the partnership's business may be appointed by the affirmative vote or consent of transferees owning a majority of the rights to receive distributions at the time the consent is to be effective. A person appointed under this subsection has the powers of a partner under section [30-23-804](#), Idaho Code, but is not liable for the debts, obligations, and other liabilities of the partnership solely by reason of having or exercising those powers or otherwise acting to wind up the partnership's business.

(e) On the application of any partner or person entitled under subsection (c) of this section to participate in winding up, the district court may order judicial supervision of the winding up of a dissolved partnership, including the appointment of a person to wind up the partnership's business, if:

(1) The partnership does not have a partner and within a reasonable time following the dissolution no person has been appointed under subsection (d) of this section; or

(2) The applicant establishes other good cause.

[30-23-802, added 2015, ch. 243, sec. 30, p. 830.]

30-23-803. RESCINDING DISSOLUTION. (a) A partnership may rescind its dissolution, unless a statement of termination applicable to the partnership is effective or the district court has entered an order under section [30-23-801](#) (4) or (5), Idaho Code, dissolving the partnership.

(b) Rescinding dissolution under this section requires:

(1) The affirmative vote or consent of each partner;

(2) If the partnership has delivered to the secretary of state for filing a statement of dissolution and:



(A) The statement of dissolution has not become effective, delivery to the secretary of state for filing of a statement of withdrawal under section [30-21-204](#), Idaho Code, applicable to the statement of dissolution; or

(B) If a statement of dissolution applicable to the partnership is effective, the delivery to the secretary of state for filing of a statement of recession stating the name of the partnership and that dissolution has been rescinded under this section.

(c) If a partnership rescinds its dissolution:

(1) The partnership resumes carrying on its business as if dissolution had never occurred;

(2) Subject to paragraph (3) of this subsection, any liability incurred by the partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) The rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

[30-23-803, added 2015, ch. 243, sec. 30, p. 831; am. 2020, ch. 82, sec. 28, p. 200.]

30-23-804. POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. (a) A partnership is bound by a partner's act after dissolution which:

(1) Is appropriate for winding up the partnership business; or

(2) Would have bound the partnership under section [30-23-301](#), Idaho Code, before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.

(b) A person dissociated as a general partner binds a partnership through an act occurring after dissolution if:

(1) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a partner; and

(2) The act:

(A) Is appropriate for winding up the partnership's business; or

(B) Would have bound the partnership under section [30-23-301](#), Idaho Code, before dissolution and at the time the other party enters into the transaction the other party does not know or have notice of the dissolution.

[30-23-804, added 2015, ch. 243, sec. 30, p. 831.]

30-23-805. LIABILITY AFTER DISSOLUTION OF PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER. (a) If a partner having knowledge of the dissolution causes a partnership to incur an obligation under section [30-23-804](#)(a), Idaho Code, by an act that is not appropriate for winding up the partnership business, the partner is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If another partner or person dissociated as a partner is liable for the obligation, to that other partner or person for any damage caused to that other partner or person arising from the liability.

(b) Except as otherwise provided in this subsection (c) of this section, if a person dissociated as a partner causes a partnership to incur an obligation under section [30-23-804](#)(b), Idaho Code, the person is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the obligation.

(c) A person dissociated as a general partner is not liable under this subsection if:

(1) Section [30-23-802](#)(c), Idaho Code, permits the person to participate in winding up; and

(2) The act that causes the partnership to be bound under section [30-23-804](#)(b), Idaho Code, is appropriate for winding up the partnership's business.

[30-23-805, added 2015, ch. 243, sec. 30, p. 832.]

30-23-806. DISPOSITION OF ASSETS IN WINDING UP -- WHEN CONTRIBUTIONS REQUIRED. (a) In winding up its business, a partnership shall apply its assets, including the contributions required by this section, to discharge the partnership's obligations to creditors, including partners that are creditors.

(b) After a partnership complies with subsection (a) of this section, any surplus must be distributed in the following order, subject to any charging order in effect under section [30-23-504](#), Idaho Code:

(1) To each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) Among partners in proportion to their respective rights to share in distributions immediately before the dissolution of the partnership, except to the extent necessary to comply with any transfer effective under section [30-23-503](#), Idaho Code.

(c) If a partnership's assets are insufficient to satisfy all its obligations under subsection (a) of this section, with respect to each unsatisfied obligation incurred when the partnership was not a limited liability partnership, the following rules apply:

(1) Each person that was a partner when the obligation was incurred and that has not been released from the obligation under section [30-23-703](#)(c) and (d), Idaho Code, shall contribute to the partnership for the purpose of enabling the partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of a partner in effect for each of those persons when the obligation was incurred.

(2) If a person does not contribute the full amount required under paragraph (1) of this subsection with respect to an unsatisfied obligation of the partnership, the other persons required to contribute by paragraph (a) of this section on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of a partner in effect for each of those other persons when the obligation was incurred.

(3) If a person does not make the additional contribution required by paragraph (2) of this subsection, further additional contributions are determined and due in the same manner as provided in that paragraph.

(d) A person that makes an additional contribution under subsection (c) (2) or (3) of this section may recover from any person whose failure to contribute under subsection (c) (1) or (2) of this section necessitated the additional contribution. A person may not recover under this subsection more than the amount additionally contributed. A person's liability under this subsection may not exceed the amount the person failed to contribute.

(e) If a partnership does not have sufficient surplus to comply with subsection (b) (1) of this section, any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(f) All distributions made under subsections (b) and (c) of this section must be paid in money.

[30-23-806, added 2015, ch. 243, sec. 30, p. 832.]

30-23-807. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP. (a) Except as otherwise provided in subsection (d) of this section, a dissolved limited liability partnership may give notice of a known claim under subsection (b) of this section that has the effect provided in subsection (c) of this section.

(b) A dissolved limited liability partnership may in a record notify its known claimants of the dissolution. The notice must:

- (1) Specify the information required to be included in a claim;
- (2) State that a claim must be in writing and provide a mailing address to which the claim is to be sent;
- (3) State the deadline for receipt of a claim that may not be less than one hundred twenty (120) days after the date the notice is received by the claimant;
- (4) State that the claim will be barred if not received by the deadline; and
- (5) Unless the partnership has been throughout its existence a limited liability partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any partner or person dissociated as a partner based on section [30-23-306](#), Idaho Code.

(c) A claim against a dissolved limited liability partnership is barred if the requirements of subsection (b) of this section are met and:

- (1) The claim is not received by the specified deadline; or
- (2) If the claim is timely received but rejected by the limited liability partnership:
  - (A) The partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the partnership to enforce the claim not later than ninety (90) days after the claimant receives the notice; and
  - (B) The claimant does not commence the required action not later than ninety (90) days after the claimant receives the notice.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

[30-23-807, added 2015, ch. 243, sec. 30, p. 833.]

30-23-808. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP. (a) A dissolved limited liability partnership may publish notice of its dissolution and request persons having claims against the partnership to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) Be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited liability partnership's principal office is located or, if the principal office is not located in this state, in the county in which the office of the partnership's registered agent is or was last located;

(2) Describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;

(3) State that a claim against the partnership is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice; and

(4) Unless the partnership has been throughout its existence a limited liability partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any partner or person dissociated as a partner based on section [30-23-306](#), Idaho Code.

(c) If a dissolved limited liability partnership publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the partnership not later than three (3) years after the publication date of the notice:

(1) A claimant that did not receive notice in a record under section [30-23-807](#), Idaho Code;

(2) A claimant whose claim was timely sent to the partnership but not acted on; and

(3) A claimant whose claim is contingent at or based on an event occurring after the date of dissolution.

(d) A claim not barred under this section or section [30-23-807](#), Idaho Code, may be enforced:

(1) Against a dissolved limited liability partnership, to the extent of its undistributed assets;

(2) Except as otherwise provided in section [30-23-809](#), Idaho Code, if assets of the partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this paragraph may not exceed the total amount of assets distributed to the person after dissolution; and

(3) Against any person liable on the claim under sections [30-23-306](#), [30-23-703](#) and [30-23-805](#), Idaho Code.

[30-23-808, added 2015, ch. 243, sec. 30, p. 834.]

30-23-809. COURT PROCEEDINGS. (a) A dissolved limited liability partnership that has published a notice under section [30-23-808](#), Idaho Code, may file an application with the district court in the county where the partnership's principal office is located or, if the principal office is not located in this state, where the office of its registered agent is or was last lo-

cated, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the partnership and:

- (1) At the time of the application;
  - (A) Are contingent; or
  - (B) Have not been made known to the partnership; or
- (2) Are based on an event occurring after the date of dissolution.
- (b) Security is not required for any claim that is or is reasonably anticipated to be barred under section [30-23-807](#), Idaho Code.
- (c) Not later than ten (10) days after the filing of an application under subsection (a) of this section, the dissolved limited liability partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the partnership.
- (d) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability partnership.
- (e) A dissolved limited liability partnership that provides security in the amount and form ordered by the court under subsection (a) of this section satisfies the partnership's obligations with respect to claims that are contingent, have not been made known to the partnership, or are based on an event occurring after the date of dissolution, and such claims may not be enforced against a partner or transferee on account of assets received in liquidation.

[30-23-809, added 2015, ch. 243, sec. 30, p. 834.]

30-23-810. LIABILITY OF PARTNER AND PERSON DISSOCIATED AS PARTNER WHEN CLAIM AGAINST PARTNERSHIP BARRED. If a claim against a dissolved partnership is barred under section [30-23-807](#), [30-23-808](#) or [30-23-809](#), Idaho Code, any corresponding claim under section [30-23-306](#), [30-23-703](#) or [30-23-805](#), Idaho Code, is also barred.

[30-23-810, added 2015, ch. 243, sec. 30, p. 835.]

## PART 9 LIMITED LIABILITY PARTNERSHIP

30-23-901. STATEMENT OF QUALIFICATION. (a) A partnership may become a limited liability partnership pursuant to this section.

(b) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the affirmative vote or consent necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly addresses obligations to contribute to the partnership, the affirmative vote or consent necessary to amend those provisions.

(c) After the approval required by subsection (b) of this section, a partnership may become a limited liability partnership by delivering to the secretary of state for filing a statement of qualification. The statement must contain:

- (1) The name of the partnership;

(2) The street and mailing addresses of the partnership's principal office and, if different, the street address of an office in this state, if any;

(3) The information required by section [30-21-404](#) (a), Idaho Code;

(4) A statement that the partnership elects to become a limited liability partnership; and

(5) If the partnership is a professional entity, a statement that the partnership is a professional limited liability partnership and the principal profession or professions for which the partnership's partners are duly licensed or otherwise legally authorized to render professional services.

(d) A partnership's status as a limited liability partnership remains effective, regardless of changes in the partnership, until it is canceled pursuant to subsection (f) of this section or administratively revoked pursuant to section [30-23-903](#), Idaho Code.

(e) The status of a partnership as a limited liability partnership and the protection against liability of its partners for the debts, obligations, or other liabilities of the partnership while it is a limited liability partnership is not affected by errors or later changes in the information required to be contained in the statement of qualification.

(f) A limited liability partnership may amend or cancel its statement of qualification by delivering to the secretary of state for filing a statement of amendment or cancellation. The statement must be approved by the affirmative vote or consent of all the partners and state the name of the limited liability partnership and in the case of:

(1) An amendment, state the text of the amendment; and

(2) A cancellation, state that the statement of qualification is canceled.

[30-23-901, added 2015, ch. 243, sec. 31, p. 835; am. 2020, ch. 82, sec. 29, p. 200.]

30-23-902. PERMITTED NAMES. The name of a partnership that is not a limited liability partnership may not contain the phrase "Registered Limited Liability Partnership" or "Limited Liability Partnership" or the abbreviation "R.L.L.P.," "L.L.P.," "RLLP" or "LLP."

[30-23-902, added 2015, ch. 243, sec. 31, p. 836.]

30-23-903. ADMINISTRATIVE REVOCATION OF STATEMENT OF QUALIFICATION. (a) The secretary of state may commence a proceeding under subsection (b) of this section to revoke the statement of qualification of a limited liability partnership administratively if the partnership does not:

(1) Deliver an annual report to the secretary of state by the date it is due;

(2) Have a registered agent in this state for sixty (60) consecutive days; or

(3) The secretary of state has credible information that the limited liability partnership has failed to notify the secretary of state within sixty (60) days after the occurrence that its registered agent has been changed or that its registered agent has resigned.

(b) If the secretary of state determines that one (1) or more grounds exist for administratively revoking a statement of qualification, the secretary of state shall serve the partnership pursuant to section [30-21-212](#),

Idaho Code, with notice in a record of the secretary of state's determination.

(c) If a limited liability partnership, not later than sixty (60) days after service of the notice is effected under subsection (b) of this section, does not cure or demonstrate to the satisfaction of the secretary of state the nonexistence of each ground determined by the secretary of state, the secretary of state shall administratively revoke the statement of qualification by signing a statement of administrative revocation that recites the grounds for revocation and the effective date of the revocation. The secretary of state shall file the statement and serve a copy on the partnership pursuant to section [30-21-212](#), Idaho Code.

(d) An administrative revocation under subsection (c) of this section affects only a partnership's status as a limited liability partnership and is not an event causing dissolution of the partnership.

(e) The administrative revocation of a statement of qualification of a limited liability partnership does not terminate the authority of its registered agent.

[30-23-903, added 2015, ch. 243, sec. 31, p. 836.]

30-23-904. REINSTATEMENT. (a) A partnership whose statement of qualification has been revoked administratively under section [30-23-903](#), Idaho Code, may apply to the secretary of state for reinstatement of the statement of qualification not later than ten (10) years after the effective date of the revocation. The application must state:

- (1) The name of the partnership at the time of the administrative revocation of its statement of qualification and, if needed, a different name that satisfies sections [30-21-301](#) and [30-21-302](#), Idaho Code;
- (2) The address of the principal office of the partnership and the information required by section [30-21-404](#) (a), Idaho Code;
- (3) The effective date of administrative revocation of the partnership's statement of qualification; and
- (4) That the grounds for revocation did not exist or have been cured.

(b) To have its statement of qualification reinstated, a partnership must pay all fees, taxes, interest and penalties that were due to the secretary of state at the time of the administrative revocation and all fees, taxes, interest and penalties that would have been due to the secretary of state while the partnership's statement of qualification was revoked administratively.

(c) If the secretary of state determines that an application under subsection (a) of this section contains the required information, is satisfied that the information is correct, and determines that all payments required to be made to the secretary of state by subsection (b) of this section have been made, the secretary of state shall:

- (1) Cancel the statement of revocation and prepare a statement of reinstatement that states the secretary of state's determination and the effective date of reinstatement; and
- (2) File the statement of reinstatement and serve a copy on the partnership.

(d) When reinstatement under this section is effective, the following rules apply:

- (1) The reinstatement relates back to and takes effect as of the effective date of the administrative revocation;



(2) The partnership's status as a limited liability partnership continues as if the revocation had not occurred; and

(3) The rights of a person arising out of an act or omission in reliance on the revocation before the person knew or had notice of the reinstatement.

[30-23-904, added 2015, ch. 243, sec. 31, p. 836.]

30-23-905. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT. (a) If the secretary of state denies a partnership's application for reinstatement following administrative revocation of the partnership's statement of qualification, the secretary of state shall serve the partnership with notice in a record that explains the reasons for the denial.

(b) Within thirty (30) days after service of a notice of denial of reinstatement under subsection (a) of this section, a partnership may appeal from the denial by petitioning the district court of Ada county to set aside the revocation. The petition must be served on the secretary of state and contain a copy of the secretary of state's notice of revocation, the company's application for reinstatement, and the secretary of state's notice of denial.

(c) The district court may, if grounds exist, order the secretary of state to reinstate a partnership or take other action the court considers appropriate.

[30-23-905, added 2015, ch. 243, sec. 31, p. 837.]

30-23-906. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Reservation of name - section [30-21-303](#), Idaho Code.

(2) Registration of name - section [30-21-304](#), Idaho Code.

(3) Registered agent - section [30-21-404](#), Idaho Code.

(4) Change of registered agent or address for registered agent by limited liability partnership - section [30-21-407](#), Idaho Code.

(5) Resignation of registered agent - section [30-21-410](#), Idaho Code.

(6) Change of name or address by registered agent - sections [30-21-408](#) and [30-21-409](#), Idaho Code.

(7) Service of process, notice, or demand - section [30-21-412](#), Idaho Code.

(8) Annual report for secretary of state - section [30-21-213](#), Idaho Code.

[30-23-906, added 2015, ch. 243, sec. 31, p. 837.]