

"Why New Jersey Should Adopt RULLCA," New Jersey State Bar Association, Business Law Section

January 14, 2010

The limited liability company (LLC) is a relatively new form of unincorporated business entity. It was first introduced into the United States when Wyoming adopted an LLC statute in 1977. It received little attention until 1988, when the Internal Revenue Service (IRS) promulgated the Kintner regulations. These regulations provided that limited liability, by itself, would not disqualify an unincorporated entity from partnership tax treatment so long as it had, on the whole, more partnership characteristics than corporate characteristics. Thus, it was possible, with careful planning, for a limited liability company to combine the limited liability of a corporation with the pass-through tax treatment of a partnership.