

# State of South Dakota

EIGHTIETH SESSION  
LEGISLATIVE ASSEMBLY, 2005

751L0711

HOUSE JUDICIARY COMMITTEE ENGROSSED NO.

**SB 144** - 02/25/2005

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Senator Knudson and Representative Michels

1 FOR AN ACT ENTITLED, An Act to limit the personal liability of persons in professional  
2 corporations and limited liability companies.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. An obligation of a professional corporation or limited liability company formed  
5 pursuant to chapter 47-11A, 47-11B, 47-11C, 47-11D, 47-11E, 47-13A, or 47-13B, whether  
6 arising in contract, tort, or otherwise, is the obligation of the professional corporation or limited  
7 liability company and the individual whose act or omission gives rise to the obligation. No  
8 shareholder, director, or officer of a professional corporation or member or manager of a limited  
9 liability company is personally liable, directly or indirectly, by way of contribution or otherwise,  
10 for such obligation based solely on such person's capacity as a shareholder, director, or officer  
11 of a professional corporation or member or manager of a limited liability company. This  
12 limitation of liability does not extend to amounts owed to the State of South Dakota or its  
13 political subdivisions for any taxes, or any penalty or interest on such taxes.

14 Section 2. Any professional corporation or limited liability company may amend its articles  
15 of incorporation to be consistent with this Act.



1 Section 3. The code counsel shall codify sections 1, 2, and 11 of this Act in chapters 47-  
2 11A, 47-11B, 47-11C, 47-11D, 47-11E, 47-13A, and 47-13B.

3 Section 4. That §§ 47-11A-8, 47-11A-9, 47-11A-10, 47-11A-11, and 47-11A-12 be  
4 repealed.

5 Section 5. That §§ 47-11B-17, 47-11B-18, 47-11B-19, 47-11B-20, and 47-11B-21 be  
6 repealed.

7 Section 6. That §§ 47-11C-17, 47-11C-18, 47-11C-19, 47-11C-20, and 47-11C-21 be  
8 repealed.

9 Section 7. That §§ 47-11D-17, 47-11D-18, 47-11D-19, 47-11D-20, and 47-11D-21 be  
10 repealed.

11 Section 8. That §§ 47-11E-8, 47-11E-9, 47-11E-10, 47-11E-11, and 47-11E-12 be repealed.

12 Section 9. That subdivision 47-13A-2(7) be repealed.

13 Section 10. That §§ 47-13B-8, 47-13B-9, 47-13B-10, 47-13B-11, and 47-13B-12 be  
14 repealed.

15 Section 11. The repealed provisions contained in this Act, that limited the liability of a  
16 shareholder, director, or officer of a professional corporation or member or manager of a limited  
17 liability company by limiting or eliminating the joint and several liability of such person for any  
18 act, error, or omission of an employee of the professional corporation or limited liability  
19 company by maintaining professional liability insurance meeting certain standards, shall remain  
20 in effect for any act, error, or omission, whether arising in contract, tort, or otherwise, occurring  
21 before July 1, 2005.