

David Shallenberger proposes the following substitute bill:

Business Entity Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: David Shallenberger

LONG TITLE

General Description:

This bill amends provisions relating to business entities.

Highlighted Provisions:

This bill:

- defines terms;
- lists the areas of code the Division of Corporations and Commercial Code (division) administers;
- provides that the division shall offer to sell or license a copy of each document filed with the division under certain conditions;
- enacts Title 16, Chapter 1a, Provisions Applicable to All Business Entities;
- establishes standardized entity filing requirements for all business entities;
- provides that the division may provide forms for an entity filing;
- establishes a standard for the effective date and time of an entity filing;
- provides the circumstances under which a person may withdraw an entity filing before effectiveness;
- establishes the standards for correcting an entity filing;
- provides that the division has a duty to file an entity filing that complies with certain standards;
- establishes signing requirements for an entity filing;
- provides for liability for a person that provides inaccurate information in a filed record;
- provides the manner by which the division may deliver a record to a person;
- provides the requirements for an entity's annual report to the division;
- establishes standards for permissible names for an entity;
- provides the name requirements for specific entities;
- establishes the process by which a person may reserve an entity name;

- ▶ provides the process by which a foreign filing entity may register a name;
- ▶ provides which business entities are required to maintain a registered agent in this state;
- ▶ provides the process for designating a registered agent;
- ▶ provides the process for the listing of a commercial registered agent;
- ▶ establishes the process for the termination of the listing of a commercial registered agent;
- ▶ provides the process by which a represented entity may change the represented entity's registered agent;
- ▶ provides the process by which a noncommercial registered agent may change the noncommercial registered agent's name or address;
- ▶ establishes the process by which a commercial registered agent may change the commercial registered agent's name, address, type of entity, or jurisdiction of formation;
- ▶ provides the process by which a registered agent may resign as a registered agent;
- ▶ provides how a person may make service of process, notice, or demand on an entity;
- ▶ describes the duties of a registered agent;
- ▶ provides that a foreign entity shall register with the division to do business in this state;
- ▶ provides the requirements for filing and amending a foreign registration statement;
- ▶ provides that certain activities of a foreign entity do not constitute doing business in this state;
- ▶ provides the process by which a foreign entity may adopt an alternate name that complies with the name requirements of this state;
- ▶ provides the process by which a registered foreign entity may withdraw the registered foreign entity's registration with the division;
- ▶ provides for a transfer of a registered foreign entity's registration under certain conditions;
- ▶ provides the conditions and manner under which the division may terminate a registered foreign entity's registration;
- ▶ provides the grounds under which the division may administratively dissolve a domestic filing entity;
- ▶ provides the procedure and effect of an administrative dissolution of a domestic filing entity;
- ▶ provides the conditions under which and process by which a domestic filing entity may be reinstated after administrative dissolution;
- ▶ provides the process by which an entity may take part in a merger;
- ▶ provides the requirements for a plan of merger;

- 62 ▶ provides the requirements to approve a plan of merger;
- 63 ▶ establishes the process for amending or abandoning a plan of merger;
- 64 ▶ provides that a merging entity sign a statement of merger;
- 65 ▶ establishes the effect of a merger;
- 66 ▶ provides that an interest holder in an entity that undergoes a merger, conversion, or
- 67 domestication has appraisal rights;
- 68 ▶ provides the process by which an entity may take part in an interest exchange;
- 69 ▶ provides the requirements for a plan of interest exchange;
- 70 ▶ provides the requirements to approve a plan of interest exchange;
- 71 ▶ establishes the process for amending or abandoning a plan of interest exchange;
- 72 ▶ provides that an acquired entity sign a statement of interest exchange;
- 73 ▶ establishes the effect of an interest exchange;
- 74 ▶ provides the process by which an entity may take part in a conversion;
- 75 ▶ provides the requirements for a plan of conversion;
- 76 ▶ provides the requirements to approve a plan of conversion;
- 77 ▶ establishes the process for amending or abandoning a plan of conversion;
- 78 ▶ provides that a converting entity sign a statement of conversion;
- 79 ▶ establishes the effect of a conversion;
- 80 ▶ provides the process by which an entity may take part in a domestication;
- 81 ▶ provides the requirements for a plan of domestication;
- 82 ▶ provides the requirements to approve a plan of domestication;
- 83 ▶ establishes the process for amending or abandoning a plan of domestication;
- 84 ▶ provides that a merging entity sign a statement of domestication;
- 85 ▶ establishes the effect of a domestication;
- 86 ▶ rennumbers Title 48, Chapter 1d, Utah Uniform Partnership Act, to Title 16, Chapter 18,
- 87 Utah Uniform Partnership Act;
- 88 ▶ rennumbers Title 48, Chapter 2e, Utah Uniform Limited Partnership Act, to Title 16,
- 89 Chapter 19, Utah Uniform Limited Partnership Act;
- 90 ▶ rennumbers Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act,
- 91 to Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act;
- 92 ▶ changes references in code from "assumed name" to "D.B.A.";
- 93 ▶ provides what the name of a D.B.A. may contain;
- 94 ▶ provides the standards for registering as a D.B.A.;

- provides the process for amending a D.B.A. certificate;
- provides the manner by which a D.B.A. may transfer ownership;
- provides the expiration, renewal, and cancellation of a registration process for a D.B.A.;
- provides penalties for a person that transacts business as a D.B.A. without complying with Title 42, Chapter 2, Conducting Business as a D.B.A.;
- repeals provisions in existing code that the enactment of Title 16, Chapter 1a, Provisions Applicable to All Business Entities, makes redundant; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:**ENACTS:**

- 13-1a-101**, Utah Code Annotated 1953
- 16-1a-101**, Utah Code Annotated 1953
- 16-1a-102**, Utah Code Annotated 1953
- 16-1a-201**, Utah Code Annotated 1953
- 16-1a-202**, Utah Code Annotated 1953
- 16-1a-203**, Utah Code Annotated 1953
- 16-1a-204**, Utah Code Annotated 1953
- 16-1a-205**, Utah Code Annotated 1953
- 16-1a-206**, Utah Code Annotated 1953
- 16-1a-207**, Utah Code Annotated 1953
- 16-1a-208**, Utah Code Annotated 1953
- 16-1a-209**, Utah Code Annotated 1953
- 16-1a-210**, Utah Code Annotated 1953
- 16-1a-211**, Utah Code Annotated 1953
- 16-1a-212**, Utah Code Annotated 1953
- 16-1a-301**, Utah Code Annotated 1953
- 16-1a-302**, Utah Code Annotated 1953
- 16-1a-303**, Utah Code Annotated 1953
- 16-1a-304**, Utah Code Annotated 1953
- 16-1a-305**, Utah Code Annotated 1953

129 **16-1a-401**, Utah Code Annotated 1953
130 **16-1a-402**, Utah Code Annotated 1953
131 **16-1a-403**, Utah Code Annotated 1953
132 **16-1a-404**, Utah Code Annotated 1953
133 **16-1a-405**, Utah Code Annotated 1953
134 **16-1a-406**, Utah Code Annotated 1953
135 **16-1a-407**, Utah Code Annotated 1953
136 **16-1a-408**, Utah Code Annotated 1953
137 **16-1a-409**, Utah Code Annotated 1953
138 **16-1a-410**, Utah Code Annotated 1953
139 **16-1a-411**, Utah Code Annotated 1953
140 **16-1a-412**, Utah Code Annotated 1953
141 **16-1a-413**, Utah Code Annotated 1953
142 **16-1a-414**, Utah Code Annotated 1953
143 **16-1a-501**, Utah Code Annotated 1953
144 **16-1a-502**, Utah Code Annotated 1953
145 **16-1a-503**, Utah Code Annotated 1953
146 **16-1a-504**, Utah Code Annotated 1953
147 **16-1a-505**, Utah Code Annotated 1953
148 **16-1a-506**, Utah Code Annotated 1953
149 **16-1a-507**, Utah Code Annotated 1953
150 **16-1a-508**, Utah Code Annotated 1953
151 **16-1a-509**, Utah Code Annotated 1953
152 **16-1a-510**, Utah Code Annotated 1953
153 **16-1a-601**, Utah Code Annotated 1953
154 **16-1a-602**, Utah Code Annotated 1953
155 **16-1a-603**, Utah Code Annotated 1953
156 **16-1a-604**, Utah Code Annotated 1953
157 **16-1a-605**, Utah Code Annotated 1953
158 **16-1a-701**, Utah Code Annotated 1953
159 **16-1a-702**, Utah Code Annotated 1953
160 **16-1a-703**, Utah Code Annotated 1953
161 **16-1a-704**, Utah Code Annotated 1953
162 **16-1a-705**, Utah Code Annotated 1953

163	16-1a-706 , Utah Code Annotated 1953
164	16-1a-707 , Utah Code Annotated 1953
165	16-1a-708 , Utah Code Annotated 1953
166	16-1a-709 , Utah Code Annotated 1953
167	16-1a-801 , Utah Code Annotated 1953
168	16-1a-802 , Utah Code Annotated 1953
169	16-1a-803 , Utah Code Annotated 1953
170	16-1a-804 , Utah Code Annotated 1953
171	16-1a-805 , Utah Code Annotated 1953
172	16-1a-806 , Utah Code Annotated 1953
173	16-1a-807 , Utah Code Annotated 1953
174	16-1a-901 , Utah Code Annotated 1953
175	16-1a-902 , Utah Code Annotated 1953
176	16-1a-903 , Utah Code Annotated 1953
177	16-1a-904 , Utah Code Annotated 1953
178	16-1a-905 , Utah Code Annotated 1953
179	16-1a-906 , Utah Code Annotated 1953
180	16-1a-907 , Utah Code Annotated 1953
181	16-1a-1001 , Utah Code Annotated 1953
182	16-1a-1002 , Utah Code Annotated 1953
183	16-1a-1003 , Utah Code Annotated 1953
184	16-1a-1004 , Utah Code Annotated 1953
185	16-1a-1005 , Utah Code Annotated 1953
186	16-1a-1006 , Utah Code Annotated 1953
187	16-1a-1007 , Utah Code Annotated 1953
188	16-6a-120 , Utah Code Annotated 1953
189	16-7-17 , Utah Code Annotated 1953
190	16-10a-130 , Utah Code Annotated 1953
191	16-10b-107 , Utah Code Annotated 1953
192	16-11-17 , Utah Code Annotated 1953
193	16-12-7 , Utah Code Annotated 1953
194	16-15-111 , Utah Code Annotated 1953
195	16-16-121 , Utah Code Annotated 1953
196	16-18-109 , Utah Code Annotated 1953

197 **16-19-113**, Utah Code Annotated 1953

198 **16-20-111**, Utah Code Annotated 1953

199 **16-21-104**, Utah Code Annotated 1953

200 **16-22-110**, Utah Code Annotated 1953

201 **42-2-101**, Utah Code Annotated 1953

202 **42-2-102**, Utah Code Annotated 1953

203 **42-2-201**, Utah Code Annotated 1953

204 **42-2-202**, Utah Code Annotated 1953

205 **42-2-203**, Utah Code Annotated 1953

206 **42-2-204**, Utah Code Annotated 1953

207 **42-2-205**, Utah Code Annotated 1953

208 RENUMBERS AND AMENDS:

209 **13-1a-102**, (Renumbered from 13-1a-1, as last amended by Laws of Utah 1989, Chapter
210 225)

211 **13-1a-103**, (Renumbered from 13-1a-2, as last amended by Laws of Utah 1989, Chapter
212 225)

213 **13-1a-104**, (Renumbered from 13-1a-3, as last amended by Laws of Utah 2021, Chapter
214 344)

215 **13-1a-105**, (Renumbered from 13-1a-4, as last amended by Laws of Utah 1997, Chapter
216 135)

217 **13-1a-106**, (Renumbered from 13-1a-5, as last amended by Laws of Utah 2014, Chapter
218 189)

219 **13-1a-107**, (Renumbered from 13-1a-6, as last amended by Laws of Utah 2010, Chapter
220 378)

221 **13-1a-108**, (Renumbered from 13-1a-7, as last amended by Laws of Utah 2008, Chapter
222 382)

223 **13-1a-109**, (Renumbered from 13-1a-8, as enacted by Laws of Utah 1990, Chapter 9)

224 **13-1a-110**, (Renumbered from 13-1a-9, as last amended by Laws of Utah 2009, Chapter
225 183)

226 **16-18-101**, (Renumbered from 48-1d-102, as last amended by Laws of Utah 2019,
227 Chapter 349)

228 **16-18-102**, (Renumbered from 48-1d-103, as enacted by Laws of Utah 2013, Chapter
229 412)

230 **16-18-103**, (Renumbered from 48-1d-104, as enacted by Laws of Utah 2013, Chapter

231 412)
232 **16-18-104**, (Renumbered from 48-1d-105, as enacted by Laws of Utah 2013, Chapter
233 412)
234 **16-18-105**, (Renumbered from 48-1d-106, as enacted by Laws of Utah 2013, Chapter
235 412)
236 **16-18-106**, (Renumbered from 48-1d-107, as enacted by Laws of Utah 2013, Chapter
237 412)
238 **16-18-107**, (Renumbered from 48-1d-108, as enacted by Laws of Utah 2013, Chapter
239 412)
240 **16-18-108**, (Renumbered from 48-1d-118, as enacted by Laws of Utah 2013, Chapter
241 412)
242 **16-18-201**, (Renumbered from 48-1d-201, as enacted by Laws of Utah 2013, Chapter
243 412)
244 **16-18-202**, (Renumbered from 48-1d-202, as enacted by Laws of Utah 2013, Chapter
245 412)
246 **16-18-203**, (Renumbered from 48-1d-203, as enacted by Laws of Utah 2013, Chapter
247 412)
248 **16-18-204**, (Renumbered from 48-1d-204, as enacted by Laws of Utah 2013, Chapter
249 412)
250 **16-18-301**, (Renumbered from 48-1d-301, as enacted by Laws of Utah 2013, Chapter
251 412)
252 **16-18-302**, (Renumbered from 48-1d-302, as enacted by Laws of Utah 2013, Chapter
253 412)
254 **16-18-303**, (Renumbered from 48-1d-303, as enacted by Laws of Utah 2013, Chapter
255 412)
256 **16-18-304**, (Renumbered from 48-1d-304, as enacted by Laws of Utah 2013, Chapter
257 412)
258 **16-18-305**, (Renumbered from 48-1d-305, as enacted by Laws of Utah 2013, Chapter
259 412)
260 **16-18-306**, (Renumbered from 48-1d-306, as enacted by Laws of Utah 2013, Chapter
261 412)
262 **16-18-307**, (Renumbered from 48-1d-307, as enacted by Laws of Utah 2013, Chapter
263 412)
264 **16-18-308**, (Renumbered from 48-1d-308, as enacted by Laws of Utah 2013, Chapter

265 412)
266 **16-18-401**, (Renumbered from 48-1d-401, as enacted by Laws of Utah 2013, Chapter
267 412)
268 **16-18-402**, (Renumbered from 48-1d-402, as enacted by Laws of Utah 2013, Chapter
269 412)
270 **16-18-403**, (Renumbered from 48-1d-403, as enacted by Laws of Utah 2013, Chapter
271 412)
272 **16-18-404**, (Renumbered from 48-1d-404, as enacted by Laws of Utah 2013, Chapter
273 412)
274 **16-18-405**, (Renumbered from 48-1d-405, as enacted by Laws of Utah 2013, Chapter
275 412)
276 **16-18-406**, (Renumbered from 48-1d-406, as enacted by Laws of Utah 2013, Chapter
277 412)
278 **16-18-407**, (Renumbered from 48-1d-407, as enacted by Laws of Utah 2013, Chapter
279 412)
280 **16-18-501**, (Renumbered from 48-1d-501, as enacted by Laws of Utah 2013, Chapter
281 412)
282 **16-18-502**, (Renumbered from 48-1d-502, as enacted by Laws of Utah 2013, Chapter
283 412)
284 **16-18-503**, (Renumbered from 48-1d-503, as enacted by Laws of Utah 2013, Chapter
285 412)
286 **16-18-504**, (Renumbered from 48-1d-504, as enacted by Laws of Utah 2013, Chapter
287 412)
288 **16-18-505**, (Renumbered from 48-1d-505, as enacted by Laws of Utah 2013, Chapter
289 412)
290 **16-18-601**, (Renumbered from 48-1d-601, as enacted by Laws of Utah 2013, Chapter
291 412)
292 **16-18-602**, (Renumbered from 48-1d-602, as enacted by Laws of Utah 2013, Chapter
293 412)
294 **16-18-603**, (Renumbered from 48-1d-603, as enacted by Laws of Utah 2013, Chapter
295 412)
296 **16-18-604**, (Renumbered from 48-1d-604, as enacted by Laws of Utah 2013, Chapter
297 412)
298 **16-18-605**, (Renumbered from 48-1d-605, as enacted by Laws of Utah 2013, Chapter

299 412)
300 **16-18-701**, (Renumbered from 48-1d-701, as enacted by Laws of Utah 2013, Chapter
301 412)
302 **16-18-702**, (Renumbered from 48-1d-702, as enacted by Laws of Utah 2013, Chapter
303 412)
304 **16-18-703**, (Renumbered from 48-1d-703, as enacted by Laws of Utah 2013, Chapter
305 412)
306 **16-18-801**, (Renumbered from 48-1d-801, as enacted by Laws of Utah 2013, Chapter
307 412)
308 **16-18-802**, (Renumbered from 48-1d-802, as enacted by Laws of Utah 2013, Chapter
309 412)
310 **16-18-803**, (Renumbered from 48-1d-803, as enacted by Laws of Utah 2013, Chapter
311 412)
312 **16-18-804**, (Renumbered from 48-1d-804, as enacted by Laws of Utah 2013, Chapter
313 412)
314 **16-18-805**, (Renumbered from 48-1d-805, as enacted by Laws of Utah 2013, Chapter
315 412)
316 **16-18-901**, (Renumbered from 48-1d-901, as last amended by Laws of Utah 2023,
317 Chapter 401)
318 **16-18-902**, (Renumbered from 48-1d-902, as last amended by Laws of Utah 2023,
319 Chapter 401)
320 **16-18-903**, (Renumbered from 48-1d-903, as last amended by Laws of Utah 2023,
321 Chapter 401)
322 **16-18-904**, (Renumbered from 48-1d-904, as enacted by Laws of Utah 2013, Chapter
323 412)
324 **16-18-905**, (Renumbered from 48-1d-905, as enacted by Laws of Utah 2013, Chapter
325 412)
326 **16-18-906**, (Renumbered from 48-1d-906, as enacted by Laws of Utah 2013, Chapter
327 412)
328 **16-18-907**, (Renumbered from 48-1d-907, as enacted by Laws of Utah 2013, Chapter
329 412)
330 **16-18-908**, (Renumbered from 48-1d-908, as enacted by Laws of Utah 2013, Chapter
331 412)
332 **16-18-909**, (Renumbered from 48-1d-909, as last amended by Laws of Utah 2023,

333 Chapter 401)
334 **16-18-910**, (Renumbered from 48-1d-910, as enacted by Laws of Utah 2013, Chapter
335 412)
336 **16-18-1001**, (Renumbered from 48-1d-1101, as enacted by Laws of Utah 2013,
337 Chapter 412)
338 **16-18-1002**, (Renumbered from 48-1d-1102, as enacted by Laws of Utah 2013,
339 Chapter 412)
340 **16-18-1101**, (Renumbered from 48-1d-1301, as enacted by Laws of Utah 2013,
341 Chapter 412)
342 **16-18-1102**, (Renumbered from 48-1d-1302, as enacted by Laws of Utah 2013,
343 Chapter 412)
344 **16-18-1103**, (Renumbered from 48-1d-1304, as enacted by Laws of Utah 2013,
345 Chapter 412)
346 **16-18-1104**, (Renumbered from 48-1d-1305, as last amended by Laws of Utah 2014,
347 Chapter 189)
348 **16-18-1105**, (Renumbered from 48-1d-1306, as enacted by Laws of Utah 2013,
349 Chapter 412)
350 **16-18-1106**, (Renumbered from 48-1d-1307, as enacted by Laws of Utah 2013,
351 Chapter 412)
352 **16-18-1107**, (Renumbered from 48-1d-1308, as enacted by Laws of Utah 2013,
353 Chapter 412)
354 **16-18-1108**, (Renumbered from 48-1d-1309, as enacted by Laws of Utah 2013,
355 Chapter 412)
356 **16-18-1109**, (Renumbered from 48-1d-1310, as last amended by Laws of Utah 2023,
357 Chapter 401)
358 **16-18-1201**, (Renumbered from 48-1d-1401, as enacted by Laws of Utah 2013,
359 Chapter 412)
360 **16-18-1202**, (Renumbered from 48-1d-1402, as enacted by Laws of Utah 2013,
361 Chapter 412)
362 **16-18-1203**, (Renumbered from 48-1d-1403, as enacted by Laws of Utah 2013,
363 Chapter 412)
364 **16-18-1204**, (Renumbered from 48-1d-1404, as enacted by Laws of Utah 2013,
365 Chapter 412)
366 **16-18-1205**, (Renumbered from 48-1d-1405, as enacted by Laws of Utah 2013,

367 Chapter 412)
368 **16-19-101**, (Renumbered from 48-2e-102, as enacted by Laws of Utah 2013, Chapter
369 412)
370 **16-19-102**, (Renumbered from 48-2e-103, as enacted by Laws of Utah 2013, Chapter
371 412)
372 **16-19-103**, (Renumbered from 48-2e-104, as enacted by Laws of Utah 2013, Chapter
373 412)
374 **16-19-104**, (Renumbered from 48-2e-105, as enacted by Laws of Utah 2013, Chapter
375 412)
376 **16-19-105**, (Renumbered from 48-2e-106, as enacted by Laws of Utah 2013, Chapter
377 412)
378 **16-19-106**, (Renumbered from 48-2e-107, as enacted by Laws of Utah 2013, Chapter
379 412)
380 **16-19-107**, (Renumbered from 48-2e-112, as enacted by Laws of Utah 2013, Chapter
381 412)
382 **16-19-108**, (Renumbered from 48-2e-113, as enacted by Laws of Utah 2013, Chapter
383 412)
384 **16-19-109**, (Renumbered from 48-2e-114, as enacted by Laws of Utah 2013, Chapter
385 412)
386 **16-19-110**, (Renumbered from 48-2e-115, as enacted by Laws of Utah 2013, Chapter
387 412)
388 **16-19-111**, (Renumbered from 48-2e-116, as enacted by Laws of Utah 2013, Chapter
389 412)
390 **16-19-112**, (Renumbered from 48-2e-118, as enacted by Laws of Utah 2013, Chapter
391 412)
392 **16-19-201**, (Renumbered from 48-2e-201, as enacted by Laws of Utah 2013, Chapter
393 412)
394 **16-19-202**, (Renumbered from 48-2e-202, as enacted by Laws of Utah 2013, Chapter
395 412)
396 **16-19-301**, (Renumbered from 48-2e-301, as enacted by Laws of Utah 2013, Chapter
397 412)
398 **16-19-302**, (Renumbered from 48-2e-302, as enacted by Laws of Utah 2013, Chapter
399 412)
400 **16-19-303**, (Renumbered from 48-2e-303, as enacted by Laws of Utah 2013, Chapter

401 412)
402 **16-19-304**, (Renumbered from 48-2e-304, as enacted by Laws of Utah 2013, Chapter
403 412)
404 **16-19-305**, (Renumbered from 48-2e-305, as enacted by Laws of Utah 2013, Chapter
405 412)
406 **16-19-306**, (Renumbered from 48-2e-306, as enacted by Laws of Utah 2013, Chapter
407 412)
408 **16-19-401**, (Renumbered from 48-2e-401, as enacted by Laws of Utah 2013, Chapter
409 412)
410 **16-19-402**, (Renumbered from 48-2e-402, as enacted by Laws of Utah 2013, Chapter
411 412)
412 **16-19-403**, (Renumbered from 48-2e-403, as enacted by Laws of Utah 2013, Chapter
413 412)
414 **16-19-404**, (Renumbered from 48-2e-404, as enacted by Laws of Utah 2013, Chapter
415 412)
416 **16-19-405**, (Renumbered from 48-2e-405, as enacted by Laws of Utah 2013, Chapter
417 412)
418 **16-19-406**, (Renumbered from 48-2e-406, as enacted by Laws of Utah 2013, Chapter
419 412)
420 **16-19-407**, (Renumbered from 48-2e-407, as enacted by Laws of Utah 2013, Chapter
421 412)
422 **16-19-408**, (Renumbered from 48-2e-408, as enacted by Laws of Utah 2013, Chapter
423 412)
424 **16-19-409**, (Renumbered from 48-2e-409, as enacted by Laws of Utah 2013, Chapter
425 412)
426 **16-19-501**, (Renumbered from 48-2e-501, as enacted by Laws of Utah 2013, Chapter
427 412)
428 **16-19-502**, (Renumbered from 48-2e-502, as enacted by Laws of Utah 2013, Chapter
429 412)
430 **16-19-503**, (Renumbered from 48-2e-503, as enacted by Laws of Utah 2013, Chapter
431 412)
432 **16-19-504**, (Renumbered from 48-2e-504, as enacted by Laws of Utah 2013, Chapter
433 412)
434 **16-19-505**, (Renumbered from 48-2e-505, as enacted by Laws of Utah 2013, Chapter

435 412)
436 **16-19-601**, (Renumbered from 48-2e-601, as enacted by Laws of Utah 2013, Chapter
437 412)
438 **16-19-602**, (Renumbered from 48-2e-602, as enacted by Laws of Utah 2013, Chapter
439 412)
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444 **16-19-605**, (Renumbered from 48-2e-605, as enacted by Laws of Utah 2013, Chapter
445 412)
446 **16-19-606**, (Renumbered from 48-2e-606, as enacted by Laws of Utah 2013, Chapter
447 412)
448 **16-19-607**, (Renumbered from 48-2e-607, as enacted by Laws of Utah 2013, Chapter
449 412)
450 **16-19-701**, (Renumbered from 48-2e-701, as enacted by Laws of Utah 2013, Chapter
451 412)
452 **16-19-702**, (Renumbered from 48-2e-702, as enacted by Laws of Utah 2013, Chapter
453 412)
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455 412)
456 **16-19-704**, (Renumbered from 48-2e-704, as enacted by Laws of Utah 2013, Chapter
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458 **16-19-801**, (Renumbered from 48-2e-801, as last amended by Laws of Utah 2023,
459 Chapter 401)
460 **16-19-802**, (Renumbered from 48-2e-802, as last amended by Laws of Utah 2023,
461 Chapter 401)
462 **16-19-803**, (Renumbered from 48-2e-803, as last amended by Laws of Utah 2023,
463 Chapter 401)
464 **16-19-804**, (Renumbered from 48-2e-804, as enacted by Laws of Utah 2013, Chapter
465 412)
466 **16-19-805**, (Renumbered from 48-2e-805, as enacted by Laws of Utah 2013, Chapter
467 412)
468 **16-19-806**, (Renumbered from 48-2e-806, as enacted by Laws of Utah 2013, Chapter

469 412)
470 **16-19-807**, (Renumbered from 48-2e-807, as enacted by Laws of Utah 2013, Chapter
471 412)
472 **16-19-808**, (Renumbered from 48-2e-808, as last amended by Laws of Utah 2023,
473 Chapter 401)
474 **16-19-809**, (Renumbered from 48-2e-809, as enacted by Laws of Utah 2013, Chapter
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865 **48-3a-1006**, as enacted by Laws of Utah 2013, Chapter 412
866 **48-3a-1007**, as enacted by Laws of Utah 2013, Chapter 412
867 **48-3a-1008**, as enacted by Laws of Utah 2013, Chapter 412
868 **48-3a-1021**, as enacted by Laws of Utah 2013, Chapter 412
869 **48-3a-1022**, as enacted by Laws of Utah 2013, Chapter 412
870 **48-3a-1023**, as enacted by Laws of Utah 2013, Chapter 412
871 **48-3a-1024**, as enacted by Laws of Utah 2013, Chapter 412
872 **48-3a-1025**, as enacted by Laws of Utah 2013, Chapter 412
873 **48-3a-1026**, as enacted by Laws of Utah 2013, Chapter 412
874 **48-3a-1031**, as enacted by Laws of Utah 2013, Chapter 412
875 **48-3a-1032**, as enacted by Laws of Utah 2013, Chapter 412
876 **48-3a-1033**, as enacted by Laws of Utah 2013, Chapter 412

877 **48-3a-1034**, as enacted by Laws of Utah 2013, Chapter 412
 878 **48-3a-1035**, as enacted by Laws of Utah 2013, Chapter 412
 879 **48-3a-1036**, as enacted by Laws of Utah 2013, Chapter 412
 880 **48-3a-1041**, as last amended by Laws of Utah 2015, Chapter 227
 881 **48-3a-1042**, as last amended by Laws of Utah 2015, Chapter 227
 882 **48-3a-1043**, as last amended by Laws of Utah 2015, Chapter 227
 883 **48-3a-1044**, as last amended by Laws of Utah 2015, Chapter 227
 884 **48-3a-1045**, as enacted by Laws of Utah 2013, Chapter 412
 885 **48-3a-1046**, as last amended by Laws of Utah 2015, Chapter 227
 886 **48-3a-1051**, as enacted by Laws of Utah 2013, Chapter 412
 887 **48-3a-1052**, as enacted by Laws of Utah 2013, Chapter 412
 888 **48-3a-1053**, as enacted by Laws of Utah 2013, Chapter 412
 889 **48-3a-1054**, as enacted by Laws of Utah 2013, Chapter 412
 890 **48-3a-1055**, as enacted by Laws of Utah 2013, Chapter 412
 891 **48-3a-1056**, as enacted by Laws of Utah 2013, Chapter 412
 892 **48-4-105**, as enacted by Laws of Utah 2018, Chapter 201
 893 **48-5-105**, as last amended by Laws of Utah 2024, Chapter 161
 894 **48-5-107**, as enacted by Laws of Utah 2023, Chapter 85
 895 **48-5-108**, as enacted by Laws of Utah 2023, Chapter 85
 896 **48-5-204**, as enacted by Laws of Utah 2023, Chapter 85

897

898 *Be it enacted by the Legislature of the state of Utah:*

899 Section 1. Section **13-1a-101** is enacted to read:

900 **Part 1. General Provisions**

901 **13-1a-101 . Definitions.**

902 As used in this chapter:

903 (1) "Director" means the director of the division appointed in accordance with Section
 904 13-1a-103.

905 (2) "Division" means the Division of Corporations and Commercial Code created in Section
 906 13-1a-102.

907 (3) "Executive director" means the executive director of the Department of Commerce
 908 appointed under Section 13-1-3.

909 Section 2. Section **13-1a-102**, which is renumbered from Section 13-1a-1 is renumbered
 910 and amended to read:

[13-1a-1] 13-1a-102 . Creation of division -- Responsibilities.

- (1) There is established within the Department of [-]Commerce the Division of Corporations and Commercial Code [~~which~~] that is responsible for corporation and commercial code filings in this state.
- (2) The division shall administer:
- (a) Section 41-12a-505;
 - (b) Section 56-1-3;
 - (c) Section 56-1-10;
 - (d) Section 63G-7-401;
 - (e) Title 3, Chapter 1, General Provisions Relating to Agricultural Cooperative Associations;
 - (f) Title 16, Business Entities;
 - (g) Title 42, Chapter 2, Conducting Business as a D.B.A.;
 - (h) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service Marks Act; and
 - (i) Title 70A, Uniform Commercial Code.

Section 3. Section **13-1a-103**, which is renumbered from Section 13-1a-2 is renumbered and amended to read:

[13-1a-2] 13-1a-103 . Director to supervise division -- Appointment.

- (1) The division shall be under the supervision, direction, and control of a director.[-]
- (2) [~~The director shall be appointed by the~~] The executive director[-of the Department of Commeree] , with the approval of the governor, shall appoint the director.[-]
- (3) The director shall hold office at the [~~pleasure~~] discretion of the governor.

Section 4. Section **13-1a-104**, which is renumbered from Section 13-1a-3 is renumbered and amended to read:

[13-1a-3] 13-1a-104 . Employment and compensation of personnel -- Compensation of director.

- (1) The director, with the approval of the executive director, may employ personnel necessary to carry out the duties and responsibilities of the division at salaries [~~established by~~]the executive director establishes according to standards [~~established by~~] that the Division of Human Resource Management establishes.[-]
- (2) The executive director shall establish the salary of the director according to standards [~~established by~~] that the Division of Human Resource Management establishes.

Section 5. Section **13-1a-105**, which is renumbered from Section 13-1a-4 is renumbered

and amended to read:

[13-1a-4] 13-1a-105 . Annual budget.

On or before ~~[the 1st day of October]~~ October 1 each year, the director shall prepare and submit to the executive director an annual budget of the administrative expenses of the division.

Section 6. Section **13-1a-106**, which is renumbered from Section 13-1a-5 is renumbered and amended to read:

[13-1a-5] 13-1a-106 . Authority of director.

The director ~~[has authority]~~ may:

- (1) ~~[to]~~ make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to administer the responsibilities of the division;
- (2) ~~[to]~~ investigate, upon receiving a complaint, the corporation and commercial code filings and compliance governed by ~~[the laws administered and enforced by the division]~~ a law the division administers and enforces;~~[-and]~~
- ~~[(3) under the provisions of Title 63G, Chapter 4, Administrative Procedures Act, to take administrative action against persons in violation of the division rules and the laws administered by it, including the issuance of cease and desist orders.]~~
- (3) bring an administrative or civil action in a court with jurisdiction;
- (4) in accordance with Title 63G, Chapter 4, Administrative Procedures Act:
 - (a) take administrative action against a person that violates a division rule or a law that the division administers, including issuing a cease and desist order; and
 - (b) hold or cause to be held administrative hearings regarding a matter affecting:
 - (i) the division; or
 - (ii) the incorporation or registration activities of a business governed by a law administered by the division;
- (5) for a purpose described in this chapter or any chapter the division administers:
 - (a) administer an oath;
 - (b) issue a subpoena;
 - (c) compel the attendance of a witness; and
 - (d) compel the production of papers, books, accounts, documents, and evidence; and
- (6) designate an individual to carry out an action described in Subsection (5).

Section 7. Section **13-1a-107**, which is renumbered from Section 13-1a-6 is renumbered and amended to read:

[13-1a-6] 13-1a-107 . Powers of Division of Corporations and Commercial Code

-- Document retention.

(1) The ~~[Division of Corporations and Commercial Code shall have]~~ division has the power and authority reasonably necessary to enable ~~[it]~~ the division to:

(a) ~~[to]~~efficiently administer ~~[the laws and rules]~~ each law and rule for which ~~[it]~~ the division is responsible; and

(b) ~~[to]~~perform the duties imposed upon ~~[it]~~ the division by law.

(2) The division ~~[has authority]~~ may, under Title 63G, Chapter 3, Utah Administrative Rulemaking Act, ~~[to]~~make rules and procedures for the processing, retention, and disposal of filed documents to efficiently utilize electronic and computerized document image storage and retrieval.

(3) Notwithstanding the provisions of Section 63A-12-105, original documents filed in the division offices ~~[may]~~ are not ~~[be]~~considered property of the state if the division retains electronic image reproductions ~~[thereof which]~~ of the original documents that comply with the provisions of Title 63G, Chapter 2, Government Records Access and Management Act~~[, are retained by the division]~~.

(4)(a) The division shall offer to sell or license to the public on a nonexclusive basis, in bulk or through subscription, copies of each filed record in every medium available to the filing office.

(b) The division may charge a fee for subscription data services and bulk data sales in accordance with Section 63J-1-504.

Section 8. Section **13-1a-108**, which is renumbered from Section 13-1a-7 is renumbered and amended to read:

~~[13-1a-7]~~ 13-1a-108 . Hearing powers.

(1) The director, in accordance with Title 63G, Chapter 4, Administrative Procedures Act, may hold or cause to be held an administrative ~~[hearings]~~ hearing regarding ~~[any]~~ a matter affecting the division or the incorporation or registration activities of ~~[any]~~ a business governed by the laws ~~[administered by]~~the division administers.

(2) The director or the director's designee, for the purposes outlined in this chapter or ~~[any]~~ a chapter administered by the division, may administer oaths, issue subpoenas, compel the attendance of witnesses, and compel the production of papers, books, accounts, documents, and evidence.

Section 9. Section **13-1a-109**, which is renumbered from Section 13-1a-8 is renumbered and amended to read:

~~[13-1a-8]~~ 13-1a-109 . Violation of an administrative order, a restraining order, or

an injunctive order -- Civil penalty.

If ~~[any]~~ a person violates an administrative order, a restraining order, or an injunction [
~~issued] that the division issues~~ under this chapter ~~[is violated,]~~ and the person receives notice of
~~the administrative order, restraining order, or injunction,~~ the division may submit a motion for,
~~or [the court on its own motion]~~ a court with jurisdiction may impose, a civil penalty of not
 more than \$100 for each day a person violates an administrative order, a restraining order,
preliminary injunction, or permanent injunction [issued] that the division issues under this
 chapter~~[is violated, if the party has received notice of the restraining order or injunction].~~

Section 10. Section **13-1a-110**, which is renumbered from Section 13-1a-9 is renumbered
 and amended to read:

[13-1a-9] 13-1a-110 . Fees of Division of Corporations and Commercial Code.

- (1) In addition to the fees ~~[prescribed by]~~ described in Title 16, Chapter 6a, Utah
 Revised Nonprofit Corporation Act, and Title 16, Chapter 10a, Utah Revised Business
 Corporation Act, the ~~[Division of Corporations and Commercial Code]~~ division shall
 receive and determine fees ~~[pursuant to]~~ in accordance with Section 63J-1-504 for filing
 articles of incorporation or amendments ~~[of]~~ for:
- (a) ~~[-insurance corporations,]~~ an insurance corporation;
 - (b) ~~[of]~~ a canal or irrigation [corporations] corporation organized for furnishing water to
 lands owned exclusively by the members ~~[thereof exclusively,]~~ of the canal or
irrigation corporation; or
 - (c) ~~[of]~~ a water users' [associations] association:
 - (i) organized in conformity with the requirements of the United States under the
 Reclamation Act of June 17, 1902~~[,]~~ ; and
 - (ii) ~~[which are]~~ that is authorized to furnish water only to ~~[their]~~ the water users'
association's stockholders.
- (2) ~~[-No]~~ The division may not impose a license fee [may be imposed on insurance
~~corporations, canal or irrigation corporations organized for furnishing water to lands~~
~~owned by the members thereof exclusively, or water users' associations organized in~~
~~conformity with the requirements of the United States under the Reclamation Act of~~
~~June 17, 1902, and which are authorized to furnish water only to the stockholders]~~ on an
entity described in Subsections (1)(a) though (c) at the time [any such corporation] the
entity files [its] the entity's articles of incorporation, articles of amendment increasing the
 number of authorized shares, or articles of merger or consolidation~~[-any provision of~~
~~Title 16, Chapter 10a, Utah Revised Business Corporation Act, to the contrary~~

notwithstanding].

Section 11. Section **16-1a-101** is enacted to read:

TITLE 16. Business Entities

CHAPTER 1a. Provisions Applicable to All Business Entities

Part 1. General Provisions

16-1a-101 . Definitions.

As used in this chapter:

- (1)(a) "Acquired entity" means an entity acquired by another entity in an interest exchange.
- (b) "Acquired entity" includes all of one or more classes or series of interests belonging to the entity that the other entity acquires.
- (2) "Acquiring entity" means the entity that acquires all of one or more classes or series of interests of the acquired entity in an interest exchange.
- (3)(a) "Address" means a location where the United States Postal Service may deliver mail.
- (b) "Address" includes:
- (i) a post office box number;
 - (ii) a rural free delivery route number; and
 - (iii) a street name and number.
- (4) "Appointment of agent" means a statement appointing an agent for service of process filed by a domestic filing entity, a registered foreign entity, or a D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A.
- (5) "Approve" means an entity's governors and interest holders taking steps required under the entity's organic rules, organic law, and other law to:
- (a) propose a transaction subject to this title;
 - (b) adopt and approve the terms and conditions of the transaction; and
 - (c) conduct required proceedings or otherwise obtain a required vote or consent of the governors or interest holders.
- (6)(a) "Articles of incorporation" means a document that a person files to establish a domestic corporation.
- (b) "Articles of incorporation" includes:
- (i) amended articles of incorporation;
 - (ii) restated articles of incorporation;

(iii) articles of merger; and

(iv) a substantially similar document to the documents described in Subsections

(6)(b)(i) through (iii).

(7) "Assumed corporate name" means the same as that term is defined in Section

16-10a-102.

(8) "Beneficiary" means a person holding a certificate representing a beneficial interest in a trust estate and assets.

(9) "Benefit company" means a limited liability company that elects to become subject to Chapter 21, Benefit Limited Liability Company Act, and the business corporation's status as a benefit company has not terminated.

(10) "Benefit corporation" means a business corporation that elects to become subject to Chapter 10b, Benefit Corporation Act, and the status of the business corporation as a benefit corporation has not terminated.

(11)(a) "Board of directors" means the body authorized to manage the affairs of a domestic corporation or a foreign corporation.

(b) "Board of directors" does not include an individual who is delegated power under Subsection 16-6a-801(2) or 16-10a-801(2).

(12) "Business corporation" means a corporation formed under:

(a) Chapter 10a, Utah Revised Business Corporation Act;

(b) Chapter 10b, Benefit Corporation Act; or

(c) Chapter 11, Professional Corporation Act.

(13) "Business trust" means an entity:

(a) engaged in a trade or business; and

(b) created by a declaration of trust that transfers property to trustees, that the trustees will hold and manage for the benefit of one or more beneficiary.

(14)(a) "Bylaws" means:

(i) one or more code of rules, other than the articles of incorporation, adopted under this title, for the regulation or management of the affairs of a domestic corporation or foreign corporation;

(ii) the procedural rules and regulations that govern:

(A) a decentralized autonomous organization organized under Chapter 22, Decentralized Autonomous Organization Act; and

(B) the interaction of the decentralized autonomous organization's members and participants; or

- 1114 (iii) the articles of organization of a limited cooperative association required by
1115 Section 16-16-302.
- 1116 (b) "Bylaws" includes amended bylaws and restated bylaws.
- 1117 (15)(a) "Certificate of limited partnership" means a document a person files to establish
1118 a domestic limited partnership.
- 1119 (b) "Certificate of limited partnership" includes the certificate of limited partnership as
1120 amended or restated.
- 1121 (16)(a) "Certificate of organization" means a document a person files to establish a
1122 domestic limited liability company.
- 1123 (b) "Certificate of organization" includes a certificate of organization as amended or
1124 restated.
- 1125 (17) "Class" means a group of memberships with a right that, with respect to voting,
1126 dissolution, redemption, transfer, or other similar characteristics, is determined to be the
1127 same right by using a formula applied uniformly to a group of memberships.
- 1128 (18) "Commercial registered agent" means an individual or a domestic entity or foreign
1129 entity described in Section 16-1a-405.
- 1130 (19) "Contribution" means a property or a benefit described in Section 16-18-501,
1131 16-19-501, or 16-20-402 or Chapter 16, Part 10, Contributions, Allocations, and
1132 Distributions, that a person provides to a limited liability company, limited partnership,
1133 partnership, or limited cooperative association.
- 1134 (20) "Control" means the direct or indirect possession of the power to direct or cause the
1135 direction of the management and policies of an entity, whether through the ownership of
1136 voting shares, by contract, or other means.
- 1137 (21) "Conversion" means a transaction described in Part 9, Conversion.
- 1138 (22) "Converted entity" means a converting entity as the converting entity continues in
1139 existence after a conversion.
- 1140 (23) "Converting entity" means:
- 1141 (a) a domestic entity that approves a plan of conversion in accordance with Section
1142 16-1a-904; or
- 1143 (b) a foreign entity that approves a conversion in accordance with the law of the foreign
1144 entity's jurisdiction of formation.
- 1145 (24) "Cooperative" means a limited cooperative association or an entity organized under a
1146 cooperative law of a jurisdiction.
- 1147 (25) "Cooperative nonprofit corporation" means a nonprofit corporation organized or

existing under Section 16-6a-207.

(26) "Corporate name" means:

(a) the name of a domestic corporation or a domestic nonprofit corporation as stated in the domestic corporation's or domestic nonprofit corporation's articles of incorporation; or

(b) the name of a foreign corporation or a foreign nonprofit corporation as stated in the foreign corporation's or foreign nonprofit corporation's articles of incorporation.

(27) "Corporation" means a nonprofit corporation or a business corporation.

(28) "D.B.A." means a name that complies with the requirements of Title 42, Chapter 2, Conducting Business as a D.B.A.

(29) "Decentralized autonomous organization" means the same as that term is defined in Section 16-22-101.

(30) "Delegate" means a person elected or appointed to vote in a representative assembly:

(a) for the election of a director; or

(b) on a matter other than the election of a director.

(31) "Designation of agent" means a statement designating a registered agent delivered to the division for filing in accordance with Section 16-1a-411 by a nonregistered foreign entity or a nonfiling domestic entity.

(32) "Director" means a member of the board of directors.

(33)(a) "Distribution" means:

(i) for an entity formed under Chapter 6a, Utah Revised Nonprofit Corporation Act, the payment of a dividend or a part of the income or profit of a nonprofit corporation to the nonprofit corporation's members, directors, or officers;

(ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association Act, except as provided in Subsection 16-16-1007(5), a transfer of money or other property from a limited cooperative association to a member because of the member's financial rights or to a transferee of a member's financial rights; or

(iii) for an entity formed under Chapter 18, Utah Uniform Partnership Act, through Chapter 22, Decentralized Autonomous Organization Act, a transfer of money or other property from a limited liability company, limited partnership, or partnership to a person because of a transferable interest or in the person's capacity as a member.

(b) "Distribution" includes:

(i) a redemption or other purchase by a limited liability company, limited partnership,

- 1182 or partnership of a transferable interest; and
- 1183 (ii) a transfer to a member or partner in return for the member's or partner's
- 1184 relinquishing any right:
- 1185 (A) to participate as a member or partner in the management or conduct of the
- 1186 entity's activities and affairs; or
- 1187 (B) to have access to a record or other information concerning the entity's
- 1188 activities and affairs.
- 1189 (c) "Distribution" does not include:
- 1190 (i) a fair-value payment for a good sold or a service received;
- 1191 (ii) reasonable compensation for present or past service; or
- 1192 (iii) a payment made in the ordinary course of business under a bona fide retirement
- 1193 plan or other bona fide benefits program.
- 1194 (34) "Distributional interest" means a person's right under an unincorporated entity's
- 1195 organic law and organic rules to receive distributions from the unincorporated entity.
- 1196 (35) "Division" means the Division of Corporations and Commercial Code established by
- 1197 Section 13-1a-102.
- 1198 (36) "Domestic" means, with respect to an entity, that the laws of this state govern the
- 1199 entity's internal affairs.
- 1200 (37) "Domestic entity" means an entity whose internal affairs are governed by the laws of
- 1201 this state.
- 1202 (38) "Domesticated entity" means a domesticating entity as the domesticating entity
- 1203 continues in existence after a domestication.
- 1204 (39) "Domesticating entity" means:
- 1205 (a) a domestic entity that approves a plan of domestication in accordance with Section
- 1206 16-1a-1004; or
- 1207 (b) a foreign entity that approves a domestication in accordance with the law of the
- 1208 foreign entity's jurisdiction of formation.
- 1209 (40) "Domestication" means a transaction authorized under Part 10, Domestication.
- 1210 (41)(a) "Entity" means:
- 1211 (i) a business corporation;
- 1212 (ii) a nonprofit corporation;
- 1213 (iii) a partnership;
- 1214 (iv) a decentralized autonomous organization;
- 1215 (v) a limited liability partnership;

- 1216 (vi) a limited partnership;
- 1217 (vii) a limited liability limited partnership;
- 1218 (viii) a limited liability company;
- 1219 (ix) a limited cooperative association;
- 1220 (x) an unincorporated nonprofit association;
- 1221 (xi) a statutory trust, business trust, or common-law business trust; or
- 1222 (xii) another person that has:
- 1223 (A) a legal existence separate from an interest holder of that person; or
- 1224 (B) the power to acquire an interest in real property in the person's own name.
- 1225 (b) "Entity" does not include:
- 1226 (i) an individual;
- 1227 (ii) a trust with a predominantly donative purpose;
- 1228 (iii) a charitable trust;
- 1229 (iv) an association or relationship that is not a partnership solely by reason of
- 1230 Subsection 16-18-202(3) or a similar provision of the law of another jurisdiction;
- 1231 (v) a decedent's estate; or
- 1232 (vi) a government or a governmental subdivision, agency, or instrumentality.
- 1233 (42) "Filing entity" means an entity that is created by the filing of a public organic
- 1234 document.
- 1235 (43)(a) "Financial right" means the right to participate in an allocation and distribution
- 1236 as provided in Chapter 16, Part 10, Contributions, Allocations, and Distributions.
- 1237 (b) "Financial right" does not include a right or obligation in a marketing contract as
- 1238 provided in Chapter 16, Part 7, Marketing Contracts.
- 1239 (44) "Foreign entity" means an entity whose internal affairs are governed by the laws of
- 1240 another state, tribe, or country.
- 1241 (45) "Foreign registration statement" means a document filed to allow a foreign entity
- 1242 ability to transact business in this state.
- 1243 (46) "General partner" means the same as that term is defined in Section 16-19-101.
- 1244 (47) "Governance interest" means, for a person other than a governor, an agent, an assignee,
- 1245 or a proxy, the right under the organic law or organic rules of an entity to:
- 1246 (a) receive or demand access to information concerning:
- 1247 (i) the entity; or
- 1248 (ii) the books and records of the entity; or
- 1249 (b) receive notice of or vote on one or more issues involving the internal affair of the

1250 entity.

1251 (48) "Governance right" means the right to participate in the governance of a limited
1252 cooperative association.

1253 (49) "Governor" means:

1254 (a) a director of a business corporation;

1255 (b) a director or trustee of a nonprofit corporation;

1256 (c) a general partner of a partnership;

1257 (d) a general partner of a limited partnership;

1258 (e) a manager of a manager-managed limited liability company;

1259 (f) a member of a member-managed limited liability company;

1260 (g) a director of a limited cooperative association;

1261 (h) a manager of an unincorporated nonprofit association;

1262 (i) a trustee of a statutory trust, business trust, or common-law business trust; or

1263 (j) any other person:

1264 (i) under whose authority a person may exercise the powers of an entity; or

1265 (ii) under whose direction a person manages the activities and affairs of the entity in
1266 accordance with the organic law and organic rules of the entity.

1267 (50) "Interest" means a:

1268 (a) share in a business corporation;

1269 (b) membership in a nonprofit corporation;

1270 (c) partnership interest in a partnership;

1271 (d) partnership interest in a limited partnership;

1272 (e) membership interest in a limited liability company;

1273 (f) membership interest in a limited cooperative association;

1274 (g) member's interest in a limited cooperative association;

1275 (h) membership in an unincorporated nonprofit association;

1276 (i) beneficial interest in a statutory trust, business trust, or common-law business trust; or

1277 (j) governance interest or distributional interest in any other type of unincorporated
1278 entity.

1279 (51) "Interest exchange" means a transaction authorized in Part 8, Interest Exchange.

1280 (52) "Interest holder" means:

1281 (a) a shareholder of a business corporation;

1282 (b) a member of a nonprofit corporation;

1283 (c) a general partner of a partnership;

- 1284 (d) a general partner of a limited partnership;
- 1285 (e) a limited partner of a limited partnership;
- 1286 (f) a member of a limited liability company;
- 1287 (g) a member of a limited cooperative association;
- 1288 (h) a member of an unincorporated nonprofit association;
- 1289 (i) a beneficiary or beneficial owner of a statutory trust, business trust, or common-law
- 1290 business trust; or
- 1291 (j) any other direct holder of an interest.

1292 (53) "Interest holder liability" means:

- 1293 (a) personal liability for the liability of an entity that is imposed on a person:
- 1294 (i) as a direct result of the person's status as an interest holder; or
- 1295 (ii) by the organic rules of the entity that make one or more specified interest holders
- 1296 or categories of interest holders liable because of the interest holders' capacity as
- 1297 interest holders for all or specified liabilities of the entity; or
- 1298 (b) an obligation of an interest holder under the organic rules of the entity to contribute
- 1299 to the entity.

1300 (54) "Investor member" means a member that:

- 1301 (a)(i) makes a contribution to a limited cooperative association; and
- 1302 (ii) is not required by the organic rules to conduct patronage with the association in
- 1303 the member's capacity as an investor member in order to receive the member's
- 1304 interest; or
- 1305 (b) is not permitted by the organic rules to conduct patronage with the association in the
- 1306 member's capacity as an investor member in order to receive the member's interest.

1307 (55) "Jurisdiction of formation" means:

- 1308 (a) the jurisdiction under whose law an entity is formed; or
- 1309 (b) for a limited liability partnership or foreign limited liability partnership, the
- 1310 jurisdiction in which the partnership's statement of qualification is filed.

1311 (56) "Limited cooperative association" means an association organized under Chapter 16,

1312 Uniform Limited Cooperative Association Act.

1313 (57) "Limited liability company" means the same as that term is defined in Section

1314 16-20-101.

1315 (58) "Limited liability partnership" means the same as that term is defined in Section

1316 16-18-101.

1317 (59) "Limited partner" means the same as that term is defined in Section 16-19-101.

- 1318 (60) "Limited partnership" means the same as that term is defined in Section 16-19-101.
- 1319 (61) "Manager" means the same as that term is defined in Section 16-20-101.
- 1320 (62) "Manager-managed limited liability company" means the same as that term is defined
- 1321 in Section 16-20-101.
- 1322 (63)(a) "Member" means:
- 1323 (i) a person identified or appointed as a member:
- 1324 (A) in an entity's articles of incorporation;
- 1325 (B) in an entity's bylaws;
- 1326 (C) by a resolution of a board of directors; or
- 1327 (D) by a resolution of the members of a nonprofit corporation;
- 1328 (ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association
- 1329 Act, a person that is admitted as a patron member or investor member, or as both a
- 1330 patron member and investor member;
- 1331 (iii) for an entity formed under Chapter 20, Utah Revised Uniform Limited Liability
- 1332 Company Act, a person that owns part of the limited liability company but does
- 1333 not directly own the limited liability company's property; or
- 1334 (iv) for an entity formed under Chapter 22, Decentralized Autonomous Organization
- 1335 Act, a person with governance rights in a decentralized autonomous organization.
- 1336 (b) "Member" includes a voting member.
- 1337 (c) "Member" does not include:
- 1338 (i) an individual who involuntarily receives governance rights, unless that individual
- 1339 chooses to participate in governance by undertaking a governance behavior for a
- 1340 decentralized autonomous organization; or
- 1341 (ii) a person that dissociates as a member.
- 1342 (64) "Member-managed limited liability company" means a limited liability company that
- 1343 is not a manager-managed limited liability company.
- 1344 (65) "Member's interest" means the same as that term is defined in Section 16-16-102.
- 1345 (66) "Merger" means a transaction authorized under Part 7, Merger.
- 1346 (67) "Merging entity" means an entity that is a party to a merger and exists immediately
- 1347 before the merger becomes effective.
- 1348 (68) "Money" means:
- 1349 (a) legal tender;
- 1350 (b) a negotiable instrument; or
- 1351 (c) another cash equivalent readily convertible into legal tender.

- (69) "Noncommercial registered agent" means a person that is:
- (a) not listed as a commercial registered agent under Section 16-1a-405; and
- (b)(i) an individual, a domestic entity, or a foreign entity that serves in this state as the agent for service of process on an entity; or
- (ii) the individual who holds the office or other position in an entity who an entity designates as the agent for service of process in accordance with Section 16-1a-404.
- (70) "Nonfiling domestic entity" means a domestic entity that is not a filing entity.
- (71) "Nonregistered foreign entity" means a foreign entity that is not a registered foreign entity.
- (72) "Nonresident LLP statement" means:
- (a) a statement of qualification of a domestic limited liability partnership that does not have an office in this state; or
- (b) a statement of foreign qualification of a foreign limited liability partnership that does not have an office in this state.
- (73) "Operating agreement" means the same as that term is defined in Section 16-20-101.
- (74) "Organic law" means the law of an entity's jurisdiction of formation that governs the internal affairs of the entity.
- (75) "Organic rules" means the public organic record and private organic rules of an entity.
- (76) "Partner" means a general partner or limited partner.
- (77) "Partnership" means the same as that term is defined in Section 16-18-101.
- (78) "Partnership agreement" means the same as that term is defined in Section 16-19-101.
- (79) "Patron member" means the same as that term is defined in Section 16-16-102.
- (80) "Patronage" means the same as that term is defined in Section 16-16-102.
- (81) "Plan of conversion" means a plan approved in accordance with Section 16-1a-904.
- (82) "Plan of domestication" means a plan approved in accordance with Section 16-1a-1004.
- (83) "Plan of interest exchange" means a plan approved in accordance with Section 16-1a-804.
- (84) "Plan of merger" means a plan approved in accordance with Section 16-1a-704.
- (85)(a) "Private organic rules" means the rules whether in a record or not, that govern the internal affairs of an entity, that are binding on all the entity's interest holders.
- (b) "Private organic rules" includes the:
- (i) bylaws of a business corporation;
- (ii) bylaws of a nonprofit corporation;

- (iii) bylaws of a decentralized autonomous organization;
- (iv) partnership agreement of a partnership;
- (v) partnership agreement of a limited partnership;
- (vi) operating agreement of a limited liability company;
- (vii) bylaws of a limited cooperative association;
- (viii) governing principles of an unincorporated nonprofit association; and
- (ix) trust instrument of a statutory trust or similar rules of a business trust of
common-law business trust.

(86) "Professional corporation" means the same as that term is defined in Section 16-11-2.

(87) "Protected agreement" means:

- (a) a record showing indebtedness and any related agreement in effect on January 1,
2014;
- (b) an agreement that is binding on an entity on January 1, 2014;
- (c) the organic rules of an entity in effect on January 1, 2014; or
- (d) an agreement that is binding on any of the governors or interest holders of an entity
on January 1, 2014.

(88)(a) "Public organic record" means the record of the filing that the division makes to
form an entity and any amendment to or restatement of that record.

(b) "Public organic record" includes the:

- (i) articles of incorporation of a business corporation;
- (ii) articles of incorporation of a nonprofit corporation;
- (iii) certificate of limited partnership of a limited liability limited partnership;
- (iv) certificate of organization of a limited liability company;
- (v) certificate of organization for a decentralized autonomous organization;
- (vi) articles of organization of a limited cooperative association; and
- (vii) certificate of trust of a statutory trust or similar record of a business trust.

(89) "Record" means information inscribed on a tangible medium or stored in an electronic
or other medium that is retrievable in a perceivable form.

(90) "Registered agent" means a person that an entity authorizes to receive service of a
process, notice, or demand required or permitted by law to be served on the entity.

(91) "Registered agent filing" means:

- (a) the public organic record of a domestic filing entity;
- (b) a statement of qualification of a domestic limited liability partnership;
- (c) a foreign registration statement filed in accordance with Section 16-1a-504; or

(d) a designation of agent.

(92) "Registered foreign entity" means a foreign entity that is registered to do business in this state in accordance with a record filed with the division.

(93) "Registered office" means the office within this state designated by a domestic entity that is a corporation or a foreign entity that is a corporation as the domestic entity's or foreign entity's registered office in the most recent document on file with the division such as the domestic entity's or foreign entity's:

(a) articles of incorporation;

(b) application for a certificate of authority; or

(c) notice of change of the registered office.

(94) "Represented entity" means:

(a) a domestic filing entity;

(b) a registered foreign entity;

(c) a domestic or foreign unincorporated nonprofit association for which a designation of agent is in effect;

(d) a domestic nonfiling entity for which a designation of agent is in effect; or

(e) a nonregistered foreign entity for which a designation of agent is in effect.

(95) "Series" means a series created in accordance with Chapter 20, Part 11, Series Limited Liability Companies.

(96) "Share" means:

(a) for an entity organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, a unit of interest in a nonprofit corporation; or

(b) for an entity organized under Chapter 10a, Utah Revised Business Corporation Act, the unit into which the proprietary interest in a corporation is divided.

(97) "Shareholder" means the same as that term is defined in Section 16-10a-102.

(98) "Statement of conversion" means a statement described in Section 16-1a-906.

(99) "Statement of domestication" means a statement described in Section 16-1a-1006.

(100) "Statement of interest exchange" means a statement described in Section 16-1a-806.

(101) "Statement of merger" means a statement described in Section 16-1a-706.

(102) "Statement of qualification" means a document that a person files with the division to establish a domestic limited liability partnership or domestic general partnership.

(103) "Surviving entity" means an entity that continues in existence after a merger or that is created by a merger.

(104) "Transfer" means:

- 1454 (a) an assignment;
1455 (b) a conveyance;
1456 (c) a deed;
1457 (d) a sale;
1458 (e) a lease;
1459 (f) a mortgage;
1460 (g) a security interest;
1461 (h) an encumbrance;
1462 (i) a gift; or
1463 (j) a transfer by operation of law.
- 1464 (105) "Transferable interest" means the right under an entity's organic law to receive a
1465 distribution from an entity.
- 1466 (106) "Type of entity" means a generic form of entity:
1467 (a) recognized at common law; or
1468 (b) formed under an organic law.
- 1469 (107) "Voting member" means the same as that term is defined in Section 16-6a-102.
1470 Section 12. Section **16-1a-102** is enacted to read:
1471 **16-1a-102 . Certificate of existence or registration.**
- 1472 (1) Upon request of a person, the division shall issue a certificate of existence for a
1473 domestic filing entity or a certificate of registration for a registered foreign entity.
- 1474 (2) The division shall ensure that a certificate described in Subsection (1) states:
1475 (a) the domestic filing entity's name or the registered foreign entity's name used in the
1476 state;
1477 (b) for a domestic filing entity:
1478 (i) that the division has filed the domestic filing entity's public organic record or
1479 statement of qualification and the public organic record or statement of
1480 qualification has taken effect;
1481 (ii) the date the public organic record or statement of qualification took effect;
1482 (iii) the period of the entity's duration if the records of the division reflect that the
1483 entity's period of duration is less than perpetual; and
1484 (iv) that the records of the division do not reflect that the entity has been dissolved;
1485 (c) for a registered foreign entity, that the registered foreign entity is registered to do
1486 business in this state;
1487 (d) that the domestic filing entity or the registered foreign entity pays all fees, taxes,

1488 interest, and penalties collected by the division that the domestic filing entity or
1489 registered foreign entity owes to the state if:

1490 (i) the division's records reflect the domestic filing entity's or the registered foreign
1491 entity's payment of the fee, tax, interest, or penalty; and

1492 (ii) nonpayment of the fees, taxes, interest, and penalties affects the good standing or
1493 registration of the domestic filing entity or the registered foreign entity;

1494 (e) that domestic filing entity or the registered foreign entity has delivered to the division
1495 for filing the most recent annual report required by the division;

1496 (f) that a proceeding is not pending under Part 6, Administrative Dissolution; and

1497 (g) other reasonable facts contained in the division's records relating to the domestic
1498 filing entity or the registered foreign entity that the person requesting the certificate
1499 requests.

1500 (3) Subject to a qualification stated in the certificate of existence or registration, a person
1501 may rely on the facts stated in the certificate of existence or registration issued by the
1502 division under Subsection (1) as conclusive evidence of the facts stated in the certificate
1503 of existence or registration.

1504 Section 13. Section **16-1a-201** is enacted to read:

1505 **Part 2. Filing Requirements**

1506 **16-1a-201 . Definitions.**

1507 Reserved.

1508 Section 14. Section **16-1a-202** is enacted to read:

1509 **16-1a-202 . Entity filing requirements.**

1510 (1) In order for the division to file an entity filing in accordance with this chapter, the
1511 person delivering the entity filing to the division shall ensure that:

1512 (a) the division receives the entity filing;

1513 (b) the entity filing complies with this chapter;

1514 (c) the entity filing contains, at a minimum, the information required by this chapter;

1515 (d) subject to Subsection (2), the person delivers the entity filing to the division in
1516 written form unless the division allows the electronic delivery of an entity filing;

1517 (e) the words in the entity filing are in English;

1518 (f) the numbers in the entity filing are Arabic or Roman numerals;

1519 (g) if the name of the entity is not in English, the name of the entity appears in English
1520 letters or Arabic or Roman numerals;

1521 (h) if applicable, a certificate of existence or registration required of a foreign entity that

is not in English with a reasonably authenticated English translation accompanies the entity filing;

(i) an individual authorized or required under this chapter to sign the entity filing, or an individual acting on the authorized or required individual's behalf, signs the entity filing; and

(j) the entity filing states the name and capacity, if any, of each individual who signs the entity filing.

(2) A person physically delivering an entity filing in written form shall ensure the entity filing is typewritten, computer generated, or machine printed.

(3) If other applicable law prohibits the division from disclosing information contained in an entity filing, the division shall:

(a) file the entity filing if the entity filing otherwise complies with this chapter; and

(b) redact the information prohibited by law from disclosure.

(4) When a person delivers an entity filing to the division for filing, the person shall pay a fee required under this chapter and any other fee, tax, interest, or penalty required by statute in a manner the division and applicable statute permit.

Section 15. Section **16-1a-203** is enacted to read:

16-1a-203 . Forms.

(1) The division may provide forms for an entity filing required or permitted under this chapter.

(2) A person making an entity filing is not required to use a form the division provides as described in Subsection (1).

Section 16. Section **16-1a-204** is enacted to read:

16-1a-204 . Effective date and time of an entity filing.

Except as otherwise provided in this chapter, an entity filing is effective:

(1) on the day and at the time the division files the entity filing;

(2) on the day and at the time specified in the entity filing as the entity filing's effective time, if the date and time specified in the entity filing is later than the time described in Subsection (1), which may not be more than 90 days after the day on which the division files the entity filing; and

(3) if the entity filing specifies a delayed effective date but does not specify a time, at 12:01 a.m. on the day specified in the entity filing, which may not be more than 90 days after the day on which the division files the entity filing.

Section 17. Section **16-1a-205** is enacted to read:

16-1a-205 . Withdrawal of an entity filing before effectiveness.

- (1) Except as otherwise provided in this chapter, a person may withdraw an entity filing delivered to the division before the entity filing takes effect by delivering to the division for filing a statement of withdrawal.
- (2) A person creating and delivering to the division a statement of withdrawal shall ensure that:
- (a) subject to Subsection (2)(c), each person that signed the entity filing being withdrawn signs the statement of withdrawal;
 - (b) the statement of withdrawal identifies the entity filing to be withdrawn; and
 - (c) if the statement of withdrawal is signed by fewer than the total number of persons that signed the entity filing being withdrawn, the entity filing is withdrawn in accordance with the agreement of each person that signed the entity filing.
- (3) Once the division files the statement of withdrawal, the action or transaction evidenced by the original entity filing does not take effect.

Section 18. Section **16-1a-206** is enacted to read:

16-1a-206 . Correcting an entity filing.

- (1) A person may correct an entity filing if:
- (a) the entity filing, at the time of filing, was inaccurate;
 - (b) the entity filing was defectively signed; or
 - (c) the electronic transmission of the entity filing to the division was defective.
- (2) To correct an entity filing, a person, on behalf of which a person delivered an entity filing to the division for filing, shall deliver a statement of correction to the division for filing.
- (3) A statement of correction:
- (a) may not state a delayed effective date;
 - (b) shall be signed by the person correcting the entity filing;
 - (c) shall identify the entity filing to be corrected;
 - (d) shall specify the inaccuracy or defect the statement of correction will correct; and
 - (e) shall correct the inaccuracy or defect.
- (4) Except as provided in Subsection (5), a statement of correction is effective on the effective date of the entity filing that the statement of correction corrects.
- (5) If a person relies on the uncorrected entity filing and is adversely affected by the correction, the statement of correction is effective, as the statement of correction relates to the person, on the day on which the statement of correction is filed.

Section 19. Section **16-1a-207** is enacted to read:

16-1a-207 . Duty of division to file -- Review of refusal to file.

- (1) The division shall file an entity filing delivered to the division for filing in accordance with this chapter.
- (2) The duty of the division described in Subsection (1) is ministerial.
- (3) When the division files an entity filing, the division shall record the entity filing as filed on the date and time the division files the entity filing.
- (4) After filing an entity filing, the division shall deliver to the person making the entity filing a copy of the entity filing with an acknowledgment of the date and time of the filing.
- (5) If the division refuses to file an entity filing:
 - (a) no later than 15 business days after the day on which the person making the entity filing delivers the entity filing to the division, the division shall:
 - (i) return the entity filing to the person or notify the person of the refusal; and
 - (ii) provide a brief explanation of the division's reason for refusing to file the entity filing; and
 - (b) the person making the entity filing may within a time period the division specifies that may not exceed 30 days from the day on which the division provides notice under Subsection (5)(a) amend the entity filing for the division to reexamine the entity filing.
- (6) If the division refuses to file an entity filing after a reexamination completed in accordance with Subsection (5)(b), the person making the entity filing may appeal the division's final refusal in accordance with Title 63G, Chapter 4, Administrative Procedures Act.
- (7) The filing or refusal to file an entity filing does not:
 - (a) affect the validity or invalidity of the entity filing in whole or in part; or
 - (b) create a presumption that the information contained in the entity filing is correct or incorrect.
- (8) A certification from the division accompanying a copy of a filed record is conclusive evidence that the copy is an accurate representation of the original record on file with the division.

Section 20. Section **16-1a-208** is enacted to read:

16-1a-208 . Signing of an entity filing.

- (1) An individual, by signing an entity filing, affirms under penalty of perjury that the facts

1624 stated in the filing are true in all material respects.

1625 (2) An agent may sign a record filed under this chapter.

1626 (3) If this chapter requires a particular individual to sign an entity filing and the individual
1627 is deceased or incompetent, a legal representative of the individual may sign the entity
1628 filing.

1629 (4) An individual that signs a record as an agent or legal representative shall affirm that the
1630 individual is authorized to sign the record.

1631 Section 21. Section **16-1a-209** is enacted to read:

1632 **16-1a-209 . Signing and filing a record in accordance with a judicial order.**

1633 (1) If a person required under this chapter to sign or deliver a record to the division for
1634 filing does not sign or deliver the record to the division for filing, a person adversely
1635 affected by the person's failure to sign or deliver the record may petition a court to
1636 require that:

1637 (a) the person sign the record;

1638 (b) the person deliver the record to the division for filing; or

1639 (c) the division file the record unsigned.

1640 (2) If a person that petitions a court under Subsection (1) is not the person to which the
1641 record pertains, the person that petitions the court shall make the person to which the
1642 record pertains a party to the action.

1643 (3) A record filed in accordance with Subsection (1)(c) is effective without being signed.

1644 Section 22. Section **16-1a-210** is enacted to read:

1645 **16-1a-210 . Liability for inaccurate information in a filed record.**

1646 If a record delivered to the division for filing in accordance with this chapter and filed
1647 with the division contains inaccurate information, a person that suffers a loss by relying on the
1648 information may recover damages for the loss from the person that:

1649 (1) signed the record or caused another person to sign the record on the person's behalf; and

1650 (2) knew at the time the person signed the record that the information was inaccurate.

1651 Section 23. Section **16-1a-211** is enacted to read:

1652 **16-1a-211 . Delivery by division.**

1653 Except as otherwise provided in this chapter, the division may deliver a record to a
1654 person:

1655 (1) in person to the person that submitted the record for filing;

1656 (2) to the address of the person's registered agent;

1657 (3) to the person's principal office address; or

(4) to another address the person provides to the division for delivery.

Section 24. Section **16-1a-212** is enacted to read:

16-1a-212 . Annual report for division.

(1) As used in this section, "anniversary month" means the calendar month in which:

(a) a domestic filing entity's formation becomes effective with the division; or

(b) a registered foreign entity's application for authority to conduct affairs in this state takes effect.

(2) Each domestic filing entity and registered foreign entity shall file an annual report with the division that includes:

(a) the corporate name of the domestic filing entity or registered foreign entity;

(b) if a registered foreign entity, any assumed corporate name of the registered foreign entity;

(c) the jurisdiction under which law the domestic filing entity or registered foreign entity is organized or incorporated;

(d) the information required by Subsection 16-1a-404(1);

(e) the street address of the domestic filing entity's or the registered foreign entity's principal office; and

(f) the name and address of each director and principal officer of the domestic filing entity or the registered foreign entity.

(3) The division shall:

(a) determine the form and process by which a domestic filing entity or registered foreign entity is required to file an annual report; and

(b) deliver a copy of the form described in Subsection (3)(a) to each domestic filing entity and registered foreign entity.

(4) The domestic filing entity or registered foreign entity shall ensure that information in the annual report is current as of the date the domestic filing entity or registered foreign entity executes the report.

(5)(a) Unless the division specifies a different time period by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, a domestic filing entity or registered foreign entity:

(i) shall deliver an annual report to the division each calendar year on the last day of the anniversary month; and

(ii) may deliver the annual report up to 60 days before the last day of the anniversary month.

(b) A domestic filing entity or registered foreign entity does not violate the requirement to submit an annual report if the domestic filing entity or registered foreign entity provides evidence of the submission.

(6) If an annual report contains the information required by this section, the division shall file the annual report.

(7) The fact that an individual's name is signed on an annual report form is prima facie evidence for division purposes that the individual is authorized to certify the report on behalf of the domestic filing entity or registered foreign entity.

(8) The division may design the annual report form the division prescribes to provide a simplified certification by the domestic filing entity or registered foreign entity if the domestic filing entity or registered foreign entity has not made changes to the required information from the last preceding report filed.

(9) If an annual report contains the name or address of a registered agent that differs from the information contained in the records of the division immediately before the annual report becomes effective, the differing information in the annual report is considered a statement of change under Section 16-1a-407.

Section 25. Section **16-1a-301** is enacted to read:

Part 3. Names

16-1a-301 . Definitions.

Reserved.

Section 26. Section **16-1a-302** is enacted to read:

16-1a-302 . Permitted names.

(1) Except as provided in Subsection (3) or (4), the name of a domestic filing entity, the name under which a foreign entity may register to do business in this state, and a D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A., shall be distinguishable on the records of the division from a:

(a) name of an existing domestic filing entity that at the time is not dissolved;

(b) name under which a foreign entity is registered to do business in this state under Section 16-1a-503;

(c) D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A.;

(d) name reserved under Section 16-1a-304; or

(e) name registered under Section 16-1a-305.

(2) Except as otherwise provided in Subsection (4), a name is distinguishable from other names registered with the division if the name contains one or more different words,

- 1726 letters, or numerals from other names in the division's records.
- 1727 (3) The following differences do not qualify as distinguishing between two names:
- 1728 (a) the term:
- 1729 (i) "Assoc.";
- 1730 (ii) "association";
- 1731 (iii) "Assn.";
- 1732 (iv) "B.L.C.";
- 1733 (v) "B.L.L.C";
- 1734 (vi) "benefit limited company";
- 1735 (vii) "benefit limited liability company";
- 1736 (viii) "BLC";
- 1737 (ix) "BLLC";
- 1738 (x) "Co.";
- 1739 (xi) "company";
- 1740 (xii) "co-op";
- 1741 (xiii) "coop";
- 1742 (xiv) "cooperative";
- 1743 (xv) "corp.";
- 1744 (xvi) "corporation";
- 1745 (xvii) "D.A.O";
- 1746 (xviii) "DAO";
- 1747 (xix) "decentralized autonomous organization";
- 1748 (xx) "Inc.";
- 1749 (xxi) "incorporated";
- 1750 (xxii) "L3C";
- 1751 (xxiii) "LC";
- 1752 (xxiv) "L.C.";
- 1753 (xxv) "L.C.A.";
- 1754 (xxvi) "L.D.";
- 1755 (xxvii) "L.DAO";
- 1756 (xxviii) "L.L.C.";
- 1757 (xxix) "L.L.D.";
- 1758 (xxx) "L.L.DAO";
- 1759 (xxxi) "L.L.P";

1760 (xxxii) "L.P.";
 1761 (xxxiii) "LCA";
 1762 (xxxiv) "limited";
 1763 (xxxv) "Limited Co";
 1764 (xxxvi) "limited company";
 1765 (xxxvii) "limited cooperative association";
 1766 (xxxviii) "limited decentralized autonomous organization";
 1767 (xxxix) "limited liability company";
 1768 (xl) "limited liability decentralized autonomous organization";
 1769 (xli) "limited liability partnership";
 1770 (xlii) "limited partnership";
 1771 (xliii) "LD";
 1772 (xliv) "LLC";
 1773 (xlv) "LLD";
 1774 (xlvi) "LLDAO";
 1775 (xlvii) "LLP";
 1776 (xlviii) "LP";
 1777 (xlix) "Ltd.";
 1778 (l) "Ltd Co";
 1779 (li) "Ltd Company";
 1780 (lii) "Ltd DAO";
 1781 (liii) "Ltd Liability Co";
 1782 (liv) "Ltd Liability Company";
 1783 (lv) "Ltd Liability DAO";
 1784 (lvi) "P.A.";
 1785 (lvii) "P.C.";
 1786 (lviii) "P.L.C.";
 1787 (lix) "P.L.L.C";
 1788 (lx) "PA";
 1789 (lxi) "PC";
 1790 (lxii) "PLC";
 1791 (lxiii) "PLLC";
 1792 (lxiv) "professional association";
 1793 (lxv) "professional corporation";

- 1794 (lxvi) "professional limited liability company";
1795 (lxvii) "R.L.L.P.";
1796 (lxviii) "registered limited liability partnership"; or
1797 (lxix) "RLLP";
1798 (b) an abbreviation of a word listed in Subsection (3)(a);
1799 (c) the presence or absence of the words or symbols of the words:
1800 (i) "the";
1801 (ii) "and";
1802 (iii) "a"; or
1803 (iv) "plus";
1804 (d) a difference in punctuation, spacing, or special characters;
1805 (e) a difference in capitalization; and
1806 (f) for an entity's name described in Subsection (1) that formed in this state on or after
1807 May 4, 1998:
1808 (i) an abbreviation of a word or phrase; or
1809 (ii) a difference in the singular or plural form of a word.
1810 (4)(a) An entity may consent in a record to a person's use of a name that is not
1811 distinguishable on the records of the division from the entity's name if the name
1812 includes a term described in Subsection (3)(a).
1813 (b) If an entity consents to a person's use of a name in accordance with Subsection (4)(a),
1814 the entity is not required to change the entity's name.
1815 (5) An entity's name shall comply with Section 7-1-701.
1816 (6) An entity's name may not contain the words:
1817 (a) without the consent of the United States Olympic Committee:
1818 (i) "Olympic";
1819 (ii) "Olympiad"; or
1820 (iii) "Citius Altius Fortius";
1821 (b) for an entity's name described in Subsection (1) that an entity changes or forms on or
1822 after May 4, 2022, the number sequence "911"; or
1823 (c) without the consent of the Department of Financial Institutions, the words described
1824 in Section 7-1-701.
1825 (7) An entity may use a name that is not distinguishable from a name described in
1826 Subsection (1) if the entity delivers to the division for filing a certified copy of a final
1827 judgment of a court with jurisdiction establishing the right of the entity to use the name

1828 in this state.

1829 (8) The division may not approve for filing a name that implies that an entity is an agency
1830 of this state or any of the state's political subdivisions, if the entity is not actually an
1831 agency of this state or any of the state's political subdivisions.

1832 Section 27. Section **16-1a-303** is enacted to read:

1833 **16-1a-303 . Name requirements for certain types of entities.**

1834 (1) The corporate name of a nonprofit organization:

1835 (a) may, but is not required to contain:

1836 (i) the word:

1837 (A) "corporation";

1838 (B) "incorporated";

1839 (C) "company"; or

1840 (D) a word of similar import; or

1841 (ii) the abbreviation:

1842 (A) "Corp.";

1843 (B) "Inc.";

1844 (C) "Co."; or

1845 (D) an abbreviation of similar import; and

1846 (b) may not contain:

1847 (i) a word or phrase that indicates or implies that the nonprofit corporation is
1848 organized for a purpose other than a purpose permitted by:

1849 (A) Section 16-6a-301; and

1850 (B) the nonprofit corporation's articles of incorporation; or

1851 (ii) the term:

1852 (A) "limited liability company";

1853 (B) "limited company";

1854 (C) "limited liability partnership"; or

1855 (D) "limited partnership"; or

1856 (iii) a word or abbreviation of similar import to a term listed in Subsection (1)(b)(ii).

1857 (2)(a) The name of a corporation shall contain:

1858 (i) the word:

1859 (A) "corporation";

1860 (B) "incorporated";

1861 (C) "company"; or

- 1862 (D) a word of similar import;
- 1863 (ii) the abbreviation:
- 1864 (A) "Corp.";
- 1865 (B) "Inc.";
- 1866 (C) "Co."; or
- 1867 (D) an abbreviation of similar import; and
- 1868 (iii) for a business corporation, may not contain language stating or implying that a
- 1869 business corporation is organized for a purpose other than a purpose permitted by:
- 1870 (A) Section 16-10a-301; and
- 1871 (B) the business corporation's articles of incorporation.
- 1872 (b) The name of a corporation or a foreign corporation may not contain:
- 1873 (i) the term:
- 1874 (A) "decentralized autonomous organization";
- 1875 (B) "limited liability company";
- 1876 (C) "limited company";
- 1877 (D) "limited liability partnership";
- 1878 (E) "limited partnership"; or
- 1879 (F) "limited liability limited partnership"; or
- 1880 (ii) any word or abbreviation of similar import to a term listed in Subsection (2)(b)(i).
- 1881 (c) The name of an entity, other than a corporation formed in accordance with this title
- 1882 or a foreign entity authorized to transact business in this state may not contain:
- 1883 (i) the term:
- 1884 (A) "Corp.";
- 1885 (B) "corporation";
- 1886 (C) "Inc."; or
- 1887 (D) "incorporated"; or
- 1888 (ii) a word or abbreviation of similar import to a term listed in Subsection (2)(c)(i).
- 1889 (3)(a) The name of a limited partnership may contain the name of a partner.
- 1890 (b) The name of a limited partnership that is not a limited liability limited partnership:
- 1891 (i) shall contain:
- 1892 (A) the phrase "limited partnership"; or
- 1893 (B) the abbreviation "L.P." or "LP"; and
- 1894 (ii) may not contain:
- 1895 (A) the phrase "limited liability limited partnership" or "registered limited liability

- 1896 limited partnership"; or
- 1897 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP."
- 1898 (c) The name of a limited partnership that is a limited liability limited partnership:
- 1899 (i) shall contain:
- 1900 (A) the phrase "limited liability limited partnership"; or
- 1901 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP"; and
- 1902 (ii) may not contain the abbreviation "L.P." or "LP."
- 1903 (d) The name of a limited partnership or a limited liability limited partnership or the
- 1904 name of a foreign limited partnership or a foreign limited liability limited partnership
- 1905 that registers to do business in this state may not contain:
- 1906 (i) the term:
- 1907 (A) "association";
- 1908 (B) "corporation";
- 1909 (C) "decentralized autonomous organization";
- 1910 (D) "incorporated";
- 1911 (E) "limited liability company"; or
- 1912 (F) "limited company"; or
- 1913 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1914 (3)(d)(i).
- 1915 (e) The name of an entity other than a limited partnership or a limited liability limited
- 1916 partnership or the name of a foreign limited partnership or a foreign limited liability
- 1917 partnership that registers to do business in this state may not contain:
- 1918 (i) the term:
- 1919 (A) "limited partnership";
- 1920 (B) "LP";
- 1921 (C) "L.P.";
- 1922 (D) "limited liability partnership";
- 1923 (E) "LLLP"; or
- 1924 (F) "L.L.L.P."; or
- 1925 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1926 (3)(e)(i).
- 1927 (4)(a) The name of a limited liability partnership shall contain:
- 1928 (i) the phrase "limited liability partnership" or "registered limited liability
- 1929 partnership"; or

- 1930 (ii) the abbreviation "L.L.P.," "R.L.L.P.," "LLP," or "RLLP."
- 1931 (b) The name of a limited liability partnership or a foreign limited liability partnership
- 1932 may not contain:
- 1933 (i) the term:
- 1934 (A) "association";
- 1935 (B) "corporation";
- 1936 (C) "decentralized autonomous organization";
- 1937 (D) "incorporated";
- 1938 (E) "limited liability company";
- 1939 (F) "limited company";
- 1940 (G) "limited partnership"; or
- 1941 (H) "Ltd."; or
- 1942 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1943 (4)(b)(i).
- 1944 (c) The name of an entity other than a limited liability partnership or the name of a
- 1945 foreign limited liability partnership that registers to do business in this state may not
- 1946 contain:
- 1947 (i) the term:
- 1948 (A) "limited liability partnership";
- 1949 (B) "LLP"; or
- 1950 (C) "L.L.P."; or
- 1951 (ii) a word or abbreviation that is of similar import to Subsection (4)(c)(i).
- 1952 (5)(a) The name of a limited liability company shall contain:
- 1953 (i) the phrase "limited liability company" or "limited company"; or
- 1954 (ii) the abbreviation "L.L.C.," "LLC," "L.C.," or "LC."
- 1955 (b) A limited liability company's name may abbreviate the term:
- 1956 (i) "limited" as "Ltd."; and
- 1957 (ii) "company" as "Co."
- 1958 (c) The name of a limited liability company or a foreign limited liability company may
- 1959 not contain:
- 1960 (i) the term:
- 1961 (A) "association";
- 1962 (B) "corporation";
- 1963 (C) "decentralized autonomous organization";

- 1964 (D) "incorporated";
 1965 (E) "partnership";
 1966 (F) "limited partnership"; or
 1967 (G) "L.P."; or
 1968 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
 1969 (5)(c)(i).
 1970 (d) The name of an entity other than a limited liability company or the name of a foreign
 1971 limited liability company authorized to do business in this state may not contain:
 1972 (i) the term:
 1973 (A) "limited liability company";
 1974 (B) "limited company";
 1975 (C) "L.L.C.";
 1976 (D) "L.C.";
 1977 (E) "LLC"; or
 1978 (F) "LC"; or
 1979 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
 1980 (5)(d)(i).
 1981 (6)(a) The name of a limited cooperative association shall contain:
 1982 (i) the phrase "limited cooperative association" or "limited cooperative"; or
 1983 (ii) the abbreviation "L.C.A." or "LCA."
 1984 (b) A limited cooperative association's name may abbreviate the term:
 1985 (i) "association" as:
 1986 (A) "Assn";
 1987 (B) "Assn.";
 1988 (C) "Assoc"; or
 1989 (D) "Assoc.";
 1990 (ii) "cooperative" as:
 1991 (A) "Co-op.";
 1992 (B) "Coop."; or
 1993 (C) "Co-op"; and
 1994 (iii) "limited" as "Ltd."
 1995 (c) The name of entity other than a limited cooperative association may not contain:
 1996 (i) the term:
 1997 (A) "limited cooperative association";

- 1998 (B) "L.C.A."; or
1999 (C) "LCA"; or
2000 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
2001 (6)(c)(i).
- 2002 (7)(a) The name of a professional corporation as set forth in the professional
2003 corporation's articles of incorporation:
2004 (i) shall contain the terms:
2005 (A) "professional corporation"; or
2006 (B) "P.C.";
2007 (ii) may not contain the words:
2008 (A) "incorporated"; or
2009 (B) "Inc."; and
2010 (iii) may not contain language stating or implying that the professional corporation is
2011 organized for a purpose other than that permitted by Section 16-11-6 and the
2012 professional corporation's articles of incorporation.
2013 (b) A person, other than a professional corporation formed or registered in accordance
2014 with this title, may not use in the person's name in this state the term:
2015 (i) "professional corporation"; or
2016 (ii) "P.C."
- 2017 (8)(a) The name of a benefit limited liability company may contain:
2018 (i) the term:
2019 (A) "benefit limited liability company"; or
2020 (B) "benefit limited company"; or
2021 (ii) the abbreviation:
2022 (A) "B.L.L.C.";
2023 (B) "BLLC";
2024 (C) "B.L.C."; or
2025 (D) "BLC."
- 2026 (b) When contained in the name of a benefit limited liability company, the term:
2027 (i) "limited" may be abbreviated as "Ltd."; and
2028 (ii) "company" may be abbreviated as "Co."
- 2029 (9)(a) The name of a limited liability decentralized autonomous organization shall
2030 contain:
2031 (i) the term:

- 2032 (A) "limited liability decentralized autonomous organization"; or
 2033 (B) "limited decentralized autonomous organization"; or
 2034 (ii) the abbreviation:
 2035 (A) "L.L.D.";
 2036 (B) "LLD";
 2037 (C) "L.D."; or
 2038 (D) "LD."
- 2039 (b) In the name of a decentralized autonomous organization:
 2040 (i) "limited" may be abbreviated as "Ltd."; and
 2041 (ii) "decentralized autonomous organization" may be abbreviated as "DAO."
- 2042 (c) The name of a decentralized autonomous organization may not contain:
 2043 (i) the term:
 2044 (A) "association";
 2045 (B) "corporation";
 2046 (C) "incorporated";
 2047 (D) "partnership";
 2048 (E) "limited liability company";
 2049 (F) "limited partnership"; or
 2050 (G) "L.P."; or
 2051 (ii) a word or abbreviation that is of similar import to the terms listed in Subsection
 2052 (9)(c)(i).
- 2053 (d) A person, other than a decentralized autonomous organization formed or registered
 2054 in accordance with this title, may not use in the person's name in this state:
 2055 (i) the term:
 2056 (A) "limited liability decentralized autonomous organization"; or
 2057 (B) "limited decentralized autonomous organization"; or
 2058 (ii) the abbreviation:
 2059 (A) "L.L.DAO";
 2060 (B) "L.L.D.";
 2061 (C) "L.DAO"; or
 2062 (D) "L.D."
- 2063 (10)(a) The words, "business trust" shall be the last words of the name of every business
 2064 trust registered under Chapter 15, Utah Business Trust Registration Act.
 2065 (b) A person that participates in the omission of the words "business trust" in the

2066 commercial use of the name of the business trust, or knowingly acquiesces in the
2067 omission is liable for any indebtedness, damage, or liability resulting from the
2068 omission.

2069 Section 28. Section **16-1a-304** is enacted to read:

2070 **16-1a-304 . Reservation of name.**

2071 (1) A person may reserve the exclusive use of an entity name by delivering an application
2072 to the division for filing that states:

2073 (a) the name and address of the applicant; and

2074 (b) the name to reserve.

2075 (2) If the division determines that the entity name stated in the application described in
2076 Subsection (1) is available, the division shall reserve the name for the applicant's
2077 exclusive use for 120 calendar days after the day on which the division reserves the
2078 name.

2079 (3) A person that reserves a name in accordance with this section may transfer the reserved
2080 name to another person by delivering to the division a signed notice in a record of the
2081 transfer that states the name and address of the transferee.

2082 Section 29. Section **16-1a-305** is enacted to read:

2083 **16-1a-305 . Registration of name.**

2084 (1) A foreign filing entity not registered to do business in this state may register the foreign
2085 filing entity's name, or an alternate name adopted in accordance with Section 16-1a-507,
2086 if the name complies with Section 16-1a-302.

2087 (2) To register a name or an alternate name adopted in accordance with Section 16-1a-507,
2088 a foreign filing entity shall deliver to the division for filing an application that states:

2089 (a) the foreign filing entity's requested name;

2090 (b) the jurisdiction and date of the foreign filing entity's formation; and

2091 (c) any alternate name adopted in accordance with Section 16-1a-507.

2092 (3) If the division finds that the name requested in Subsection (2) is available, the division
2093 shall register the name for the applicant's exclusive use.

2094 (4) The registration of a name under this section is effective for one year after the day on
2095 which the division registers the name as described in Subsection (3).

2096 (5)(a) A foreign filing entity whose name registration is effective may renew the
2097 registration for a successive one-year period by delivering, not earlier than three
2098 months before the day on which the registration expires, to the division for filing a
2099 renewal application that complies with this section.

2100 (b) A renewal application renews the name's registration for one calendar year after the
2101 day on which the division files the renewal application described in this Subsection
2102 (5).

2103 (6) A foreign filing entity whose name registration is effective may register as a foreign
2104 filing entity under the registered name or consent in a signed record to the use of the
2105 registered name by another entity.

2106 Section 30. Section **16-1a-401** is enacted to read:

2107 **Part 4. Registered Agent of an Entity**

2108 **16-1a-401 . Definitions.**

2109 Reserved.

2110 Section 31. Section **16-1a-402** is enacted to read:

2111 **16-1a-402 . Entities required to designate and maintain a registered agent.**

2112 The following entities shall designate and maintain a registered agent in this state:

2113 (1) a domestic filing entity;

2114 (2) a registered foreign entity; and

2115 (3) a D.B.A.

2116 Section 32. Section **16-1a-403** is enacted to read:

2117 **16-1a-403 . Address in filing.**

2118 If a provision in this chapter, other than Section 16-1a-410, requires that a record state
2119 an address, the record shall state:

2120 (1) a street address in this state; and

2121 (2) a mailing address in this state, if different from the address described in Subsection (1).

2122 Section 33. Section **16-1a-404** is enacted to read:

2123 **16-1a-404 . Designation of a registered agent.**

2124 (1) A represented entity shall sign a registered agent filing and include in the registered
2125 agent filing:

2126 (a) the name of the represented entity's commercial registered agent; or

2127 (b) if the represented entity does not have a commercial registered agent:

2128 (i) the name and address of the represented entity's noncommercial registered agent;
2129 or

2130 (ii)(A) the title of an office or other position within the represented entity where
2131 an individual holding that office or position may accept service of process,
2132 notice, or demand may accept service on behalf of the represented entity; and

2133 (B) the mailing address of the title or other position described in Subsection

2134 (1)(b)(ii)(A).

2135 (2) A represented entity, by designating a registered agent in accordance with Subsection
2136 (1)(a) or (1)(b), affirms that the designated registered agent consents to serve as a
2137 registered agent.

2138 (3)(a) As soon as practicable, the division shall make available in a record a daily list of
2139 filings that contain the name of each registered agent.

2140 (b) The division shall ensure that the list described in Subsection (3)(a):

2141 (i) is available for at least 14 calendar days after the day on which the division makes
2142 the list available;

2143 (ii) lists, in alphabetical order, the names of the registered agents; and

2144 (iii) states the type of filing and name of the represented entity making the filing.

2145 Section 34. Section **16-1a-405** is enacted to read:

2146 **16-1a-405 . Listing of a commercial registered agent.**

2147 (1) A person may become listed as a commercial registered agent by delivering to the
2148 division for filing a commercial registered agent listing statement that states:

2149 (a)(i) the name of the individual applying to become a commercial registered agent; or

2150 (ii)(A) the name of the entity applying to become a commercial registered agent;

2151 (B) the type of entity applying to become a commercial registered agent; and

2152 (C) the jurisdiction in which the entity formed;

2153 (b) that the person serves as a commercial registered agent in this state; and

2154 (c) the person's physical address for the person's place of business where the person may
2155 receive service of process, notices, or demands sent to an entity represented by the
2156 person.

2157 (2) A commercial registered agent listing statement may include information regarding the
2158 agent accepting service of process, notices, and demands in a form other than a written
2159 record.

2160 (3) If the name of the person delivering the record to the division for filing a commercial
2161 registered agent listing statement is not distinguishable on the records of the division
2162 from the name of another commercial registered agent listed under this section, the
2163 person delivering the record shall:

2164 (a) adopt a fictitious name that is distinguishable from the name of another commercial
2165 registered agent under this section; and

2166 (b) use the fictitious name in the person's statement and when the person does business
2167 in this state as a commercial registered agent.

- (4)(a) The division shall note the filing of a commercial registered agent listing statement in the records maintained by the division for each entity represented by the commercial registered agent at the time of the filing.
- (b) A commercial registered agent listing statement described in Subsection (4)(a) amends the registered agent filing for each entity represented by a commercial registered agent by:
- (i) designating the person becoming listed as a commercial registered agent as the commercial registered agent of each entity; and
- (ii) deleting the name and address of the former commercial registered agent from the registered agent filing of each entity.

Section 35. Section **16-1a-406** is enacted to read:

16-1a-406 . Termination of listing of a commercial registered agent.

- (1) A commercial registered agent may terminate the commercial registered agent's listing as a commercial registered agent by delivering to the division for filing a commercial registered agent termination statement signed by the commercial registered agent that states:
- (a) the name of the commercial registered agent described in Section 16-1a-405; and
- (b) that the agent no longer conducts the business of serving as a commercial registered agent in this state.
- (2) A commercial registered agent termination statement takes effect at 12:01 a.m. 31 days after the day on which the division files the commercial registered agent termination statement.
- (3) The commercial registered agent shall promptly furnish to each entity the commercial registered agent represents a notice of the filing of the commercial registered agent termination statement.
- (4) When a commercial registered agent termination statement takes effect, the commercial registered agent ceases to be the commercial registered agent for each entity the commercial registered agent formerly represented.
- (5) Notwithstanding Subsection (4), a person may deliver service of process to a commercial registered agent after the commercial registered agent termination takes effect, until an entity formerly represented by the commercial registered agent designates a new commercial registered agent.
- (6) A commercial registered agent terminating the commercial registered agent's listing under this section does not affect a contractual right that:

2202 (a) a represented entity has against the commercial registered agent; or

2203 (b) a commercial registered agent has against a represented entity.

2204 Section 36. Section **16-1a-407** is enacted to read:

2205 **16-1a-407 . Change of registered agent by a represented entity.**

2206 (1) A represented entity may change the information the division has on file under Section
2207 16-1a-404 by delivering to the division for filing a statement of change signed by the
2208 represented entity that states:

2209 (a) the name of the new registered agent; and

2210 (b) the information that the filing of the statement of change will amend.

2211 (2) The interest holders or governors of a domestic entity are not required to approve the
2212 filing of:

2213 (a) a statement of change under this section; or

2214 (b) a similar filing changing the registered agent or registered office, if applicable, of the
2215 entity in another jurisdiction.

2216 (3) A statement of change filed under this section that designates a new registered agent is
2217 an affirmation of fact by the registered entity that the new registered agent consents to
2218 serve as the registered entity's new registered agent.

2219 (4) In addition to the process described in Subsection (1), a represented entity may change
2220 the information the division has on file under Section 16-1a-404 by amending the
2221 represented entity's most recent registered agent filing in a manner provided by law.

2222 Section 37. Section **16-1a-408** is enacted to read:

2223 **16-1a-408 . Change of name or address by a noncommercial registered agent.**

2224 (1) If a noncommercial registered agent changes the noncommercial registered agent's name
2225 or address with respect to a represented entity, the noncommercial registered agent shall
2226 deliver to the division for filing, with respect to each entity the noncommercial
2227 registered agent represents, a statement of change signed by the agent that states:

2228 (a) the name of the represented entity;

2229 (b) the name and address of the noncommercial registered agent in effect with respect to
2230 the entity;

2231 (c) if the noncommercial registered agent changes the noncommercial registered agent's
2232 name, the new name; and

2233 (d) if the noncommercial registered agent changes the noncommercial registered agent's
2234 address, the new address.

2235 (2) A noncommercial registered agent shall promptly furnish to the represented entity:

- 2236 (a) a notice of the delivery to the division for filing a statement of change; and
2237 (b) each change made in the statement of change.

2238 Section 38. Section **16-1a-409** is enacted to read:

2239 **16-1a-409 . Change of name, address, type of entity, or jurisdiction of formation**
2240 **by a commercial registered agent.**

- 2241 (1) If a commercial registered agent changes the commercial registered agent's name,
2242 address as listed under Section 16-1a-405, type of entity, or jurisdiction of formation, the
2243 commercial registered agent shall deliver to the division for filing a statement of change
2244 signed by the commercial registered agent that states:

- 2245 (a) the name of the commercial registered agent the commercial registered agent
2246 provided to the division in accordance with Section 16-1a-405;
2247 (b) if the commercial registered agent changes the commercial registered agent's name,
2248 the new name;
2249 (c) if the commercial registered agent changes the commercial registered agent's address,
2250 the new address; and
2251 (d) if the commercial registered agent is an entity:
2252 (i) if the commercial registered agent changes the commercial registered entity's type
2253 of entity, the new type of entity; and
2254 (ii) if the commercial registered agent changes the commercial registered entity's
2255 jurisdiction of formation, the new jurisdiction of formation.

- 2256 (2) The filing of a statement of change described in Subsection (1) by the division changes
2257 the information regarding the commercial registered agent with respect to each entity the
2258 commercial registered agent represents.

- 2259 (3) A commercial registered agent shall promptly furnish to each entity that the commercial
2260 registered agent represents a notice of the statement of change that describes the changes
2261 made in the statement of change.

- 2262 (4)(a) If a commercial registered agent changes the commercial registered agent's
2263 address without delivering for filing a statement of change as required by this section,
2264 the division may cancel the listing of the agent under Section 16-1a-405.
2265 (b) If the division cancels the listing of an agent as described in this Subsection (4), the
2266 division's cancellation has the same effect as a termination of a listing of a
2267 commercial registered agent under Section 16-1a-406.
2268 (c) After canceling the listing of an commercial registered agent, the division shall serve
2269 notice in a record on:

- 2270 (i)(A) each entity that the commercial registered agent represents, stating that the
2271 commercial registered agent is no longer the registered agent for the entity; and
2272 (B) until the entity designates a new commercial registered agent, a person may
2273 make service of process on the entity; and
2274 (ii) the commercial registered agent, stating that the division has canceled the listing
2275 of the commercial registered agent in accordance with this section.

2276 Section 39. Section **16-1a-410** is enacted to read:

2277 **16-1a-410 . Resignation of a registered agent.**

- 2278 (1) A registered agent may resign as the registered agent for a represented entity by
2279 delivering to the division for filing a statement of resignation signed by the registered
2280 agent that states:
2281 (a) the name of the represented entity;
2282 (b) the name of the registered agent;
2283 (c) that the registered agent resigned from serving as the registered agent for the
2284 represented entity; and
2285 (d) the address of the represented entity to which the agent will send the notice required
2286 by Subsection (3).
2287 (2) A statement of resignation takes effect on the earlier of:
2288 (a) 12:01 a.m. on the 31st day after the day on which the division files the statement of
2289 resignation; or
2290 (b) the represented entity for which the statement of resignation applies designates a new
2291 registered agent.
2292 (3) A registered agent shall promptly furnish to the represented entity notice in a record of
2293 the date on which the division files the statement of resignation.
2294 (4) When a statement of resignation takes effect, the person that resigned ceases to have
2295 responsibility under this chapter for any matter presented to the person for the
2296 represented entity.
2297 (5) Notwithstanding Subsection (4), a statement of resignation does not affect any
2298 contractual rights:
2299 (a) a represented entity has against the registered agent; or
2300 (b) the registered agent has against the represented entity.
2301 (6) A registered agent may resign in accordance with this section regardless of whether the
2302 represented entity is current with the division.

2303 Section 40. Section **16-1a-411** is enacted to read:

16-1a-411 . Designation of a registered agent by a nonregistered foreign entity or a nonfiling domestic entity.

- (1) A nonregistered foreign entity or a nonfiling domestic entity may deliver to the division for filing a statement that designates a registered agent signed by the nonregistered foreign entity or the nonfiling domestic entity that states:
- (a) the name, type of entity, and jurisdiction of formation of the nonregistered foreign entity or the nonfiling domestic entity; and
- (b) the information required by Subsection 16-1a-404(1).
- (2) A statement described in Subsection (1) is effective for five years after the day on which the division files the statement, unless the nonregistered foreign entity or the nonfiling domestic entity cancels the statement earlier.
- (3)(a) A person authorized to manage the affairs of the nonregistered foreign entity or the domestic nonfiling entity shall sign the statement described in Subsection (1).
- (b) By signing the statement in Subsection (1), the person signing affirms that:
- (i) the person is authorized to manage the affairs of the nonregistered foreign entity or the nonfiling domestic entity; and
- (ii) the registered agent consents to serve as the registered agent for the nonregistered foreign entity or the nonfiling domestic entity.
- (4) The designation of a registered agent in accordance with Subsection (1) does not register a nonregistered foreign entity to do business in this state.
- (5) The division may not reject a statement described in Subsection (1) for filing because the name of the nonregistered foreign entity or the nonfiling domestic entity is not distinguishable on the division's records from the name of another entity that appears on the division's records.
- (6) The division filing a statement described in Subsection (1) does not make the name of the nonregistered foreign entity or the nonfiling domestic entity signing the statement available for use by another entity.
- (7) A nonregistered foreign entity or a nonfiling domestic entity that delivers to the division for filing a statement described in Subsection (1) may cancel the statement by delivering to the division for filing a statement of cancellation that states:
- (a) the name of the nonregistered foreign entity or the nonfiling domestic entity; and
- (b) that the nonregistered foreign entity or the nonfiling domestic entity cancels the nonregistered foreign entity's or the nonfiling domestic entity's designation as a registered agent in this state.

(8) A statement described in Subsection (1) for a nonregistered foreign entity terminates on the day on which the nonregistered foreign entity becomes a registered foreign entity.

Section 41. Section **16-1a-412** is enacted to read:

16-1a-412 . Service of process, notice, or demand on entity.

(1) A person may serve a represented entity with any process, notice, or demand required or permitted by law by serving the represented entity's registered agent.

(2)(a) If a represented entity ceases to have a registered agent, or if a person cannot with reasonable diligence serve the represented entity's registered agent, the person may serve the registered entity by:

(i) registered or certified mail, return receipt requested; or

(ii) a similar commercial delivery service, addressed to the registered entity at the registered entity's principal office.

(b) A domestic filing entity or a registered foreign entity shall list the domestic filing entity's or the registered foreign entity's address in the domestic filing entity's or the registered foreign entity's most recent annual report that the division files.

(c) Service is considered effective under this Subsection (2) on the earlier of:

(i) the day on which the represented entity receives the mail or delivery by the commercial delivery service;

(ii) the day shown on the return receipt, if the represented entity signs a return receipt; or

(iii) five days after the day on which the person serving the represented entity provides the process, notice, or demand the person intends to serve on the represented entity to the United States Postal Service or commercial delivery service, if the person provides to the United States Postal Service or commercial delivery service:

(A) the correct address for the represented entity; and

(B) sufficient postage and payment.

(3) If a person cannot serve a process, notice, or demand to a represented entity in accordance with Subsection (1) or (2), the person may make service by delivering the process, notice, or demand to the individual in charge of any regular place of business or activity of the represented entity if the individual whom the person serves is not also a party to the action.

(4)(a) Except as provided in Subsection (4)(b), a person shall serve a represented entity process, notice, or demand in a written record.

(b) A person may service process, notice, or demand on a commercial registered agent in a form other than a written record, subject to the requirements the commercial registered agent sets in accordance with Section 16-1a-405.

Section 42. Section **16-1a-413** is enacted to read:

16-1a-413 . Duties of a registered agent.

A registered agent that complies with this part shall:

- (1) forward to the represented entity at the address the represented entity most recently provides to the registered agent any process, notice, or demand that pertains to the represented entity that the registered agent receives or a person serves on the agent;
- (2) provide each notice required by this part to the represented entity at the address the represented entity most recently provides to the registered agent;
- (3) if the registered agent is a noncommercial registered agent, keep current the information required by Subsection 16-1a-404(1) in the most recent registered agent filing for the registered entity; and
- (4) if the registered agent is a commercial registered agent, keep current the information listed in Subsection 16-1a-405(1).

Section 43. Section **16-1a-414** is enacted to read:

16-1a-414 . Jurisdiction and venue.

- (1) A represented entity designating or maintaining a registered agent in this state does not create a basis for personal jurisdiction over the represented entity in this state.
- (2) The address of a represented entity's registered agent does not determine venue in an action or proceeding involving the represented entity.

Section 44. Section **16-1a-501** is enacted to read:

Part 5. Foreign Entities

16-1a-501 . Definitions.

Reserved.

Section 45. Section **16-1a-502** is enacted to read:

16-1a-502 . Governing law.

- (1) The law of the jurisdiction of formation of an entity governs:
 - (a) the internal affairs of the entity;
 - (b) the liability of a person as an interest holder or governor for a debt, obligation, or other liability of the entity; and
 - (c) the liability of a series of a limited liability company or other unincorporated entity.
- (2) A difference between the law of an entity's jurisdiction of formation and the law of this

state does not preclude a foreign entity from registering to do business in this state.

(3) A foreign entity registering to do business in this state does not authorize the foreign entity to engage in an activity or affair or exercise a power in which a domestic entity of the same type may not engage in this state.

(4) Subsections (1) and (2) apply regardless of whether a foreign entity fails to register to do business in this state in accordance with Section 16-1a-503.

Section 46. Section **16-1a-503** is enacted to read:

16-1a-503 . Registration to do business in this state.

(1) A filing foreign entity may not do business in this state until the filing foreign entity registers with the division in accordance with this chapter.

(2) A filing foreign entity doing business in this state may not maintain an action or proceeding in this state unless the filing foreign entity registers to do business in this state.

(3) The failure of a filing foreign entity to register to do business in this state does not:

(a) impair the validity of a contract or act of the filing foreign entity; or

(b) preclude the filing foreign entity from defending an action or proceeding in this state.

(4) A foreign unincorporated entity, a series of a foreign unincorporated entity, a filing foreign entity, or a foreign limited liability partnership does not waive the limitation on the liability of a series of a foreign unincorporated entity, an interest holder of a filing foreign entity, a governor of a filing foreign entity, or a partner of a foreign limited liability partnership because the foreign unincorporated entity, the series of a foreign unincorporated entity, the filing foreign entity, or the foreign limited liability partnership does business in this state without registering to do business in this state.

Section 47. Section **16-1a-504** is enacted to read:

16-1a-504 . Foreign registration statement.

(1) To do business in this state, a filing foreign entity shall deliver a foreign registration statement to the division for filing.

(2) A filing foreign entity shall sign the foreign registration statement described in Subsection (1) and include in the statement:

(a) the name of the filing foreign entity;

(b) if the name of the filing foreign entity does not comply with Section 16-1a-302, an alternate name the filing foreign entity adopts in accordance with Section 16-1a-507;

(c) the filing foreign entity's type of entity;

(d) if the filing foreign entity is a foreign limited partnership, whether the foreign limited

partnership is a foreign limited liability limited partnership;

(e) the filing foreign entity's or jurisdiction of formation;

(f) the filing foreign entity's street and mailing address for the filing foreign entity's principal office;

(g) if the law of the filing foreign entity's or jurisdiction of formation requires the filing foreign entity to maintain an office in the jurisdiction of formation, the street and mailing address of the office in the jurisdiction of formation; and

(h) the information required by Section 16-1a-305.

(3)(a) A filing foreign entity shall include with the foreign registration statement described in Subsection (1) a certificate of existence, or a document of similar import, that the lieutenant governor or other official that has custody of corporate records in the filing foreign entity's jurisdiction of formation authorizes.

(b) A certificate of existence described in this Subsection (3) shall be dated within 90 days before the day on which the foreign filing entity delivers the foreign registration statement to the division for filing.

Section 48. Section **16-1a-505** is enacted to read:

16-1a-505 . Amending a foreign registration statement.

(1) Subject to Subsection (2), a registered foreign entity shall sign and deliver to the division for filing an amendment to the registered foreign entity's foreign registration statement if one of the following changes:

(a) the registered foreign entity's name;

(b) the registered foreign entity's jurisdiction of formation;

(c) an address required by Section 16-1a-403; or

(d) the information required by Section 16-1a-305.

(2)(a) If information described in Subsection (1)(a) or (b) changes, a foreign filing entity shall deliver with the amendment described in Subsection (1) a certificate of existence, or a document of similar import that the lieutenant governor or other official that has custody of corporate records in the filing foreign entity's jurisdiction of formation authorizes.

(b) A certificate of existence described in this Subsection (2) shall be dated within 90 days before the day on which the foreign filing entity delivers the amendment to the division for filing.

Section 49. Section **16-1a-506** is enacted to read:

16-1a-506 . Activities that do not constitute doing business.

- 2474 (1) The following activities of a filing foreign entity do not constitute doing business in this
2475 state:
- 2476 (a) maintaining, defending, mediating, arbitrating, or settling an action or proceeding;
2477 (b) carrying on an activity concerning the filing foreign entity's internal affairs,
2478 including holding meetings of the filing foreign entity's interest holders or governors;
2479 (c) maintaining an account in a financial institution;
2480 (d) maintaining an office or an agency for the transfer, exchange, and registration of the
2481 filing foreign entity's or the foreign limited liability partnership's securities;
2482 (e) maintaining a trustee or a depository for the filing foreign entity's securities;
2483 (f) selling through an independent contractor;
2484 (g) soliciting or obtaining an order by any means if the order requires acceptance outside
2485 this state before the order becomes a contract;
2486 (h) creating or acquiring indebtedness, a mortgage, or a security interest in property;
2487 (i) securing or collecting a debt;
2488 (j) enforcing a mortgage or a security interest in a property;
2489 (k) holding, protecting, or maintaining property the filing foreign entity acquires by
2490 enforcing a mortgage or a security interest;
2491 (l) conducting an isolated transaction that is outside the scope of the filing foreign
2492 entity's ordinary course of business;
2493 (m) owning real property; and
2494 (n) doing business that constitutes interstate commerce.
- 2495 (2) A person does not do business in this state by being an interest holder or a governor of a
2496 foreign entity that does business in this state.
- 2497 (3) This section does not apply when determining whether the contacts or activities subject
2498 a filing foreign entity to service of process, taxation, or regulation under a law of this
2499 state outside of this chapter.

2500 Section 50. Section **16-1a-507** is enacted to read:

2501 **16-1a-507 . Noncomplying name of a foreign entity.**

- 2502 (1)(a) A filing foreign entity whose name does not comply with Section 16-1a-302 may
2503 not register to do business in this state until the filing foreign entity adopts, for the
2504 purpose of doing business in this state, an alternate name that complies with Section
2505 16-1a-302.
- 2506 (b) A filing foreign entity that registers under an alternate name under this Subsection (1)
2507 is not required to comply with Title 42, Chapter 2, Conducting Business as a D.B.A.

- 2508 (2) After registering to do business in this state with an alternate name, a filing foreign
2509 entity described in Subsection (1) shall do business in this state under:
- 2510 (a) the alternate name;
2511 (b) the filing foreign entity's name, with the addition of the filing foreign entity's
2512 jurisdiction of formation; or
2513 (c) a name Title 42, Chapter 2, Conducting Business as a D.B.A., authorizes the filing
2514 foreign entity or to use.
- 2515 (3) If a filing foreign entity changes the filing foreign entity's name to a name that does not
2516 comply with Section 16-1a-302, the filing foreign entity may not do business in this
2517 state until the filing foreign entity complies with Subsection (1).

2518 Section 51. Section **16-1a-508** is enacted to read:

2519 **16-1a-508 . Withdrawal of registration of registered foreign entity.**

- 2520 (1) A registered foreign entity may withdraw the registered foreign entity's registration by
2521 delivering a statement of withdrawal to the division for filing.
- 2522 (2) A registered foreign entity shall sign the statement of withdrawal described in
2523 Subsection (1) and state on the statement of withdrawal:
- 2524 (a) the registered foreign entity's name;
2525 (b) the registered foreign entity's jurisdiction of formation;
2526 (c)(i) that the registered foreign entity does not currently do business in this state; and
2527 (ii) that the registered foreign entity withdraws the registered foreign entity's
2528 registration to do business in this state;
2529 (d) an address to which a person may make service of process to the registered foreign
2530 entity as described in Subsection (3); and
2531 (e) if the registered foreign entity is a foreign corporation or foreign nonprofit
2532 corporation, the federal employer identification number of the registered foreign
2533 entity.
- 2534 (3) After a registered foreign entity withdraws the registered foreign entity's registration in
2535 accordance with this section, a person may make service of process in an action or
2536 proceeding based on a cause of action arising during the time the entity was registered to
2537 do business in this state in accordance with Section 16-1a-412.
- 2538 (4) A registered foreign entity withdraws the registered foreign entity's registration:
- 2539 (a) on the effective date of a conversion, if the registered foreign entity converts to a
2540 filing domestic entity;
2541 (b) on the effective date of a merger, if the registered foreign entity is not the surviving

- 2542 entity after the merger occurs; or
- 2543 (c) on the effective date of a domestication, if the registered foreign entity becomes a
- 2544 registered domestic entity through domestication.
- 2545 (5)(a) After receiving a foreign corporation's or a foreign nonprofit corporation's
- 2546 statement of withdrawal, the division shall:
- 2547 (i) provide the State Tax Commission with the foreign corporation's or the foreign
- 2548 nonprofit corporation's federal employer identification number; and
- 2549 (ii) request that the State Tax Commission certify that the foreign corporation or
- 2550 foreign nonprofit corporation is in good standing.
- 2551 (b) The State Tax Commission shall certify that a foreign corporation or a foreign
- 2552 nonprofit corporation is in good standing if the foreign corporation or foreign
- 2553 nonprofit corporation pays each tax, fee, and penalty the foreign corporation or
- 2554 foreign nonprofit corporation owes to the State Tax Commission.
- 2555 (c) If a foreign corporation or a foreign nonprofit corporation is not in good standing as
- 2556 described in Subsection (5)(b), the State Tax Commission shall:
- 2557 (i) notify the division that the foreign corporation or the foreign nonprofit corporation
- 2558 is not in good standing; and
- 2559 (ii)(A) notify the foreign corporation or the foreign nonprofit corporation that the
- 2560 foreign corporation or the foreign nonprofit corporation is not in good
- 2561 standing; and
- 2562 (B) provide the foreign corporation or the foreign nonprofit corporation a detailed
- 2563 explanation as to why the foreign corporation or foreign nonprofit corporation
- 2564 is not in good standing.

2565 Section 52. Section **16-1a-509** is enacted to read:

2566 **16-1a-509 . Transfer of registration.**

- 2567 (1) If a registered foreign entity merges with a nonregistered foreign entity or converts to a
- 2568 foreign entity that is required to register with the division to do business in this state, the
- 2569 foreign entity shall deliver to the division for filing an application for a transfer of
- 2570 registration.
- 2571 (2) A surviving or converted entity described in Subsection (1) shall sign an application for
- 2572 a transfer of registration and state on the application for a transfer of registration:
- 2573 (a) the registered foreign entity's name before the merger or conversion;
- 2574 (b) the type of entity the surviving or converted entity was before the merger or
- 2575 conversion;

- (c) the name of the surviving or converted entity, and if the name does not comply with Section 16-1a-302, an alternate name adopted in accordance with Section 16-1a-507;
- (d) the surviving or converted entity's type of entity;
- (e) the surviving or converted entity's jurisdiction of formation; and
- (f) the following information relating to the surviving or converted entity, if different from the information for the registered foreign entity before the merger or conversion:
- (i) the street and mailing addresses of the surviving or converted entity;
- (ii) if the law of the surviving or converted entity's jurisdiction of formation requires that the surviving or converted entity maintain an office in the jurisdiction of formation, the street and mailing address of that office; and
- (iii) the information required in accordance with Section 16-1a-305.

Section 53. Section **16-1a-510** is enacted to read:

16-1a-510 . Termination of registration.

- (1) The division may terminate a registered foreign entity's registration in the manner described in Subsection (2) or (3) if the registered foreign entity fails to:
- (a) pay a fee, tax, interest, or penalty that the division requires, within 60 days after the day on which the division requires payment;
- (b) deliver to the division for filing an annual report that the division requires, within 60 days after the division requires that the division file the annual report;
- (c) designate a registered agent as required in Section 16-1a-402; or
- (d) deliver to the division for filing a statement of change as described in Section 16-1a-407 within 30 days after the day on which a change occurs in the registered foreign entity's registered agent's name or address.
- (2) The division may terminate the registration of a registered foreign entity by:
- (a) filing a notice of termination or noting the termination in the division's records; and
- (b) delivering a copy of the notice or a copy of the information in the notation in the division's records to:
- (i) the registered foreign entity's registered agent; or
- (ii) if the registered foreign entity does not have a registered agent, to the registered foreign entity's principal office.
- (3) The division shall include in a notice of termination or a notation in the division's records described in Subsection (2):
- (a) the effective date of the termination, which the division shall set at least 60 days after the day on which the division delivers the copy of the notice or copy of the

- 2610 information in the notation in the division's records; and
- 2611 (b) the grounds under which the division terminates the registered foreign entity's
- 2612 registration under Subsection (1).
- 2613 (4) The registration of a registered foreign entity to do business in this state ends on the
- 2614 effective date of the notice of termination or notation in the division's records described
- 2615 in Subsection (2), unless before the effective date, the entity cures each ground for
- 2616 termination the division states in the notice of termination or notation in the division's
- 2617 records.
- 2618 (5) If a registered foreign entity cures each ground for termination in accordance with
- 2619 Subsection (4), the division shall file a record stating that the registered foreign entity
- 2620 has cured each ground for termination.

2621 Section 54. Section **16-1a-601** is enacted to read:

2622 **Part 6. Administrative Dissolution**

2623 **16-1a-601 . Definitions.**

2624 Reserved.

2625 Section 55. Section **16-1a-602** is enacted to read:

2626 **16-1a-602 . Grounds for administrative dissolution of a domestic filing entity.**

2627 The division may bring an action to dissolve a domestic filing entity administratively if

2628 the domestic filing entity fails to:

- 2629 (1) pay a fee, tax, interest, or penalty that the division requires, within six months after the
- 2630 day on which the division requires payment;
- 2631 (2) deliver to the division for filing an annual report not later than 60 days after the day on
- 2632 which the the annual report is due; or
- 2633 (3) maintain a registered agent in this state for 60 consecutive calendar days.

2634 Section 56. Section **16-1a-603** is enacted to read:

2635 **16-1a-603 . Procedure and effect of administrative dissolution of a domestic filing**

2636 **entity.**

- 2637 (1) If the division determines that one or more conditions for administrative dissolution
- 2638 described in Section 16-1a-602 exist, the division shall serve the domestic filing entity
- 2639 with a notice of the division's determination.
- 2640 (2) A domestic filing entity may for up to 60 days after the day on which the division serves
- 2641 the notice described in Subsection (1):
- 2642 (a) cure each condition the division lists in the notice; or
- 2643 (b) demonstrate to the satisfaction of the division that each condition the division lists in

the notice does not exist.

- (3) If a domestic filing entity fails to comply with Subsection (2)(a) or (b) within the time limit described in Subsection (2), the division shall administratively dissolve the domestic filing entity by signing a statement of administrative dissolution that states:
- (a) each condition that prompted the dissolution; and
 - (b) the effective date of the dissolution.
- (4) A domestic filing entity that the division administratively dissolves continues the domestic filing entity's existence as the same type of entity but may not conduct any activity except an activity that is necessary to:
- (a)(i) wind up the domestic filing entity's activities and affairs; and
 - (ii) liquidate the domestic filing entity's assets in the manner provided in the domestic filing entity's domestic law; or
 - (b) apply for reinstatement in accordance with Section 16-1a-604.
- (5) The administrative dissolution of a domestic filing entity does not terminate the authority of the domestic filing entity's registered agent.

Section 57. Section **16-1a-604** is enacted to read:

16-1a-604 . Reinstatement of a domestic filing entity.

- (1) A domestic filing entity that is administratively dissolved under Section 1-1a-603 may apply to the division for reinstatement under the domestic filing entity's same name at any time after the effective date of dissolution if the domestic filing entity's name is available and the domestic filing entity delivers to the division for filing an application for reinstatement that states:
- (a) the name of the domestic filing entity at the time of the domestic filing entity's administrative dissolution and, if needed, a different name that satisfies Section 16-1a-302;
 - (b) the address of the principal office of the domestic filing entity and the name and address of the domestic filing entity's registered agent;
 - (c) the effective date of the domestic filing entity's administrative dissolution;
 - (d) that the domestic filing entity has paid all fees or penalties imposed under this chapter or other applicable state law;
 - (e) that the domestic filing entity:
 - (i) has paid any tax, fee, or penalty the domestic filing entity owes to the State Tax Commission; or
 - (ii) is current on a payment plan with the State Tax Commission for any tax, fee, or

penalty the domestic filing entity owes to the State Tax Commission;

(f) that the grounds for dissolution do not exist or have been cured;

(g) the federal employer identification number of the domestic filing entity if the domestic filing entity is organized under:

(i) Chapter 6a, Utah Revised Nonprofit Corporation Act;

(ii) Chapter 10a, Utah Revised Revised Business Corporation Act;

(iii) Chapter 10b, Benefit Corporation Act; or

(iv) Chapter 11, Professional Corporation Act; and

(h) any additional information the division determines to be necessary or appropriate.

(2) A domestic filing entity administratively dissolved under Section 16-1a-603 on or after May 1, 2019, but before May 1, 2024, may apply for reinstatement under the domestic filing entity's same name if the domestic filing entity's name is available and the domestic filing entity delivers to the division for filing an application for reinstatement that satisfies the requirements of Subsection (1).

(3) A domestic filing entity retains the domestic filing entity's name and D.B.A., as described in Section 42-2-105, for five years after the day on which the dissolution is effective.

(4)(a) After receiving a domestic filing entity's application for reinstatement, if the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b, Benefit Corporation Act, or Chapter 11, Professional Corporation Act, the division shall:

(i) provide to the State Tax Commission the domestic filing entity's federal employer identification number; and

(ii) request that the State Tax Commission certify that the domestic filing entity is in good standing.

(b) The State Tax Commission shall certify that a domestic filing entity is in good standing if the domestic filing entity:

(i) has paid each tax, fee, and penalty the domestic filing entity owes to the State Tax Commission; or

(ii) is current on a payment plan with the State Tax Commission for each tax, fee, or penalty the domestic filing entity owes to the State Tax Commission.

(c) If a domestic filing entity is not in good standing as described in Subsection (4)(b), the State Tax Commission shall:

- 2712 (i) notify the division, stating that the domestic filing entity is not in good standing;
2713 (ii) notify the domestic filing entity that the domestic filing entity is not in good
2714 standing; and
2715 (iii) provide to the domestic filing entity a detailed explanation of why the domestic
2716 filing entity is not in good standing.
- 2717 (5) With respect to a domestic filing entity applying for reinstatement in accordance with
2718 Subsection (1), if the following conditions are met, the division shall take the actions
2719 described in Subsection (6):
- 2720 (a) the division determines that an application under Subsection (1) contains the
2721 information required by Subsection (1) and that the information contained in the
2722 application is correct;
- 2723 (b) the division determines that the domestic filing entity has made each payment that
2724 the domestic filing entity is required to make to the division by Subsection (1)(d);
- 2725 (c) the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit
2726 Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b,
2727 Benefit Corporation Act, or Chapter 11, Professional Corporation Act; and
- 2728 (d) the State Tax Commission certifies that the domestic filing entity is in good standing
2729 as described in Subsection (4)(b).
- 2730 (6) If the conditions of Subsection (5) are met, the division shall:
- 2731 (a) cancel the administrative dissolution of the domestic filing entity;
2732 (b) prepare a statement of reinstatement that states:
2733 (i) how each condition of Subsection (5) is met; and
2734 (ii) the effective date of reinstatement;
- 2735 (c) file the statement of reinstatement; and
2736 (d) serve a copy of the statement of reinstatement on the domestic filing entity.
- 2737 (7) When reinstatement under this section is effective, the following rules apply:
- 2738 (a) the reinstatement relates back to and takes effect as of the effective date of the
2739 administrative dissolution;
- 2740 (b) the domestic filing entity may resume the domestic filing entity's activities and
2741 affairs as if the administrative dissolution had not occurred; and
- 2742 (c) the rights of a person arising out of an act or omission in reliance on the dissolution
2743 before the person knew or had notice of the reinstatement are not affected.
- 2744 Section 58. Section **16-1a-605** is enacted to read:
- 2745 **16-1a-605 . Judicial review of a denial of reinstatement.**

- (1) If the division denies a domestic filing entity's application for reinstatement that complies with the provisions of this part, the division shall serve the domestic filing entity with a notice in a record that explains the reasons for this denial.
- (2) A domestic filing entity may seek judicial review of the division's denial of the domestic filing entity's reinstatement from a court with jurisdiction for up to 30 days after the day on which the division serves the domestic filing entity notice of the denial of reinstatement.

Section 59. Section **16-1a-701** is enacted to read:

Part 7. Merger

16-1a-701 . Definitions.

Reserved.

Section 60. Section **16-1a-702** is enacted to read:

16-1a-702 . Merger authorized.

- (1) By complying with this part:
- (a) one or more domestic entities may merge with one or more domestic entities or foreign entities into a domestic or foreign entity or a foreign surviving entity; and
- (b) two or more foreign entities may merge into a domestic entity.
- (2) Subject to the provisions of this part, a foreign entity may be a part to a merger or may be the surviving entity in a merger if the merger is authorized by the law of the foreign entity's jurisdiction of formation.

Section 61. Section **16-1a-703** is enacted to read:

16-1a-703 . Plan of merger.

- (1) A domestic entity may become a party to a merger by approving a plan of merger.
- (2) A plan of merger shall contain:
- (a) each merging entity's:
- (i) name;
- (ii) jurisdiction of formation; and
- (iii) type of entity;
- (b) if the merger creates a surviving entity:
- (i) a statement stating that the merger creates a surviving entity; and
- (ii) the surviving entity's:
- (A) name;
- (B) jurisdiction of formation; and
- (C) type of entity;

- (c) if the surviving entity exists before the merger, any proposed amendment to the surviving entity's:
- (i) public organic record; and
- (ii) private organic rules that are, or that the surviving entity proposes to be, in a record;
- (d) the manner by which the interest of each party to the merger will convert to an interest, a security, an obligation, money, property, or a right to acquire an interest or security in the surviving entity;
- (e) all other terms and conditions of the merger; and
- (f) any other provision required by the law of a merging entity's jurisdiction of formation or the organic rules of a merging entity.

Section 62. Section **16-1a-704** is enacted to read:

16-1a-704 . Approval of merger.

- (1) A plan of merger is not effective unless:

- (a) a domestic merging entity approves the plan of merger:
- (i) in accordance with the requirements, if any, of the domestic merging entity's organic law and organic rules for approval of:
- (A) for an entity that is not a limited cooperative association, the merger; or
- (B) for an entity that is a limited cooperative association, a transaction under this part; or
- (ii) by each interest holder of the domestic merging entity that is entitled to vote or consent to the plan of merger voting in favor of the plan of merger if:
- (A) for an entity that is not a business corporation or a limited cooperative association, neither the business corporation's nor the limited cooperative association's organic rules provide for the approval of a merger; or
- (B) for an entity that is a limited cooperative association, neither the limited cooperative association's organic law nor organic rules provide for the approval of a transaction under this part; and
- (b)(i) for a business corporation or a nonprofit corporation, each interest holder of a domestic merging entity that will have interest holder liability for a debt, an obligation, or other liability after the merger becomes effective approves the merger; or
- (ii) for an entity that is not a business corporation or a nonprofit corporation:
- (A) a provision of the entity's organic rules provide for the approval of a merger in

2814 which one or more of the entity's interest holders will become subject to
2815 interest holder liability; and

2816 (B) each interest holder consents to or votes in favor of the provision described in
2817 Subsection (1)(b)(ii)(A) or became an interest holder after the adoption of the
2818 provision.

2819 (2) A merger described in this part that involves a foreign merging entity is not effective
2820 unless the foreign entity approves the merger in accordance with the law of the foreign
2821 entity's jurisdiction of formation.

2822 Section 63. Section **16-1a-705** is enacted to read:

2823 **16-1a-705 . Amendment or abandonment of a plan of merger.**

2824 (1) Except as otherwise provided in the plan of merger, a plan of merger may be amended
2825 only by the consent of each party to the plan of merger.

2826 (2) A domestic merging entity may approve an amendment to a plan of merger:

2827 (a) in the same manner as the plan of merger was approved, if the plan does not provide
2828 for the manner by which the domestic merging entity may amend the plan of merger;
2829 or

2830 (b) subject to Subsection (3), by the governors or interest holders approving the
2831 amendment in the manner provided in the plan of merger.

2832 (3) A governor or interest holder that was entitled to vote on or consent to the approval of a
2833 merger is entitled to vote on or consent to an amendment that will change:

2834 (a) the amount or kind of interests, securities, obligations, money, other property, rights
2835 to acquire interests or securities, or a combination that the interest holders of a party
2836 to the plan of merger will receive;

2837 (b) the public organic record, if any, or the private organic rules of the surviving entity
2838 that will be in effect immediately after the merger becomes effective, except for a
2839 change that does not require the approval of the interest holders of the surviving
2840 entity under the surviving entity's organic law or organic rules; or

2841 (c) any other term or condition of the plan of merger, if the change would adversely
2842 affect the governor or interest holder in a material respect.

2843 (4)(a) After the parties to a plan of merger approve the plan and before a statement of
2844 merger is effective, the parties to a merger may abandon a plan of merger in a manner
2845 provided in the plan of merger.

2846 (b) Unless prohibited by the plan of merger, a domestic filing entity may abandon the
2847 plan of merger in the same manner as the domestic filing entity approves the plan of

2848 merger.

- 2849 (5)(a) If the parties to a merger abandon the plan of merger after delivering a statement
2850 of merger to the division for filing, the parties shall deliver to the division for filing a
2851 statement of abandonment, signed by each party to the plan of abandonment.
2852 (b) The parties shall file a statement of abandonment before the day on which the
2853 statement of merger takes effect.
2854 (c) A statement of abandonment under this Subsection (5) takes effect on the day on
2855 which the parties file the statement of abandonment with the division.
2856 (d) After the parties file a statement of abandonment, the plan of merger is abandoned
2857 and does not take effect.
2858 (e) A statement of abandonment shall contain:
2859 (i) the name of each party to the plan of merger;
2860 (ii) the day on which the parties file the statement of merger with the division; and
2861 (iii) a statement that the parties abandon the merger in accordance with this section.

2862 Section 64. Section **16-1a-706** is enacted to read:

2863 **16-1a-706 . Statement of merger -- Effective date of merger.**

- 2864 (1) Each merging entity shall sign a statement of merger and deliver the statement of
2865 merger to the division for filing.
2866 (2) A statement of merger shall contain:
2867 (a) the name, jurisdiction of formation, and type of entity of each merging entity that is
2868 not the surviving entity;
2869 (b) the name, jurisdiction of formation, and type of entity of the surviving entity;
2870 (c) if the statement of merger is not effective on the day on which each merging entity
2871 files the statement of merger, the date and time on which the statement of merger will
2872 become effective, which shall be no later than 90 days after the day on which each
2873 merging entity files the statement of merger;
2874 (d) a statement that any domestic merging entity that is a party to the merger approves
2875 the merger in accordance with this part;
2876 (e) a statement that any foreign merging entity that is a party to the merger approves the
2877 merger in accordance with the law of the foreign merging entity's jurisdiction of
2878 formation;
2879 (f) if the surviving entity exists before the merger and is a domestic filing entity, any
2880 amendment to the surviving filing entity's public organic record the parties to the
2881 merger approve as part of the plan of merger;

- (g) if the surviving entity is created by the merger and is a domestic filing entity, the domestic filing entity's public organic record;
- (h) if the surviving entity is created by the merger and is a domestic limited liability partnership, the surviving entity's statement of qualification; and
- (i) if the surviving entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.
- (3) In addition to the requirements described in Subsection (2), a statement of merger may contain any other provision not prohibited by law.
- (4)(a) Except as provided in Subsection (4)(b), if the surviving entity is a domestic entity, the surviving entity's public record, if any exists, shall satisfy the requirements of the law of this state.
- (b) A surviving entity that is a domestic entity:
- (i) is not required to sign the surviving entity's public organic record; and
- (ii) may omit any provision that the surviving entity is not required to include in a restatement of the public organic record.
- (5)(a) A party to a merger may deliver a plan of merger that each merging entity signs and that meets all the requirements described in Subsection (2) to the division for filing instead of a statement of merger.
- (b) A party delivering a plan of merger in accordance with Subsection (5)(a) has the same effect as filing a statement of merger.
- (c) If a party files a plan of merger in accordance with Subsection (5)(a), for purposes of complying with this part, the plan of merger shall serve as the statement of merger.
- (6) A statement of merger is effective on:
- (a) the day and time on which a person files the statement of merger with the division; or
- (b) a date and time specified in the statement of merger that is later than the day and time on which the person files the statement of merger.
- (7) If the surviving entity is a domestic entity, a merger becomes effective on the day and time on which the statement of merger is effective.
- (8) If the surviving entity is a foreign entity, a merger takes effect on the later of:
- (a) the day and time provided in the organic law of the surviving entity; or
- (b) the day and time on which the statement is effective.
- Section 65. Section **16-1a-707** is enacted to read:
- 16-1a-707 . Effect of merger.**
- (1) On or after the day and time on which a merger under this part takes effect:

- 2916 (a) the surviving entity continues the surviving entity's existence or comes into existence;
2917 (b) a merging entity that is not the surviving entity ceases to exist;
2918 (c) all property belonging to each merging entity vests in the surviving entity without
2919 transfer, reversion, or impairment;
2920 (d) each debt, obligation, or other liability of each merging entity becomes a debt,
2921 obligation, or other liability of the surviving entity;
2922 (e) except as otherwise provided by law or the plan of merger, each right, privilege,
2923 immunity, power, and purpose of each merging entity vests in the surviving entity;
2924 (f) if the surviving entity exists before the merger:
2925 (i) all the surviving entity's property remains vested with the surviving entity without
2926 transfer, reversion, or impairment;
2927 (ii) the surviving entity remains subject to each debt, obligation, or other liability of
2928 the surviving entity's; and
2929 (iii) each right, privilege, immunity, power, and purpose of the surviving entity
2930 remain vested in the surviving entity;
2931 (g) if the surviving entity is created by the merger, the surviving entity's private organic
2932 rules are effective and:
2933 (i) if the surviving entity is a filing entity, the surviving entity's public organic record
2934 is effective; or
2935 (ii) if the surviving entity is a limited liability partnership, the surviving entity's
2936 statement of qualification is effective; and
2937 (h)(i) each interest in each merging entity that is subject to conversion under the
2938 merger is converted; and
2939 (ii) an interest holder of an interest described in Subsection (1)(h)(i) is entitled only
2940 to the rights provided to the interest holder in:
2941 (A) the plan of merger;
2942 (B) the appraisal rights described in Section 16-1a-708; and
2943 (C) the merging entity's organic law.
2944 (2) Except as otherwise provided in the organic law or organic rules of a merging entity, a
2945 merger under this part does not give rise to a right that an interest holder, governor, or
2946 third party would have upon the dissolution, liquidation, or winding up of a merging
2947 entity.
2948 (3) On or after the day and time on which a merger takes effect, if a person did not have
2949 interest holder liability to any of the merging entities and after the merger takes effect

2950 becomes subject to interest holder liability as a result of the merger, the person has
2951 interest holder liability:

2952 (a) only to the extent provided by the organic law of the surviving entity; and

2953 (b) only for a debt, obligation, or other liability the surviving entity incurs after the
2954 merger takes effect.

2955 (4)(a) A merger does not discharge any interest holder liability under the organic law of
2956 the domestic merging entity to the extent the person incurs interest holder liability
2957 before the merger takes effect.

2958 (b) A person does not have interest holder liability under the organic law of the domestic
2959 merging entity for a debt, obligation, or other liability that the surviving entity incurs
2960 after the merger takes effect.

2961 (c) The organic law of a domestic merging entity continues to apply to the release,
2962 collection, or discharge of any interest holder liability described in Subsection (4)(a).

2963 (d) A person has whatever rights of contribution from any other person that exist in law
2964 other than this part or the organic rules of the domestic merging entity relating to any
2965 interest holder liability described in Subsection (4)(a).

2966 (5) On or after the day and time on which a merger takes effect, a person may serve a
2967 foreign entity that is the surviving entity with process for the collection and enforcement
2968 of any debt, obligation, or other liability of a domestic merging entity in accordance with
2969 applicable law.

2970 (6) On or after the day and time on which a merger takes effect, the registration to do
2971 business in this state of a foreign merging entity that is not the surviving entity is
2972 canceled.

2973 Section 66. Section **16-1a-708** is enacted to read:

2974 **16-1a-708 . Appraisal rights.**

2975 (1) As used in this section, "new entity" means a:

2976 (a) merging entity;

2977 (b) converting entity; or

2978 (c) domesticating entity.

2979 (2) An interest holder of a new entity is entitled to an appraisal right in connection with the
2980 merger, conversion, or domestication if the interest holder would have been entitled to
2981 an appraisal right under the new entity's organic law unless:

2982 (a) the organic law permits the organic rules to limit or eliminate the availability of an
2983 appraisal right; and

(b) the organic rules limit or eliminate the availability of an appraisal right.

(3) An interest holder in a new entity is entitled to a contractual appraisal right in connection with the merger, conversion, or domestication to the extent provided in:

(a) the new entity's organic rules;

(b) the plan; or

(c) for a business corporation, an action of the business corporation's governors.

Section 67. Section **16-1a-709** is enacted to read:

16-1a-709 . Required notice or approval -- Effect of merger on property and gifts.

(1) A domestic entity or a foreign entity that is required under this part to give notice to, or obtain the approval of, a government agency or a government officer of this state in order to be a party to a merger shall also give the notice or obtain the required approval when the domestic entity or foreign entity becomes a party to an interest exchange, a conversion, or a domestication.

(2) A domestic entity or a foreign entity that holds property for a charitable purpose under the law of this state at the time a transaction governed by this part occurs shall retain possession of the property to the extent permitted under law.

(3) A bequest, devise, gift, or promise contained in a will or other instrument of donation or conveyance that a person makes to an acquired entity that takes effect remains payable after the merger to the acquiring entity.

(4) An acquired entity's trust obligation transfers to the acquiring entity after a merger.

Section 68. Section **16-1a-801** is enacted to read:

Part 8. Interest Exchange

16-1a-801 . Definitions.

Reserved.

Section 69. Section **16-1a-802** is enacted to read:

16-1a-802 . Interest exchange authorized.

(1) Except as otherwise provided in this section, by complying with this part:

(a) a domestic entity may acquire all of one or more classes or series of interests of another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, or rights to acquire interests or securities;

(b) a domestic entity or foreign entity may acquire all of one or more classes or series of interests of a domestic entity in exchange for all of one or more classes or series of interests of a domestic entity; or

(c) a foreign entity may be an acquiring or acquired entity in an interest exchange under

3018 this part if the law of the foreign entity's jurisdiction of formation authorizes the
3019 interest exchange.

3020 (2) If a protected agreement contains a provision that applies to a merger of a domestic
3021 entity but does not refer to an interest exchange, the provision applies to an interest
3022 exchange in which the domestic entity is the acquired entity as if the interest exchange
3023 were a merger until the day on which a person amends the provision.

3024 (3) This section does not apply to a transaction described in Chapter 6a, Utah Revised
3025 Nonprofit Corporation Act.

3026 Section 70. Section **16-1a-803** is enacted to read:

3027 **16-1a-803 . Plan of interest exchange.**

3028 (1) A domestic entity may be the acquired entity in an interest exchange under this part by
3029 approving a plan of interest exchange.

3030 (2) A domestic entity shall create a plan of interest exchange in a record and include in the
3031 plan of exchange:

3032 (a) the name and type of entity of the acquired entity;

3033 (b) the name, jurisdiction, and type of entity of the acquiring entity;

3034 (c) the process of converting the interests in the acquired entity into interests, securities,
3035 obligations, money, other property, or rights to acquire interests or securities;

3036 (d) any proposed amendment to:

3037 (i) the public organic record, if any, of the acquired entity;

3038 (ii) the private organic rules of the acquired entity that are, or are proposed to be, in a
3039 record;

3040 (iii) other terms and conditions of the interest exchange; and

3041 (iv) any other provision required by the law of this state or the organic rules of the
3042 acquired entity.

3043 (3) In addition to the requirements described in Subsection (2), a plan of interest exchange
3044 may contain any other provision not prohibited by law.

3045 Section 71. Section **16-1a-804** is enacted to read:

3046 **16-1a-804 . Approval of interest exchange.**

3047 (1) A plan of interest exchange is only effective if:

3048 (a) an acquired domestic entity approves the plan of exchange:

3049 (i) in accordance with the requirements, if any, in the acquired domestic entity's
3050 organic law and organic rules for approval of an interest exchange;

3051 (ii) if the domestic acquired entity's organic law or organic rules do not provide for

- 3052 approval of an interest exchange, in accordance with the requirements, if any, of
3053 the domestic acquired entity's organic law and organic rules for the approval of:
3054 (A) for an entity that is not a business corporation or a limited cooperative
3055 association, a merger as if the interest exchange were a merger;
3056 (B) for a business corporation, a merger requiring approval by a vote of the
3057 interest holders of the business corporation as if the interest exchange were that
3058 type of merger; or
3059 (C) for a limited cooperative association, a transaction under this part; or
3060 (iii) by a majority vote of each interest holder of the acquired domestic entity that is
3061 entitled to vote on or consent to any matter if:
3062 (A) for an entity that is not a business corporation or limited cooperative
3063 association, the entity's organic law or organic rules do not provide for the
3064 approval of an interest exchange or a merger; or
3065 (B) for a limited cooperative association, the entity's organic law or organic rules
3066 do not provide for the approval of an interest exchange or a transaction under
3067 this part;
3068 (b) the acquired domestic entity approves the plan of exchange in a record, by each
3069 interest holder of an acquired domestic entity that will have interest holder liability
3070 for any debt, obligation, or other liability that the acquired domestic entity incurs
3071 after the interest exchange takes effect; and
3072 (c) if the acquired domestic entity is not a business corporation or nonprofit corporation,
3073 the requirements of Subsection (1)(b) do not apply if:
3074 (i) the organic rules of the acquired domestic entity contain in a record a provision
3075 that provides for the approval of an interest exchange or a merger in which some
3076 or all of the acquired domestic entity's interest holders become subject to interest
3077 holder liability by the vote or consent of fewer than all of the interest holders; and
3078 (ii) the interest holders consent in a record to or vote for the provision described in
3079 Subsection (1)(c)(i) of the organic rules or became an interest holder after the
3080 adoption of that provision.
3081 (2) An interest exchange involving a foreign acquired entity is not effective unless the
3082 foreign entity approves the interest exchange in accordance with the law of the foreign
3083 entity's jurisdiction of formation.
3084 (3) Except as otherwise provided in the acquiring entity's organic law or organic rules, the
3085 acquiring entity's interest holders are not required to approve an interest exchange.

Section 72. Section **16-1a-805** is enacted to read:

16-1a-805 . Amendment or abandonment of plan of interest exchange.

- (1) A plan of interest exchange may be amended only with the consent of each party to the plan of interest exchange, except as otherwise provided in the plan of interest exchange.
- (2) A domestic acquired entity may approve an amendment to a plan of interest exchange:
- (a) in the same manner as the plan of interest exchange was approved, if the plan of interest exchange does not provide for the manner by which a person may amend the plan of interest exchange; or
- (b) except as provided in Subsection (3), by the domestic acquired entity's governors or interest holders in the manner provided in the plan of interest exchange.
- (3) An interest holder that was entitled to vote on or consent to the approval of an interest exchange is entitled to vote on or consent to an amendment to the plan of interest exchange that will change:
- (a) the amount or kind of interests, securities, obligations, money, other property, or rights to acquire interests or securities that the interest holders of the acquired entity will receive under the plan of interest exchange;
- (b) the public organic record, if any, or private organic rules of the acquired entity that will be in effect immediately after the interest exchange takes effect, except for a change that does not require approval of the interest holders of the acquired entity under the acquired entity's organic law or organic rules; or
- (c) any other term or condition of the plan of interest exchange if the change would adversely affect the interest holder in a material respect.
- (4)(a) After a plan of interest exchange is approved and before a statement of interest exchange takes effect, the plan of interest exchange may be abandoned as provided in the plan of interest exchange.
- (b) Unless prohibited by the plan of interest exchange a domestic acquired entity may abandon the plan of interest exchange in the same manner as the plan of interest exchange was approved.
- (5)(a) If a plan of interest exchange is abandoned after a statement of interest exchange is delivered to the division for filing and before the statement of interest exchange takes effect, the acquired entity shall:
- (i) sign a statement of abandonment; and
- (ii) deliver the statement of abandonment to the division for filing before the statement of interest exchange takes effect.

(b) A statement of abandonment takes effect on the day and time on which the acquired entity delivers the statement of abandonment to the division for filing.

(c) After a statement of abandonment takes effect, the interest exchange is abandoned and does not become effective.

(6) A statement of abandonment shall contain:

(a) the name of the acquired entity;

(b) the day on which the acquired entity delivers the statement of interest exchange to the division for filing; and

(c) a statement that the interest exchange has been abandoned in accordance with this section.

Section 73. Section **16-1a-806** is enacted to read:

16-1a-806 . Statement of interest exchange -- Effective date of interest exchange.

(1) A domestic acquired entity shall sign a statement of interest exchange and deliver the statement of interest exchange to the division for filing.

(2) A statement of interest exchange shall contain:

(a) the acquired entity's name and type of entity;

(b) the acquiring entity's name, jurisdiction of formation and type of entity;

(c) if the statement of interest exchange is not to be effective upon filing, the later day and time on which the statement of interest exchange will become effective, which may not be more than 90 days after the day on which the division files the statement of interest exchange;

(d) a statement that the acquired entity approved the plan of interest exchange in accordance with Section 16-1a-804; and

(e) any amendment to the acquired entity's public record, if any, that was approved as part of the interest exchange.

(3) In addition to the requirements of Subsection (2), a statement of interest exchange may contain any other provision not prohibited by law.

(4)(a) A domestic acquired entity may deliver a plan of interest exchange that the domestic acquired entity signs and that meets all the requirements of Subsection (2) to the division for filing instead of a statement of interest exchange.

(b) A domestic acquired entity delivering a plan of interest exchange to the division in accordance with Subsection (4)(a) has the same effect as delivering a statement of interest exchange to the division.

(c) If a domestic acquired entity delivers a plan of interest exchange as described in this

3154 Subsection (4), all references to a statement of interest exchange in this part refer to
3155 the plan of interest exchange for that plan of interest exchange.

3156 (5) A statement of interest exchange takes effect on the day and time:

3157 (a) on which the domestic acquired entity delivers the statement of interest exchange to
3158 the division for filing; or

3159 (b) specified in the statement of interest exchange that is later than the day and time on
3160 which the domestic acquired entity delivers the statement of interest exchange to the
3161 division for filing.

3162 (6) An interest exchange in which the acquired entity is a domestic entity takes effect when
3163 the statement of interest exchange takes effect.

3164 Section 74. Section **16-1a-807** is enacted to read:

3165 **16-1a-807 . Effect of interest exchange.**

3166 (1) When an interest exchange in which the acquired entity is a domestic entity takes effect:

3167 (a) each interest in the domestic acquired entity that is subject to the interest exchange is
3168 converted, and each interest holder of an interest is entitled only to:

3169 (i) the rights provided to the interest holder:

3170 (A) under the plan of interest exchange; or

3171 (B) in the acquired entity's organic law; and

3172 (ii) any appraisal rights provided in Section 16-1a-708;

3173 (b) the acquiring entity becomes the interest holder of each interest in the acquired entity
3174 stated in the plan of interest exchange that the acquiring entity will acquire;

3175 (c) the public organic record, if any, of the acquired entity is amended to the extent
3176 provided in the statement of interest exchange; and

3177 (d) the private organic rules of the acquired entity that are to be in a record, if any, are
3178 amended to the extent provided in the plan of interest exchange.

3179 (2) Except as otherwise provided in the organic law or organic rules of the acquired entity,
3180 an interest exchange does not give rise to any right that an interest holder, governor, or
3181 third party would have upon a dissolution, liquidation, or winding up of the acquired
3182 entity.

3183 (3) When an interest exchange takes effect:

3184 (a) a person that did not have interest holder liability with respect to the acquired entity
3185 and becomes subject to interest holder liability with respect to a domestic entity as a
3186 result of the interest exchange has interest holder liability only:

3187 (i) to the extent provided by the organic law of the domestic entity; and

3188 (ii) for a debt, obligation, or other liability that the domestic entity incurs after the
3189 interest exchange takes effect; and

3190 (b) the following conditions apply to the interest holder liability of a person that no
3191 longer holds an interest in a domestic acquired entity if the person had interest holder
3192 liability in the domestic acquired entity:

3193 (i) the interest exchange does not discharge any interest holder liability under the
3194 organic law of the domestic acquired entity to the extent the person incurred the
3195 interest holder liability before the interest exchange became effective;

3196 (ii) the person does not have interest holder liability under the organic law of the
3197 domestic acquired entity for a debt, obligation, or other liability that the domestic
3198 acquired entity incurs after the interest exchange takes effect;

3199 (iii) the person does not have interest holder liability under the organic law of the
3200 domestic entity for any debt, obligation, or other liability preserved under
3201 Subsection (3)(b)(i) as though the interest exchange had not occurred; and

3202 (iv) the person has whatever rights of contribution from any other person in
3203 accordance with other law or the organic law or organic rules of the domestic
3204 acquired entity with respect to any interest holder liability preserved under
3205 Subsection (3)(b)(i) as if the interest exchange had not occurred.

3206 Section 75. Section **16-1a-901** is enacted to read:

3207 **Part 9. Conversion**

3208 **16-1a-901 . Definitions.**

3209 Reserved.

3210 Section 76. Section **16-1a-902** is enacted to read:

3211 16-1a-902 . Conversion authorized.

3212 (1) By complying with this part, a domestic entity may become:

3213 (a) a domestic entity that is a different type of entity; or

3214 (b) a foreign entity that is a different type of entity, if the conversion is authorized by the
3215 law of the foreign entity's jurisdiction of formation.

(2) By complying with the provisions of this part that are applicable to foreign entities, a foreign entity may become a domestic entity that is a different type of entity if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.

3219 (3) If a protected agreement contains a provision that applies to a merger of a domestic
3220 entity but does not refer to a conversion, the provision applies to a conversion of the
3221 entity as if the conversion were a merger until the provision is amended after May 7,

3222 2026.

3223 Section 77. Section **16-1a-903** is enacted to read:

3224 **16-1a-903 . Plan of conversion.**

- 3225 (1) A domestic entity may convert to a different type of entity by approving a plan of
3226 conversion.
- 3227 (2) A domestic entity shall ensure that the plan of conversion is in a record and contains:
- 3228 (a) the converting entity's name, jurisdiction of formation, and type of entity;
- 3229 (b) the converted entity's name, jurisdiction of formation, and type of entity;
- 3230 (c) the manner of converting the interest in the converting entity into interest, securities,
3231 obligations, money, other property, or rights to acquire interests or securities;
- 3232 (d) the proposed public organic record of the converted entity if the converted entity will
3233 be a filing entity;
- 3234 (e) the full text of the private organic rules of the converted entity that are proposed to
3235 be in a record;
- 3236 (f) the other terms and conditions of the conversion; and
- 3237 (g) any other provision required by the law of this state or the organic rules of the
3238 converting entity.
- 3239 (3) In addition to the requirements of Subsection (2), a plan of conversion may contain any
3240 provision not prohibited by law.

3241 Section 78. Section **16-1a-904** is enacted to read:

3242 **16-1a-904 . Approval of conversion.**

- 3243 (1) A plan of conversion does not take effect unless:
- 3244 (a) a domestic converting entity approves the plan of conversion:
- 3245 (i) in accordance with the requirements, if any, in the domestic converting entity's
3246 organic rules for approval of a conversion;
- 3247 (ii) if the domestic converting entity's organic rules do not provide for the approval of
3248 a conversion, in accordance with the requirements, if any, in the converting
3249 entity's organic law and organic rules for the approval of:
- 3250 (A) for an entity that is not a business corporation or a limited cooperative
3251 association, a merger, as if the conversion were a merger;
- 3252 (B) for a business corporation, a merger requiring approval by a vote of the
3253 interest holders of the business corporation, as if the conversion were that type
3254 of merger; and
- 3255 (C) for a limited cooperative association, a transaction authorized under this part;

3256 or

3257 (iii) by each interest holder of the entity that is entitled to vote on or consent to any
3258 matter if:

3259 (A) for an entity that is not a business corporation or a limited cooperative
3260 association, the entity's organic law and organic rules do not provide for the
3261 approval of a conversion or a merger; or

3262 (B) for a limited cooperative association, the limited cooperative association's
3263 organic law and organic rules do not provide for the approval of a conversion
3264 or a transaction under this part;

3265 (b) each interest holder of a domestic converting entity that will have interest holder
3266 liability for a debt, obligation, or other liability that the domestic converting entity
3267 incurs after the conversion approves the plan of conversion in a record; and

3268 (c) for an entity that is not a business corporation or a nonprofit corporation, the entity
3269 complies with the provisions of Subsection (1)(b), unless:

3270 (i) the organic rules of the entity contain a provision that provides in a record for the
3271 approval of an interest exchange or a merger in which some or all of the entity's
3272 interest holders become subject to interest holder liability by the vote or consent
3273 of fewer than all the interest holders; and

3274 (ii) the interest holders consent in a record to or vote for the provision described in
3275 Subsection (1)(c)(i) or became an interest holder after the adoption of the
3276 provision.

3277 (2) A conversion of a foreign converting entity does not take effect until the foreign entity
3278 approves the conversion in accordance with the law of the foreign entity's jurisdiction of
3279 formation.

3280 Section 79. Section **16-1a-905** is enacted to read:

3281 **16-1a-905 . Amendment or abandonment of plan of conversion.**

3282 (1) A domestic converting entity may amend the domestic converting entity's plan of
3283 conversion:

3284 (a) in the same manner as the domestic converting entity approved the plan of
3285 conversion, if the plan does not provide for the manner by which the domestic
3286 converting entity may amend the plan of conversion;

3287 (b) by the domestic converting entity's governors or interest holders in the manner
3288 provided in the plan of conversion, but an interest holder that was entitled to vote on
3289 or consent to approval of the conversion may vote on or consent to any amendment to

- 3290 the plan that will change:
- 3291 (i) the amount or kind of interests, securities, obligations, money, other property, or
- 3292 rights to acquire interest or securities that the interest holders of the converting
- 3293 entity will receive under the plan of conversion;
- 3294 (ii) the public organic record, if any, or private organic rules of the converted entity
- 3295 that will be in effect immediately after the conversion takes effect, except for
- 3296 changes that do not require approval of the converted entity's interest holders
- 3297 under the converted entity's organic law or organic rules; or
- 3298 (iii) any other term or condition of the plan, if the change would adversely affect the
- 3299 interest holder in a material respect.
- 3300 (2)(a) After a domestic converting entity approves a plan of conversion and before a
- 3301 statement of conversion is effective, the domestic converting entity may abandon the
- 3302 plan of conversion as provided in the plan of conversion.
- 3303 (b) Unless prohibited by the plan of conversion, a domestic converting entity may
- 3304 abandon the plan in the same manner as the domestic converting entity approved the
- 3305 plan of conversion.
- 3306 (3) If a domestic converting entity abandons a plan of conversion after a statement of
- 3307 conversion has been delivered to the division for filing and before the statement is
- 3308 effective, the domestic converting entity shall:
- 3309 (a) sign a statement of abandonment; and
- 3310 (b) deliver the signed statement of abandonment to the division for filing before the
- 3311 statement of conversion takes effect.
- 3312 (4) A statement of abandonment takes effect on the day and time on which the division files
- 3313 the statement of abandonment and the conversion is abandoned and does not take effect.
- 3314 (5) A statement of abandonment shall contain:
- 3315 (a) the name of the converting entity;
- 3316 (b) the day on which the converting entity files the statement of conversion with the
- 3317 division; and
- 3318 (c) a statement that the domestic converting entity abandoned the conversion in
- 3319 accordance with this section.
- 3320 Section 80. Section **16-1a-906** is enacted to read:
- 3321 **16-1a-906 . Statement of conversion -- Effective date of conversion.**
- 3322 (1) A converting entity shall sign a statement of conversion and deliver the statement of
- 3323 conversion to the division for filing.

- (2) A statement of conversion shall contain:
- (a) the converting entity's name, jurisdiction of formation, and type of entity;
 - (b) the converted entity's name, jurisdiction of formation and type of entity;
 - (c) if the statement of conversion is not to be effective upon filing, the later day and time on which the statement of conversion will take effect, which may not be more than 90 days after the day on which the division files the statement of conversion;
 - (d)(i) if the converting entity is a domestic entity, a statement that the converting entity approved the plan of conversion in accordance with Section 16-1a-904; or
(ii) if the converting entity is a foreign entity, a statement that the converting entity approved the plan of conversion in accordance with the law of the converting entity's jurisdiction of formation;
 - (e) if the converting entity is a domestic entity, the converting entity's public organic record;
 - (f) if the converted entity is a domestic limited liability partnership, the converted entity's statement of qualification; and
 - (g) if the converted entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.
- (3) In addition to the requirements of Subsection (2), a statement of conversion may contain any other provision not prohibited by law.
- (4) If the converted entity is a domestic entity, the converted entity's public organic record, if any, shall satisfy the requirements of the laws of this state, except that the public organic record:
- (a) is not required to be signed; and
 - (b) is not required to be included in a restatement of the public organic record.
- (5)(a) A domestic converting entity may deliver a plan of conversion that a domestic converting entity signs and that meets all of the requirements of Subsection (2) to the division for filing instead of a statement of conversion.
- (b) A domestic converting entity delivering a plan of conversion in accordance with Subsection (5)(a) has the same effect as delivering a statement of conversion to the division.
 - (c) If a domestic converting entity delivers a plan of conversion as described in this Subsection (5), all references to a statement of conversion refer to the plan of conversion filed in accordance with this part.
- (6) A statement of conversion takes effect on the day and time:

- 3358 (a) on which the domestic converting entity delivers the statement of conversion to the
3359 division for filing; or
3360 (b) specified in the statement of conversion that is later than the day and time on which
3361 the domestic converting entity delivers the statement of conversion to the division for
3362 filing.

3363 (7)(a) If a converted entity is a domestic entity, a conversion takes effect on the day and
3364 time on which the statement of conversion takes effect.

- 3365 (b) If a converted entity is a foreign entity, the conversion takes effect on the later of:
3366 (i) the day and time provided by the organic law of the converted entity; or
3367 (ii) the day and time on which the statement of conversion takes effect.

3368 Section 81. Section **16-1a-907** is enacted to read:

3369 **16-1a-907 . Effect of conversion.**

3370 (1) When a conversion takes effect:

- 3371 (a) the converted entity is:
3372 (i) organized under and subject to the organic law of the converted entity; and
3373 (ii) the same entity without interruption as the converting entity;
3374 (b) all property of the converting entity continues to be vested in the converted entity
3375 without transfer, reversion, or impairment;
3376 (c) each debt, obligation, and other liability of the converting entity continues as a debt,
3377 obligation, and other liability of the converted entity;
3378 (d) except as otherwise provided by law or the plan of conversion, each right, privilege,
3379 immunity, power, and purpose of the converting entity remain in the converted entity;
3380 (e) the name of the converted entity may be substituted for the name of the converting
3381 entity in a pending action or proceeding;
3382 (f) if a converted entity is a filing entity, the converted entity's public organic record
3383 takes effect;
3384 (g) if the converted entity is a limited liability partnership, the converted entity's
3385 statement of qualification is effective;
3386 (h) the private organic rules of the converted entity that are to be in a record, if any,
3387 approved as part of the plan of conversion take effect;
3388 (i) each interest in the converting entity are converted, and each interest holder of the
3389 converting entity is entitled only to:
3390 (i) the rights provided to the interest holder under the plan of conversion;
3391 (ii) appraisal rights described in Section 16-1a-708; and

- 3392 (iii) the converting entity's organic law;
- 3393 (j) a person that did not have interest holder liability with respect to the converting entity
- 3394 and becomes subject to interest holder liability with respect to a domestic entity as a
- 3395 result of the conversion has interest holder liability:
- 3396 (i) only to the extent provided by the organic law of the entity; and
- 3397 (ii) only for a debt, obligation, or other liability that the converting entity incurs after
- 3398 the conversion takes effect;
- 3399 (k) the following conditions apply to the interest holder liability of a person that no
- 3400 longer holds an interest in a domestic converting entity if the person had interest
- 3401 holder liability in the domestic converting entity:
- 3402 (i) the conversion does not discharge any interest holder liability under the organic
- 3403 law of the domestic converting entity to the extent the person incurred the interest
- 3404 holder liability before the conversion takes effect;
- 3405 (ii) the person does not have interest holder liability under the organic law of the
- 3406 domestic converting entity for a debt, obligation, or other liability that the
- 3407 converted entity incurs after the conversion takes effect;
- 3408 (iii) the organic law of the domestic converting entity continues to apply to the
- 3409 release, collection, or discharge of any interest holder liability preserved under
- 3410 Subsection (1)(k)(i) as if the conversion does not occur; and
- 3411 (iv) the person has whatever rights of contribution from any other person as provided
- 3412 by other law or the organic rules of the domestic converting entity with respect to
- 3413 any interest holder liability preserved under Subsection (1)(k)(i) as if the
- 3414 conversion does not occur; and
- 3415 (l) a person may serve a foreign entity that is the converted entity with process in this
- 3416 state for the collection and enforcement of any of the foreign entity's debts,
- 3417 obligations, and other liabilities in accordance with applicable law.
- 3418 (2) Except as otherwise provided in the organic law or organic rules of a converting entity,
- 3419 a conversion does not give rise to a right that an interest holder, a governor, or a third
- 3420 party would have upon the dissolution, liquidation, or winding up of the converting
- 3421 entity.
- 3422 (3) If a converting entity is a registered foreign entity, the converting entity's registration to
- 3423 do business is canceled when the conversion takes effect.
- 3424 (4) A conversion does not require an entity to wind up the entity's affairs and does not
- 3425 constitute or cause the dissolution of the entity.

Section 82. Section **16-1a-1001** is enacted to read:

Part 10. Domestication

16-1a-1001 . Definitions.

Reserved.

Section 83. Section **16-1a-1002** is enacted to read:

16-1a-1002 . Domestication authorized.

- (1) Except as otherwise provided in this section, by complying with this part:
- (a) a domestic entity may become a domestic entity of the same type of entity in a foreign jurisdiction if the domestication is authorized by the law of the foreign jurisdiction; and
- (b) a foreign entity may become a domestic entity of the same type of entity in this state if the domestication is authorized by the law of the foreign entity's jurisdiction of formation.
- (2) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to domestication, the provision applies to a domestication of the entity as if the domestication were a merger until the provision is amended after May 7, 2026.

Section 84. Section **16-1a-1003** is enacted to read:

16-1a-1003 . Plan of domestication.

- (1) A domestic entity may become a foreign entity in a domestication by approving a plan of domestication.
- (2) The domestic entity shall ensure that a plan of domestication is in a record and that the plan of domestication contains:
- (a) the domesticating entity's name, jurisdiction of formation, and type of entity;
- (b) the domesticated entity's name, jurisdiction of formation, and type of entity;
- (c) the manner of converting the interests in the domesticating entity into interests, securities, obligations, money, other property, or rights to acquire interests and securities;
- (d) the proposed public organic record of the domesticated entity if the domesticated entity is a filing entity;
- (e) the full text of the private organic rules of the domesticated entity that are proposed to be in a record;
- (f) the other terms and conditions of the domestication; and
- (g) any other provision required by the law of this state or the organic rules of the

3460 domesticating entity.

3461 (3) In addition to the requirements described in Subsection (2), a plan of domestication may
3462 contain any other provision not prohibited by law.

3463 Section 85. Section **16-1a-1004** is enacted to read:

3464 **16-1a-1004 . Approval of domestication.**

3465 (1) A plan of domestication does not take effect unless:

3466 (a) a domestic domesticating entity approves the plan of domestication:

3467 (i) in accordance with the requirements, if any, of the domestic domesticating entity's
3468 organic rules for the approval of a domestication;

3469 (ii) if the domestic domesticating entity's rules do not provide for approval of a
3470 domestication, in accordance with the requirements, if any, of the domestic
3471 domesticating entity's organic law and organic rules for the approval of:

3472 (A) for an entity that is not a business corporation or limited cooperative
3473 association, a merger, as if the domestication were a merger;

3474 (B) for a business corporation, a merger requiring approval for a vote of the
3475 interest holders of the business corporation, as if the domestication was that
3476 type of merger; or

3477 (C) for a limited cooperative association, a transaction under this part; or

3478 (iii) by each interest holder of the entity entitled to vote on or consent to any matter if:

3479 (A) for an entity that is not a business corporation or a limited cooperative
3480 association, the business corporation's or limited cooperative association's
3481 organic law or organic rules do not provide for the approval of a domestication
3482 or merger; or

3483 (B) for a limited cooperative association, the limited cooperative association's
3484 organic law or organic rules do not provide for the approval of a domestication
3485 or a transaction under this part;

3486 (b) each interest holder that will have interest holder liability for a debt, obligation, or
3487 other liability that a domesticated entity incurs after the domestication takes effect
3488 approves the domestication in a record; and

3489 (c) for an entity that is not a business corporation or a nonprofit corporation, the entity
3490 shall comply with the provisions of Subsection (1)(b), unless:

3491 (i) the organic rules of the entity contain a provision in a record for the approval of a
3492 domestication or merger in which some or all of the entity's interest holders
3493 become subject to interest holder liability by the vote or consent of fewer than all

3494 the interest holders; and

3495 (ii) the interest holder consented in a record to or vote for the provision described in
3496 Subsection (1)(c)(i) or became an interest holder after the adoption of the
3497 provision.

3498 (2) A domestication of a foreign domesticating entity does not take effect unless the foreign
3499 domesticating entity approves the domestication in accordance with the law of the
3500 foreign entity's jurisdiction of formation.

3501 Section 86. Section **16-1a-1005** is enacted to read:

3502 **16-1a-1005 . Amendment or abandonment of plan of domestication.**

3503 (1) A domestic domesticating entity may amend a plan of domestication for the domestic
3504 domesticating entity:

- 3505 (a) in the same manner as the domestic domesticating entity approved the plan of
3506 domestication; or
- 3507 (b) through the domestic domesticating entity's governors or interest holders in the
3508 manner provided in the plan of domestication, if an interest holder that was entitled to
3509 vote on or consent to approval of the domestication is entitled to vote on any
3510 amendment to the plan of domestication that will change:
- 3511 (i) the amount or kind of interests, securities, obligations, money, other property, or
3512 rights to acquire interest or securities that an interest holder of the domesticating
3513 entity will receive under the plan of domestication;
- 3514 (ii) the public organic record, if any, or private organic rules of the domesticated
3515 entity that will take effect immediately after the domestication takes effect, except
3516 for any change that does not require the approval of the interest holders of the
3517 domesticated entity under the domesticated entity's organic law or organic rules; or
- 3518 (iii) any other term or condition of the plan, if the change would adversely affect the
3519 interest holder in any material respect.

3520 (2)(a) After a domestic domesticating entity approves a plan of domestication and before
3521 a statement of domestication takes effect, the domestic domesticating entity may
3522 abandon the plan of domestication as provided in the plan of domestication.

3523 (b) Unless prohibited by the plan of domestication, a domestic domesticating entity may
3524 abandon the plan of domestication in the same manner as the domestic domesticating
3525 entity approved the plan of domestication.

3526 (3) If a domestic domesticating entity abandons a plan of domestication after delivering a
3527 statement of domestication to the division for filing and before the statement of

abandonment is effective, the domestic domesticating entity shall:

(a) sign a statement of abandonment; and

(b) deliver the signed statement of abandonment to the division for filing before the statement of domestication takes effect.

(4) A statement of abandonment takes effect on the day and time on which the division files the statement of abandonment and the domestication is abandoned and does not take effect.

(5) A statement of abandonment shall contain:

(a) the name of the domesticating entity;

(b) the day on which the domesticating entity files the statement of domestication with the division; and

(c) a statement that the domestic domesticating entity abandoned the domestication in accordance with this section.

Section 87. Section **16-1a-1006** is enacted to read:

16-1a-1006 . Statement of domestication -- Effective date of domestication.

(1) A domesticating entity shall sign a statement of domestication and deliver the statement of domestication to the division for filing.

(2) A statement of domestication shall contain:

(a) the domesticating entity's name, jurisdiction of formation, and type of entity;

(b) the domesticated entity's name, jurisdiction of formation and type of entity;

(c) if the statement of domestication is not to be effective upon filing, the later day and time on which the statement of domestication will take effect, which may not be more than 90 days after the day on which the division files the statement of domestication;

(d)(i) if the domesticating entity is a domestic entity, a statement that the domestication entity approved the plan of domestication in accordance with Section 16-1a-1004; or

(ii) if the domesticating entity is a foreign entity, a statement that the domesticating entity approved the plan of domestication in accordance with the law of the domesticating entity's jurisdiction of formation;

(e) if the domesticated entity is a domestic filing entity, the domesticated entity's public organic record;

(f) if the domesticated entity is a domestic limited liability partnership, the domesticated entity's statement of qualification; and

(g) if the domesticated entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.

(3) In addition to the requirements of Subsection (2), a statement of domestication may contain any other provision not prohibited by law.

(4) If the domesticated entity is a domestic entity, the domesticated entity's public organic record, if any, shall satisfy the requirements of the laws of this state, except that the public organic record:

(a) is not required to be signed; and

(b) may omit any provision that is not required to be included in a restatement of the public organic record.

(5)(a) A domestic domesticating entity may deliver a plan of domestication that a domestic domesticating entity signs and that meets all of the requirements of Subsection (2) to the division for filing instead of a statement of domestication.

(b) A domestic domesticating entity delivering a plan of domestication in accordance with Subsection (5)(a) has the same effect as delivering a statement of domestication to the division.

(c) If a domestic domesticating entity delivers a plan of domestication as described in this Subsection (5), all references to a statement of domestication refer to the plan of domestication filed in accordance with this part.

(6) A statement of domestication takes effect on the day and time:

(a) on which the domestic domesticating entity delivers the statement of domestication to the division for filing; or

(b) specified in the statement of domestication that is later than the day and time on which the domestic domesticating entity delivers the statement of domestication to the division for filing.

(7)(a) If a domesticated entity is a domestic entity, a domestication takes effect on the day and time on which the statement of domestication takes effect.

(b) If a domesticated entity is a foreign entity, the domestication takes effect on the later of:

(i) the day and time provided by the organic law of the domesticated entity; or

(ii) the day and time on which the statement of domestication takes effect.

Section 88. Section **16-1a-1007** is enacted to read:

16-1a-1007 . Effect of domestication.

(1) When a domestication takes effect:

- (a) the domesticated entity is:
- (i) organized under and subject to the organic law of the domesticated entity; and
 - (ii) the same entity without interruption as the domesticating entity;
- (b) all of the domesticating entity's property continues to be vested in the domesticated entity without transfer, reversion, or impairment;
- (c) each debt, obligation, and other liability of the domesticating entity continues as a debt, obligation, and other liability of the domesticated entity;
- (d) except as otherwise provided by law or the plan of domestication, each right, privilege, immunity, power, and purpose of the domesticating entity remain in the domesticated entity;
- (e) the name of the domesticated entity may be substituted for the name of the domesticating entity in a pending action or proceeding;
- (f) if the domesticated entity is a filing entity the domesticated entity's public organic record takes effect;
- (g) if the domesticated entity is a limited liability partnership, the domesticated entity's statement of qualification takes effect simultaneously with the domestication;
- (h) the private organic rules of the domesticated entity that are to be in a record, if any, approved as part of the plan of domestication take effect; and
- (i)(i) each interest in the domesticating entity is converted to the extent and as approved in connection with the domestication; and
- (ii) each interest holder of the domesticating entity is entitled only to:
- (A) the rights provided to the interest holder under the plan of domestication;
 - (B) any appraisal rights the interest holder has under Section 16-1a-708; and
 - (C) the rights provided to the interest holder under the domesticating entity's organic law;
- (j) a person that did not have interest holder liability with respect to the domesticating entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the domestication has interest holder liability:
- (i) only to the extent provided by the organic law of the entity; and
 - (ii) only for a debt, obligation, or other liability that the domesticating entity incurs after the domestication takes effect; and
- (k) the following conditions apply to the interest holder liability of a person that no longer holds an interest in a domestic domesticating entity if the person had interest holder liability in the domestic domesticating entity:

- (i) the domestication does not discharge any interest holder liability under the organic law of the domestic domesticating entity to the extent the person incurred the interest holder liability before the domestication takes effect;
- (ii) the person does not have interest holder liability under the organic law of the domestic domesticating entity for a debt, obligation, or other liability that the domesticated entity incurs after the domesticating takes effect;
- (iii) the organic law of the domestic domesticating entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur; and
- (iv) the person has whatever rights of contribution from any other person as provided by other law or the organic rules of the domestic domesticating entity with respect to any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur.
- (2) Except as otherwise provided in the organic law or organic rules of the domesticating entity, the domestication does not give rise to any right that an interest holder, governor, or third party would have upon the dissolution, liquidation, or winding up of the domesticating entity.
- (3) When a domestication takes effect, a person may serve a foreign entity that is the domesticated entity with process in this state for the collection and enforcement of any debt, obligation, or other liability of the foreign entity in accordance with applicable law.
- (4) If a domesticating entity is a registered foreign entity, the registration to do business in this state of the domesticating entity is canceled when the domestication takes effect.
- (5) A domestication does not require the domesticating entity to wind up the domesticating entity's affairs and does not constitute or cause the dissolution of the domesticating entity.

Section 89. Section **16-6a-120** is enacted to read:

16-6a-120 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 90. Section **16-7-17** is enacted to read:

16-7-17 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 91. Section **16-10a-130** is enacted to read:

16-10a-130 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 92. Section **16-10b-107** is enacted to read:

16-10b-107 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 93. Section **16-11-17** is enacted to read:

16-11-17 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 94. Section **16-12-7** is enacted to read:

16-12-7 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 95. Section **16-15-111** is enacted to read:

16-15-111 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 96. Section **16-16-121** is enacted to read:

16-16-121 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 97. Section **16-18-101**, which is renumbered from Section 48-1d-102 is renumbered and amended to read:

CHAPTER 18. Utah Uniform Partnership Act

Part 1. General Provisions

[48-1d-102] 16-18-101 . Definitions.

As used 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 [48-1d-501] 16-18-501 which is provided by a person to a partnership to become a partner or in the person's capacity as a partner.

- (3) "Debtor in bankruptcy" means a person that is the subject of:
- (a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or
 - (b) a comparable order under federal, state, or foreign law governing insolvency.
- (4)(a) "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.[-]
- (b) ~~[The term:]~~ "Distribution"
- ~~[(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 activities and affairs or have access to records or other information concerning the partnership's activities and affairs~~[- and]~~ .
- ~~[(b)]~~ (c) "Distribution" 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.
- (5) "Division" means the Division of Corporations and Commercial Code.
- (6) "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 Subsection ~~[48-1d-306(3)]~~ 16-18-306(3).
- (7)(a) "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.
- (b) ~~[-The term]~~ "Foreign partnership" includes a foreign limited liability partnership.
- (8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.
- (9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- (a) under whose law the entity is formed; or
 - (b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.
- (10) "Limited liability partnership," except in the phrase "foreign limited liability partnership," means a partnership that has filed a statement of qualification under Section ~~[48-1d-1101]~~ 16-18-1001 and does not have a similar statement in effect in any other jurisdiction.

- (11) "Partner" means a person that:
- (a) has become a partner in a partnership under Section ~~[48-1d-401]~~ 16-18-401 or was a partner in a partnership when the partnership became subject to this chapter under Section ~~[48-1d-1405]~~ 16-18-1205; and
 - (b) has not dissociated as a partner under Section ~~[48-1d-701]~~ 16-18-701.
- (12)(a) "Partnership" means an association of two 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 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :
- (i) Chapter 1a, Part 7, Merger;
 - (ii) Chapter 1a, Part 8, Interest Exchange;
 - (iii) Chapter 1a, Part 9, Conversion;
 - (iv) ~~[]~~ Chapter 1a, Part 10, Domestication; or
 - (v) Section ~~[48-1d-1405]~~ 16-18-1205.
- (b) ~~[The term]~~ "Partnership" includes a limited liability partnership.
- (13)(a) "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 Subsection ~~[48-1d-106(1)]~~ 16-18-105(1).
- (b) ~~[The term]~~ "Partnership agreement" includes the agreement as amended or restated.
- (14) "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.
- (15) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
- (16) "Principal office" means the principal executive office of a partnership or a foreign limited liability partnership, whether or not the office is located in this state.
- (17) "Professional services" means a personal service provided by:
- (a) a public accountant holding a license under Title 58, Chapter 26a, Certified Public Accountant Licensing Act, or a subsequent law regulating the practice of public

- 3765 accounting;
- 3766 (b) an architect holding a license under Title 58, Chapter 3a, Architects Licensing Act,
- 3767 or a subsequent law regulating the practice of architecture;
- 3768 (c) an attorney granted the authority to practice law by the:
- 3769 (i) Utah Supreme Court; or
- 3770 (ii) one or more of the following that licenses or regulates the authority to practice
- 3771 law in a state or territory of the United States other than Utah:
- 3772 (A) a supreme court;
- 3773 (B) a court other than a supreme court;
- 3774 (C) an agency;
- 3775 (D) an instrumentality; or
- 3776 (E) a regulating board;
- 3777 (d) a chiropractor holding a license under Title 58, Chapter 73, Chiropractic Physician
- 3778 Practice Act, or a subsequent law regulating the practice of chiropractics;
- 3779 (e) a doctor of dentistry holding a license under Title 58, Chapter 69, Dentist and Dental
- 3780 Hygienist Practice Act, or a subsequent law regulating the practice of dentistry;
- 3781 (f) a professional engineer registered under Title 58, Chapter 22, Professional Engineers
- 3782 and Professional Land Surveyors Licensing Act, or a subsequent law regulating the
- 3783 practice of engineers or land surveyors;
- 3784 (g) a naturopath holding a license under Title 58, Chapter 71, Naturopathic Physician
- 3785 Practice Act, or a subsequent law regulating the practice of naturopathy;
- 3786 (h) a nurse licensed under Title 58, Chapter 31b, Nurse Practice Act, or Chapter 44a,
- 3787 Nurse Midwife Practice Act, or a subsequent law regulating the practice of nursing;
- 3788 (i) an optometrist holding a license under Title 58, Chapter 16a, Utah Optometry
- 3789 Practice Act, or a subsequent law regulating the practice of optometry;
- 3790 (j) an osteopathic physician or surgeon holding a license under Title 58, Chapter 68,
- 3791 Utah Osteopathic Medical Practice Act, or a subsequent law regulating the practice of
- 3792 osteopathy;
- 3793 (k) a pharmacist holding a license under Title 58, Chapter 17b, Pharmacy Practice Act,
- 3794 or a subsequent law regulating the practice of pharmacy;
- 3795 (l) a physician, surgeon, or doctor of medicine holding a license under Title 58, Chapter
- 3796 67, Utah Medical Practice Act, or a subsequent law regulating the practice of
- 3797 medicine;
- 3798 (m) a physician assistant holding a license under Title 58, Chapter 70a, Utah Physician

- Assistant Act, or a subsequent law regulating the practice as a physician assistant;
- (n) a physical therapist holding a license under Title 58, Chapter 24b, Physical Therapy Practice Act, or a subsequent law regulating the practice of physical therapy;
- (o) a podiatric physician holding a license under Title 58, Chapter 5a, Podiatric Physician Licensing Act, or a subsequent law regulating the practice of podiatry;
- (p) a psychologist holding a license under Title 58, Chapter 61, Psychologist Licensing Act, or a subsequent law regulating the practice of psychology;
- (q) a principal broker, associate broker, or sales agent holding a license under Title 61, Chapter 2f, Real Estate Licensing and Practices Act, or a subsequent law regulating the sale, exchange, purchase, rental, or leasing of real estate;
- (r) a clinical or certified social worker holding a license under Title 58, Chapter 60, Part 2, Social Worker Licensing Act, or a subsequent law regulating the practice of social work;
- (s) a mental health therapist holding a license under Title 58, Chapter 60, Mental Health Professional Practice Act, or a subsequent law regulating the practice of mental health therapy;
- (t) a veterinarian holding a license under Title 58, Chapter 28, Veterinary Practice Act, or a subsequent law regulating the practice of veterinary medicine; or
- (u) an individual licensed, certified, or registered under Title 61, Chapter 2g, Real Estate Appraiser Licensing and Certification Act, or a subsequent law regulating the practice of appraising real estate.
- (18) "Property" means all property, whether real, personal, or mixed, or tangible or intangible, or any right or interest therein.
- (19) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- (20) "Registered agent" means an agent of a limited liability partnership or foreign limited liability partnership which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the partnership.
- (21) "Registered foreign limited liability partnership" means a foreign limited liability partnership that is registered to do business in this state ~~[pursuant to]~~ in accordance with a statement of registration filed by the division.
- (22) "Sign" means, with present intent to authenticate or adopt a record:
- (a) to execute or adopt a tangible symbol; or
- (b) to attach to or logically associate with the record an electronic symbol, sound, or

3833 process.

3834 (23) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
3835 United States Virgin Islands, or any territory or insular possession subject to the
3836 jurisdiction of the United States.

3837 (24) "Transfer" includes:

- 3838 (a) an assignment;
3839 (b) a conveyance;
3840 (c) a sale;
3841 (d) a lease;
3842 (e) an encumbrance, including a mortgage or security interest;
3843 (f) a gift; and
3844 (g) a transfer by operation of law.

3845 (25)(a) "Transferable interest" means the right, as initially owned by a person in the
3846 person's capacity as a partner, to receive distributions from a partnership in
3847 accordance with the partnership agreement, whether or not the person remains a
3848 partner or continues to own any part of the right.

3849 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by
3850 whomever owned.

3851 (26) "Transferee" means a person to which all or part of a transferable interest has been
3852 transferred, whether or not the transferor is a partner.

3853 (27) "Tribal partnership" means a partnership:

- 3854 (a) formed under the law of a tribe; and
3855 (b) that is at least 51% owned or controlled by the tribe under whose law the partnership
3856 is formed.

3857 (28) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
3858 Indians, including an Alaska Native village, that is legally recognized as eligible for and
3859 is consistent with a special program, service, or entitlement provided by the United
3860 States to Indians because of their status as Indians.

3861 Section 98. Section **16-18-102**, which is renumbered from Section 48-1d-103 is renumbered
3862 and amended to read:

3863 **[~~48-1d-103~~] 16-18-102 . Knowledge -- Notice.**

3864 (1) A person knows a fact if the person:

- 3865 (a) has actual knowledge of it; or
3866 (b) is deemed to know it under Subsection (4)(a) or law other than this chapter.

- (2) A person has notice of a fact if the person:
- (a) has reason to know the fact from all the facts known to the person at the time in question; or
 - (b) is deemed to have notice of the fact under Subsection (4)(b).
- (3) Subject to ~~[Subsection 48-1d-116(6)]~~ Section 16-1a-211, 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.
- (4) A person not a partner is deemed:
- (a) to know of a limitation on authority to transfer real property as provided in Subsection ~~[48-1d-303(7)]~~ 16-18-303(7); and
 - (b) to have notice of:
 - (i) a partner's dissociation 90 days after a statement of dissociation under Section ~~[48-1d-804]~~ 16-18-804 becomes effective; and
 - (ii) a partnership's:
 - (A) dissolution 90 days after a statement of dissolution under Subsection ~~[48-1d-902(2)(b)(i)]~~ 16-18-902(2)(b)(i) becomes effective;
 - (B) termination 90 days after a statement of termination under Subsection ~~[48-1d-902(2)(b)(vi)]~~ 16-18-902(2)(b)(vi) becomes effective;
 - (C) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and
 - (D) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.
- (5) 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.

Section 99. Section **16-18-103**, which is renumbered from Section 48-1d-104 is renumbered

and amended to read:

[48-1d-104] 16-18-103 . 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 state of the jurisdiction in which the partnership has its principal office.

Section 100. Section **16-18-104**, which is renumbered from Section 48-1d-105 is renumbered and amended to read:

[48-1d-105] 16-18-104 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 101. Section **16-18-105**, which is renumbered from Section 48-1d-106 is renumbered and amended to read:

[48-1d-106] 16-18-105 . Partnership agreement -- Scope, function, and limitations.

- (1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement governs:
 - (a) relations among the partners as partners and between the partners and the partnership;
 - (b) the activities and affairs of the partnership and the conduct of those activities and affairs; and
 - (c) the means and conditions for amending the partnership agreement.
- (2) To the extent the partnership agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.
- (3) A partnership agreement may not:
 - (a) vary the law applicable under Section [48-1d-104] 16-18-103;
 - (b) vary the provisions of Section [48-1d-111] 16-1a-209;
 - (c) vary the provisions of Section [48-1d-307] 16-18-307;
 - (d) unreasonably restrict the duties and rights under Section [48-1d-403] 16-18-403, 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;
 - (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in Subsection (4);
 - (f) eliminate the contractual obligation of good faith and fair dealing under Subsection [

- 3935 ~~48-1d-405(4)]~~ 16-18-405(4), but the partnership agreement may prescribe the
 3936 standards, if not unconscionable or against public policy, by which the performance
 3937 of the obligation is to be measured;
- 3938 (g) relieve or exonerate a person from liability for conduct involving bad faith, willful
 3939 misconduct, or recklessness;
- 3940 (h) vary the power to dissociate as a partner under Subsection [~~48-1d-702(1)]~~
 3941 16-18-702(1), except to require the notice under Subsection [~~48-1d-701(1)]~~
 3942 16-18-701(1) to be in a record;
- 3943 (i) vary the right of a court to expel a partner in the events specified in Subsection [
 3944 ~~48-1d-701(5)]~~ 16-18-701(5);
- 3945 (j) vary the causes of dissolution specified in Subsection [~~48-1d-901(4)]~~ 16-18-901(4), (5),
 3946 or (6);
- 3947 (k) vary the requirement to wind up the partnership's activities and affairs as specified in
 3948 Subsections [~~48-1d-902(1)]~~ 16-18-902(1), (2)(a), and (4);
- 3949 (l) vary the right of a partner to approve a merger, interest exchange, conversion, or
 3950 domestication under [~~Subsection 48-1d-1023(1)(b)]~~ Section 16-1a-704, [
 3951 ~~48-1d-1033(1)(b)]~~ 16-1a-804, [~~48-1d-1043(1)(b)]~~ 16-1a-904, or [~~48-1d-1053(1)(b)]~~
 3952 16-1a-1004;
- 3953 (m) vary any requirement, procedure, or other provision of this chapter pertaining to:
 3954 (i) registered agents; or
 3955 (ii) the division, including provisions pertaining to records authorized or required to
 3956 be delivered to the division for filing under this chapter; or
- 3957 (n) except as otherwise provided in Section [~~48-1d-107]~~ 16-18-106 and Subsection [
 3958 ~~48-1d-108(2)]~~ 16-18-107(2), restrict the rights under this chapter of a person other
 3959 than a partner.
- 3960 (4) Subject to Subsection (3)(e), without limiting other terms that may be included in a
 3961 partnership agreement, the following rules apply:
- 3962 (a) The partnership agreement may specify the method by which a specific act or
 3963 transaction that would otherwise violate the duty of loyalty may be authorized or
 3964 ratified by one or more disinterested and independent persons after full disclosure of
 3965 all material facts.
- 3966 (b) If not unconscionable or against public policy, the partnership agreement may:
 3967 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [
 3968 ~~48-1d-405(2)]~~ 16-18-405(2);

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

(iii) alter the duty of care, except to authorize intentional misconduct or knowing violation of law; and

(iv) alter or eliminate any other fiduciary duty.

(5)(a) The court shall decide as a matter of law whether a term of a partnership agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(b).

(b) [-]The court:

[(a)] (i) shall make [its] the court's determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and

[(b)] (ii) may invalidate the term only if, in light of the purposes and business of the partnership, it is readily apparent that:

[(i)] (A) the objective of the term is unconscionable or against public policy; or

[(ii)] (B) the means to achieve the term's objective is unconscionable or against public policy.

Section 102. Section **16-18-106**, which is renumbered from Section 48-1d-107 is renumbered and amended to read:

[48-1d-107] 16-18-106 . Partnership agreement -- Effect on partnership and person becoming partner -- Preformation agreement.

(1) A partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the partnership agreement.

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

(3) Two 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.

Section 103. Section **16-18-107**, which is renumbered from Section 48-1d-108 is renumbered and amended to read:

[48-1d-108] 16-18-107 . Partnership agreement -- Effect on third parties and relationship to records effective on behalf of partnership.

(1)(a) A partnership agreement may specify that [its] the partnership's amendment requires the approval of a person that is not a party to the partnership agreement or the satisfaction of a condition.

(b) ~~[-]~~An amendment is ineffective if ~~[its]~~ the amendment's adoption does not include the required approval or satisfy the specified condition.

(2)(a) The obligations of a partnership and ~~[its]~~ the partnership's partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement.

(b) ~~[-]~~Subject only to a court order issued under Subsection ~~[48-1d-604(2)(b)]~~ 16-18-604(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

~~[(a)]~~ (i) 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

~~[(b)]~~ (ii) is not effective to the extent the amendment:

~~[(i)]~~ (A) imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner; or

~~[(ii)]~~ (B) prejudices the rights under Section ~~[48-1d-801]~~ 16-18-801 of a person that dissociated as a partner before the amendment was made.

(3) If a record delivered by a partnership to the division for filing becomes effective under this chapter and contains a provision that would be ineffective under Subsection ~~[48-1d-106(3)]~~ 16-18-105(3) or (4)(b) if contained in the partnership agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a partnership to the division for filing becomes effective under this chapter and conflicts with a provision of the partnership agreement:

(a) the partnership agreement prevails as to partners, persons dissociated as partners, and transferees; and

(b) the record prevails as to other persons to the extent ~~[they]~~ the persons reasonably rely on the record.

Section 104. Section **16-18-108**, which is renumbered from Section 48-1d-118 is renumbered and amended to read:

[48-1d-118] 16-18-108 . Reservation of power to amend or repeal.

The Legislature of this state has power to amend or repeal all or part of this chapter at any time, and all domestic and foreign limited liability partnerships subject to this chapter are governed by the amendment or repeal.

Section 105. Section **16-18-109** is enacted to read:

16-18-109 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 106. Section **16-18-201**, which is renumbered from Section 48-1d-201 is renumbered and amended to read:

Part 2. Nature of Partnership

[48-1d-201] 16-18-201 . Partnership as entity.

- (1) A partnership is an entity distinct from [its] the partnership's partners.
- (2) A partnership is the same entity regardless of whether the partnership has a statement of qualification in effect under Section [48-1d-1101] 16-18-1001.

Section 107. Section **16-18-202**, which is renumbered from Section 48-1d-202 is renumbered and amended to read:

[48-1d-202] 16-18-202 . Formation of partnership.

- (1) Except as otherwise provided in Subsection (2), the association of two 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.
- (2) 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.
- (3) In determining whether a partnership is formed, the following rules apply:
- (a) Joint tenancy, tenancy in common, tenancy by the entireties, 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.
 - (b) 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.
 - (c) 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:
 - (i) of a debt by installments or otherwise;
 - (ii) for services as an independent contractor or of wages or other compensation to an employee;
 - (iii) of rent;
 - (iv) 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;
 - (v) 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

(vi) for the sale of the goodwill of a business or other property by installments or otherwise.

Section 108. Section **16-18-203**, which is renumbered from Section 48-1d-203 is renumbered and amended to read:

[48-1d-203] 16-18-203 . Partnership property.

Property acquired by a partnership is property of the partnership and not of the partners individually.

Section 109. Section **16-18-204**, which is renumbered from Section 48-1d-204 is renumbered and amended to read:

[48-1d-204] 16-18-204 . When property is partnership property.

(1) Property is partnership property if acquired in the name of:

(a) the partnership; or

(b) one 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.

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

(a) the partnership in [its] the partnership's name; or

(b) one or more partners in [their] the partners' capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

(3) 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 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.

(4) Property acquired in the name of one 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.

Section 110. Section **16-18-301**, which is renumbered from Section 48-1d-301 is renumbered and amended to read:

Part 3. Relations of Partners to Persons Dealing with Partnership

4105 **[~~48-1d-301~~] 16-18-301 . Partner agent of partnership.**

4106 Subject to the effect of a statement of partnership authority under Section [~~48-1d-303~~]
4107 16-18-303, the following rules apply:

4108 (1)(a) Each partner is an agent of the partnership for the purpose of its activities and
4109 affairs.

4110 (b) [~~-~~]An act of a partner, including the signing of an instrument in the partnership
4111 name, for apparently carrying on in the ordinary course the partnership's activities
4112 and affairs or activities and affairs of the kind carried on by the partnership binds the
4113 partnership, unless the partner did not have authority to act for the partnership in the
4114 particular matter and the person with which the partner was dealing knew, or had
4115 notice, that the partner lacked authority.

4116 (2) An act of a partner, which is not apparently for carrying on in the ordinary course the
4117 partnership's activities and affairs or activities and affairs of the kind carried on by the
4118 partnership, binds the partnership only if the act was actually authorized by all the other
4119 partners.

4120 Section 111. Section **16-18-302**, which is renumbered from Section ~~48-1d-302~~ is renumbered
4121 and amended to read:

4122 **[~~48-1d-302~~] 16-18-302 . Transfer of partnership property.**

4123 (1) Partnership property may be transferred as follows:

4124 (a) Subject to the effect of a statement of partnership authority under Section [~~48-1d-303~~]
4125 16-18-303, partnership property held in the name of the partnership may be
4126 transferred by an instrument of transfer executed by a partner in the partnership name.

4127 (b) Partnership property held in the name of one or more partners with an indication in
4128 the instrument transferring the property to them of their capacity as partners or of the
4129 existence of a partnership, but without an indication of the name of the partnership,
4130 may be transferred by an instrument of transfer executed by the persons in whose
4131 name the property is held.

4132 (c) Partnership property held in the name of one or more persons other than the
4133 partnership, without an indication in the instrument transferring the property to them
4134 of their capacity as partners or of the existence of a partnership, may be transferred
4135 by an instrument of transfer executed by the persons in whose name the property is
4136 held.

4137 (2) A partnership may recover partnership property from a transferee only if [it] the
4138 partnership proves that execution of the instrument of initial transfer did not bind the

partnership under Section ~~[48-1d-301]~~ 16-18-301 and:

(a) as to a subsequent transferee who gave value for property transferred under Subsection (1)(a) or (1)(b), proves that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(b) as to a transferee who gave value for property transferred under Subsection (1)(c), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(3) 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 (2), from any earlier transferee of the property.

(4)(a) If a person holds all the partners' interests in the partnership, all the partnership property vests in that person.

(b) ~~[-]~~ The person may execute a document in the name of the partnership to evidence vesting of the property in that person and may file or record the document.

Section 112. Section **16-18-303**, which is renumbered from Section 48-1d-303 is renumbered and amended to read:

~~48-1d-303~~ 16-18-303 . Statement of partnership authority.

(1)(a) A partnership may deliver to the division for filing a statement of partnership authority.

(b) ~~[-]~~ The statement:

~~[(a)]~~ (i) must include:

~~[(i)]~~ (A) the name of the partnership; and

~~[(ii)]~~ (B) if the partnership is not a limited liability partnership, the street and mailing addresses of its principal office;

~~[(b)]~~ (ii) 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:

~~[(i)]~~ (A) execute an instrument transferring real property held in the name of the partnership; or

~~[(ii)]~~ (B) enter into other transactions on behalf of, or otherwise act for or bind, the partnership; and

~~[(e)]~~ (iii) may state the authority, or limitations on the authority, of a specific person

4173 to:

4174 [(i)] (A) execute an instrument transferring real property held in the name of the
4175 partnership; or

4176 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
4177 partnership.

4178 (2) To amend or cancel a statement of authority filed by the division, a partnership must
4179 deliver to the division for filing an amendment or cancellation stating:

4180 (a) the name of the partnership;

4181 (b) the street and mailing addresses of the partnership's principal office;

4182 (c) the date the statement of authority being affected became effective; and

4183 (d) the contents of the amendment or a declaration that the statement of authority is
4184 canceled.

4185 (3) A statement of authority affects only the power of a person to bind a partnership to
4186 persons that are not partners.

4187 (4) Subject to Subsection (3) and Subsection [~~48-1d-103(4)(a)~~] 16-18-102(4)(a), and except
4188 as otherwise provided in Subsections (6), (7), and (8), a limitation on the authority of a
4189 person or a position contained in an effective statement of authority is not by itself
4190 evidence of any person's knowledge or notice of the limitation.

4191 (5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property
4192 and contained in an effective statement of authority is conclusive in favor of a person
4193 that gives value in reliance on the grant, except to the extent that if the person gives
4194 value:

4195 (a) the person has knowledge to the contrary;

4196 (b) the statement of authority has been canceled or restrictively amended under
4197 Subsection (2); or

4198 (c) a limitation on the grant is contained in another statement of authority that became
4199 effective after the statement of authority containing the grant became effective.

4200 (6) Subject to Subsection (3), an effective statement of authority that grants authority to
4201 transfer real property held in the name of the partnership and a certified copy of which is
4202 recorded in the office for recording transfers of the real property is conclusive in favor of
4203 a person that gives value in reliance on the grant without knowledge to the contrary,
4204 except to the extent that when the person gives value:

4205 (a) the statement of authority has been canceled or restrictively amended under

4206 Subsection (2), and a certified copy of the cancellation or restrictive amendment has

been recorded in the office for recording transfers of the real property; or

- (b) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective, and a certified copy of the later-effective statement of authority is recorded in the office for recording transfers of the real property.

(7) Subject to Subsection (3), if a certified copy of an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a partnership is recorded in the office for recording transfers of that real property, all persons are deemed to know of the limitation.

(8) Subject to Subsection (9), an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of Subsection (6) and is a limitation on authority for purposes of Subsection (7).

(9)(a) After a statement of dissolution becomes effective, a partnership may deliver to the division for filing and, if appropriate, may record a statement of authority that is designated as a postdissolution statement of authority.

(b) [-]The postdissolution statement of authority operates as provided in Subsections (6) and (7).

(10)(a) Unless canceled earlier, an effective statement of authority is canceled by operation of law five years after the date on which the statement of authority, or [its] the statement of authority's most recent amendment, becomes effective.

(b) [-]Cancellation is effective without recording under Subsection (6) or (7).

(11) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of Subsection (6)(a).

Section 113. Section **16-18-304**, which is renumbered from Section 48-1d-304 is renumbered and amended to read:

[48-1d-304] 16-18-304 . Statement of denial.

A person named in a filed statement of authority granting that person authority may deliver to the division 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.

Section 114. Section **16-18-305**, which is renumbered from Section 48-1d-305 is renumbered and amended to read:

[48-1d-305] 16-18-305 . Partnership liable for partner's actionable conduct.

(1) 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 activities and affairs of the partnership or with the actual or apparent authority of the partnership.

(2) If, in the course of the partnership's activities and affairs 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.

Section 115. Section **16-18-306**, which is renumbered from Section 48-1d-306 is renumbered and amended to read:

[48-1d-306] 16-18-306 . Partner's liability.

(1) Except as otherwise provided in Subsections (2) and (3), all partners are liable jointly and severally for all debts, obligations, and other liabilities of the partnership unless otherwise agreed to by the claimant or provided by law.

(2) 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.

(3)(a) 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.

(b) [-]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 acting as a partner.

(c) [-]This Subsection (3) applies:

(a) (i) despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability partnership under Subsection ~~[48-1d-1101(2)]~~ 16-18-1001(2); and

~~(b)~~ (ii) regardless of the dissolution of the limited liability partnership.

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

(5) The cancellation or administrative revocation of a limited liability partnership's statement of qualification does not affect the limitation under 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.

(6)(a) Subsection (3) and ~~[Part 11, Limited Liability Partnerships]~~ Part 10, Limited Liability Partnerships, do not alter any law applicable to the relationship between a person providing a professional service and a person receiving the professional service, including liability arising out of those professional services.

(b) ~~[-]~~A person providing a professional service remains personally liable for a result of that person's act or omission.

Section 116. Section **16-18-307**, which is renumbered from Section 48-1d-307 is renumbered and amended to read:

~~48-1d-307~~ 16-18-307 . Actions by and against partnership and partners.

(1) A partnership may sue and be sued in the name of the partnership.

(2) To the extent not inconsistent with Section ~~[48-1d-306]~~ 16-18-306, a partner may be joined in an action against the partnership or named in a separate action.

(3)(a) A judgment against a partnership is not by itself a judgment against a partner.

(b) ~~[-]~~A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(4) 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 ~~[48-1d-306]~~ 16-18-306, and:

(a) 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;

(b) the partnership is a debtor in bankruptcy;

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

(d) 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

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

(5) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under Section ~~[48-1d-308]~~ 16-18-308.

Section 117. Section **16-18-308**, which is renumbered from Section 48-1d-308 is renumbered and amended to read:

[48-1d-308] 16-18-308 . Liability of purported partner.

- (1)(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 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.
- (b) [-]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.
- (c) [-]If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner.
- (d) [-]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.
- (2)(a) If a person is thus represented to be a partner in an existing partnership, or with one 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.
- (b) [-]If all the partners of the existing partnership consent to the representation, a partnership act or obligation results.
- (c) [-]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.
- (3) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.
- (4) 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.
- (5) Except as otherwise provided in Subsections (1) and (2), persons who are not partners as to each other are not liable as partners to other persons.

Section 118. Section **16-18-401**, which is renumbered from Section 48-1d-401 is renumbered and amended to read:

Part 4. Relations of Partners to Each Other and to Partnership

[48-1d-401] 16-18-401 . Becoming partner.

- (1) Upon formation of a partnership, a person becomes a partner under Subsection [48-1d-202(1)] 16-18-202(1).
- (2) After formation of a partnership, a person becomes a partner:
 - (a) as provided in the partnership agreement;
 - (b) as a result of a transaction effective under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication; or
 - (c) with the consent of all the partners.
- (3) A person may become a partner without either:
 - (a) acquiring a transferable interest; or
 - (b) making or being obligated to make a contribution to the partnership.

Section 119. Section **16-18-402**, which is renumbered from Section 48-1d-402 is renumbered and amended to read:

[48-1d-402] 16-18-402 . Management rights of partners.

- (1) Each partner has equal rights in the management and conduct of the partnership's activities and affairs.
- (2) A partner may use or possess partnership property only on behalf of the partnership.
- (3) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the activities and affairs of the partnership.
- (4) A difference arising among partners as to a matter in the ordinary course of the activities of the partnership shall be decided by a majority of the partners.
- (5)(a) An act outside the ordinary course of the activities and affairs of the partnership may be undertaken only with the consent of all partners.
- (b) ~~[-]~~An act outside the ordinary course of business of a partnership, an amendment to the partnership agreement, and the approval of a transaction under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, may be undertaken only with the affirmative vote or consent of all of the partners.

Section 120. Section **16-18-403**, which is renumbered from Section 48-1d-403 is renumbered

and amended to read:

[48-1d-403] 16-18-403 . Rights of partners and person dissociated as partner to information.

- (1) A partnership shall keep [its] the partnership's books and records, if any, at [its] the partnership's principal office.
- (2) 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 activities, affairs, 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 chapter.
- (3) The partnership shall furnish to each partner:
 - (a) without demand, any information concerning the partnership's activities, affairs, financial condition, and other circumstances which the partnership knows and is material to the proper exercise of the partner's rights and duties under the partnership agreement or this chapter, except to the extent the partnership can establish that [it] the partnership reasonably believes the partner already knows the information; and
 - (b) on demand, any other information concerning the partnership's activities, affairs, financial condition, and other circumstances, except to the extent the demand or information demanded is unreasonable or otherwise improper under the circumstances.
- (4) The duty to furnish information under Subsection (3) also applies to each partner to the extent the partner knows any of the information described in Subsection (3).
- (5) Subject to Subsection (8), on 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:
 - (a) the information pertains to the period during which the person was a partner;
 - (b) the person seeks the information in good faith; and
 - (c) the person satisfies the requirements imposed on a partner by Subsection (2).
- (6) Not later than 10 days after receiving a demand under Subsection (5), the partnership in a record shall inform the person that made the demand of:
 - (a) the information that the partnership will provide in response to the demand and when and where the partnership will provide the information; and
 - (b) the partnership's reasons for declining, if the partnership declines to provide any demanded information.

(7) 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.

(8)(a) A partner or person dissociated as a partner may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative.

(b) [-]Any restriction or condition imposed by the partnership agreement or under Subsection (11) applies both to the agent or legal representative and the partner or person dissociated as a partner.

(9) The rights under this section do not extend to a person as transferee.

(10) If a partner dies, Section ~~[48-1d-605]~~ 16-18-605 applies.

(11)(a) 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.

(b) [-]In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

Section 121. Section **16-18-404**, which is renumbered from Section 48-1d-404 is renumbered and amended to read:

~~[48-1d-404]~~ 16-18-404 . Reimbursement, indemnification, advancement, and insurance.

(1) 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 Sections ~~[48-1d-402]~~ 16-18-402 and ~~[48-1d-405]~~ 16-18-405 in making the payment.

(2) 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 a partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of Section ~~[48-1d-402]~~ 16-18-402, ~~[48-1d-405]~~ 16-18-405, or ~~[48-1d-504]~~ 16-18-504.

(3) In the ordinary course of ~~[its]~~ the partnership's activities and affairs, 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 (2).

(4) 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 Subsection [~~48-1d-106(3)(g)~~] 16-18-105(3)(g), the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.

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

(6) A payment or advance made by a partner which gives rise to a partnership obligation under Subsection (1) or (5) constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

Section 122. Section **16-18-405**, which is renumbered from Section 48-1d-405 is renumbered and amended to read:

[~~48-1d-405~~] 16-18-405 . Standards of conduct for partners.

(1) A partner owes to the partnership and the other partners the duties of loyalty and care stated in Subsections (2) and (3).

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

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

(i) in the conduct or winding up of the partnership's activities and affairs;

(ii) from a use by the partner of the partnership's property; or

(iii) from the appropriation of a partnership opportunity;

(b) to refrain from dealing with the partnership in the conduct or winding up of the partnership's activities and affairs as or on behalf of a person having an interest adverse to the partnership; and

(c) to refrain from competing with the partnership in the conduct of the partnership's activities and affairs before the dissolution of the partnership.

(3) The duty of care of a partner in the conduct or winding up of the partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(4) 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.

(5) A partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the partner's conduct furthers the partner's own

interest.

- (6) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a partner enters into a transaction with the partnership which otherwise would be prohibited by Subsection (2)(b), the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

Section 123. Section **16-18-406**, which is renumbered from Section 48-1d-406 is renumbered and amended to read:

[48-1d-406] 16-18-406 . Actions by partnership and partners.

- (1) 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.
- (2) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities and affairs, to:
 - (a) enforce the partner's rights under the partnership agreement;
 - (b) enforce the partner's rights under this chapter; or
 - (c) enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.
- (3)(a) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law.
- (b) [-]A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Section 124. Section **16-18-407**, which is renumbered from Section 48-1d-407 is renumbered and amended to read:

[48-1d-407] 16-18-407 . Continuation of partnership beyond definite term or particular undertaking.

- (1) 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.

(2) 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.

Section 125. Section **16-18-501**, which is renumbered from Section 48-1d-501 is renumbered and amended to read:

Part 5. Contributions and Distributions

[48-1d-501] 16-18-501 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or other benefit provided to the partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

Section 126. Section **16-18-502**, which is renumbered from Section 48-1d-502 is renumbered and amended to read:

[48-1d-502] 16-18-502 . Liability for contribution.

- (1) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.
- (2) 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.

(3)(a) The obligation of a person to make a contribution may be compromised only by consent of all partners.

(b) [-]If a creditor of a limited liability partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1), without notice of a compromise under this Subsection (3), the creditor may enforce the obligation.

Section 127. Section **16-18-503**, which is renumbered from Section 48-1d-503 is renumbered and amended to read:

[48-1d-503] 16-18-503 . Sharing of and right to distributions before dissolution.

(1) Any distributions made by a partnership before [its] the partnership's dissolution and winding up must be in equal shares among partners, except to the extent necessary to comply with a transfer effective under Section [48-1d-603] 16-18-603 or charging order in effect under Section [48-1d-604] 16-18-604.

(2) 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.

(3)(a) A person does not have a right to demand or receive a distribution from a partnership in any form other than money.

(b) [–]Except as otherwise provided in Section [48-1d-906] 16-18-906, 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.

(4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the partnership with respect to the distribution.

(b) [–]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.

Section 128. Section **16-18-504**, which is renumbered from Section 48-1d-504 is renumbered and amended to read:

[48-1d-504] 16-18-504 . Limitation on distributions by limited liability partnership.

(1) A limited liability partnership may not make a distribution, including a distribution under Section [48-1d-906] 16-18-906, if after the distribution:

(a) the limited liability partnership would not be able to pay [its] the limited liability partnership's debts as [they] the debts become due in the ordinary course of the partnership's activities and affairs; or

(b) the limited liability partnership's total assets would be less than the sum of [its] the limited liability partnership's total liabilities plus, unless the partnership agreement permits otherwise, the amount that would be needed, if the partnership 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 right to receive distributions of the persons receiving the distribution.

(2) A limited liability partnership may base a determination that a distribution is not prohibited under Subsection (1) on:

(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

(a) in the case of a distribution as defined in Subsection [48-1d-102(4)(a)]

4581 16-18-101(4)(a), as of the earlier of the date:

4582 (i) money or other property is transferred or debt is incurred by the limited liability
4583 partnership; or

4584 (ii) the person entitled to the distribution ceases to own the interest or rights being
4585 acquired by the limited liability partnership in return for the distribution;

4586 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
4587 is distributed; and

4588 (c) in all other cases, as of the date:

4589 (i) the distribution is authorized, if the payment occurs not later than 120 days after
4590 that date; or

4591 (ii) the payment is made, if the payment occurs more than 120 days after the
4592 distribution is authorized.

4593 (4) A limited liability partnership's indebtedness to a partner or transferee incurred by
4594 reason of a distribution made in accordance with this section is at parity with the limited
4595 liability partnership's indebtedness to its general, unsecured creditors, except to the
4596 extent subordinated by agreement.

4597 (5)(a) A limited liability partnership's indebtedness, including indebtedness issued as a
4598 distribution, is not a liability for purposes of Subsection (1) if the terms of the
4599 indebtedness provide that payment of principal and interest is made only if and to the
4600 extent that a payment of a distribution could then be made under this section.

4601 (b) [-]If the indebtedness is issued as a distribution, each payment of principal or
4602 interest is treated as a distribution, the effect of which is measured on the date the
4603 payment is made.

4604 (6) In measuring the effect of a distribution under Section [~~48-1d-906~~] 16-18-906, the
4605 liabilities of a dissolved limited liability partnership do not include any claim that has
4606 been disposed of under Sections [~~48-1d-907~~] 16-18-907, [~~48-1d-908~~] 16-18-908, and [~~48-1d-909~~] 16-18-909.

4608 Section 129. Section **16-18-505**, which is renumbered from Section 48-1d-505 is renumbered
4609 and amended to read:

4610 **[~~48-1d-505~~] 16-18-505 . Liability for improper distributions by a limited liability**
4611 **partnership.**

4612 (1) If a partner of a limited liability partnership consents to a distribution made in violation
4613 of Section [~~48-1d-504~~] 16-18-504 and in consenting to the distribution fails to comply
4614 with Section [~~48-1d-405~~] 16-18-405, the partner is personally liable to the limited

liability partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation of Section ~~[48-1d-504]~~ 16-18-504.

(2) A person that receives a distribution knowing that the distribution violated Section ~~[48-1d-504]~~ 16-18-504 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 ~~[48-1d-504]~~ 16-18-504.

(3) A person against which an action is commenced because the person is liable under Subsection (1) may:

(a) implead any other person that is liable under Subsection (1) and seek to enforce a right of contribution from the person; and

(b) implead any person that received a distribution in violation of Subsection (2) and seek to enforce a right of contribution from the person in the amount the person received in violation of Subsection (2).

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

Section 130. Section **16-18-601**, which is renumbered from Section 48-1d-601 is renumbered and amended to read:

Part 6. Transfer Interests and Rights of Transferees and Creditors

~~[48-1d-601]~~ 16-18-601 . Partner not co-owner of partnership property.

A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

Section 131. Section **16-18-602**, which is renumbered from Section 48-1d-602 is renumbered and amended to read:

~~[48-1d-602]~~ 16-18-602 . Nature of transferable interest.

A transferable interest is personal property.

Section 132. Section **16-18-603**, which is renumbered from Section 48-1d-603 is renumbered and amended to read:

~~[48-1d-603]~~ 16-18-603 . Transfer of transferable interest.

(1) A transfer, in whole or in part, of a transferable interest:

(a) is permissible;

(b) does not by itself cause a person's dissociation or a dissolution and winding up of the partnership's activities and affairs; and

(c) subject to Section ~~[48-1d-605]~~ 16-18-605, does not entitle the transferee to:

(i) participate in the management or conduct of the partnership's activities and affairs;

4649 or

4650 (ii) except as otherwise provided in Subsection (3), have access to records or other
4651 information concerning the partnership's activities and affairs.

4652 (2) A transferee has the right to:

4653 (a) receive, in accordance with the transfer, distributions to which the transferor would
4654 otherwise be entitled; and

4655 (b) seek under Subsection [~~48-1d-901(5)~~] 16-18-901(5) a judicial determination that it is
4656 equitable to wind up the partnership's activities and affairs.

4657 (3) In a dissolution and winding up of a partnership, a transferee is entitled to an account of
4658 the partnership's transactions only from the date of the last account agreed to by the
4659 partners.

4660 (4) A partnership need not give effect to a transferee's rights under this section until the
4661 partnership knows or has notice of the transfer.

4662 (5) A transfer of a transferable interest in violation of a restriction on transfer contained in
4663 the partnership agreement is ineffective as to a person having knowledge or notice of the
4664 restriction at the time of transfer.

4665 (6) Except as otherwise provided in Subsection [~~48-1d-701(4)(b)~~] 16-18-701(4)(b), if a
4666 partner transfers a transferable interest, the transferor retains the rights of a partner other
4667 than the transferable interest transferred and retains all duties and obligations of a
4668 partner.

4669 (7) If a partner transfers a transferable interest to a person that becomes a partner with
4670 respect to the transferred interest, the transferee is liable for the transferor's obligations
4671 under Sections [~~48-1d-502~~] 16-18-502 and [~~48-1d-505~~] 16-18-505 known to the
4672 transferee when the transferee becomes a partner.

4673 Section 133. Section **16-18-604**, which is renumbered from Section 48-1d-604 is renumbered
4674 and amended to read:

4675 **[~~48-1d-604~~] 16-18-604 . Charging order.**

4676 (1)(a) On application by a judgment creditor of a partner or transferee, a court may enter
4677 a charging order against the transferable interest of the judgment debtor for the
4678 unsatisfied amount of the judgment.

4679 (b) [–]A charging order constitutes a lien on a judgment debtor's transferable interest
4680 and, after the partnership has been served with the charging order, requires the
4681 partnership to pay over to the person to which the charging order was issued any
4682 distribution that otherwise would be paid to the judgment debtor.

- (2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:
- (a) 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
 - (b) make all other orders necessary to give effect to the charging order.
- (3)(a) 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.
- (b) [-]The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section ~~[48-1d-603]~~ 16-18-603.
- (4) At any time before foreclosure under Subsection (3), the partner or transferee whose transferable interest is subject to a charging order under Subsection (1) 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.
- (5) At any time before foreclosure under Subsection (3), a partnership or one 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.
- (6) 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.
- (7) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a partner or transferee, in the capacity of judgment creditor, may satisfy the judgment from the judgment debtor's transferable interest.

Section 134. Section **16-18-605**, which is renumbered from Section 48-1d-605 is renumbered and amended to read:

~~[48-1d-605]~~ 16-18-605 . 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 Subsection ~~[48-1d-603(3)]~~ 16-18-603(3); and
- (2) for purposes of settling the estate, the rights the deceased partner had under Section ~~[48-1d-403]~~ 16-18-403.

Section 135. Section **16-18-701**, which is renumbered from Section 48-1d-701 is renumbered and amended to read:

Part 7. Dissociation

~~[48-1d-701]~~ 16-18-701 . 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 specified a withdrawal date later than the date the partnership 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]~~ in accordance with the partnership agreement;
- (4) the person is expelled as a partner by the unanimous vote or consent of the other partners if:
 - (a) it is unlawful to carry on the partnership's activities and affairs 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 ~~[48-1d-604]~~ 16-18-604, which has not been foreclosed;
 - (c) the person is a corporation and:
 - (i) the partnership notifies the person that ~~[it]~~ the person will be expelled as a partner because the person has filed a statement of dissolution or the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the person's incorporation; and
 - (ii) not later than 90 days after the notification, the statement of dissolution or the equivalent has not been revoked or the charter or right to conduct business has not been reinstated; or
 - (d) the person is an unincorporated entity that has been dissolved and whose business is 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 activities and affairs;
 - (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 ~~[48-1d-405]~~ 16-18-405; or

- (c) engaged or is engaging in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the partnership's activities and affairs with the person as a partner;
- (6) 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;
- (7) 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, of the person's property;
- (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, but not merely by reason of the substitution of a successor personal representative;
- (10) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;
- (11) the partnership participates in a merger under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, 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 [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a partner;
- (13) the partnership participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (14) the partnership participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a partner; or

(15) the partnership dissolves and completes winding up.

Section 136. Section **16-18-702**, which is renumbered from Section 48-1d-702 is renumbered and amended to read:

[48-1d-702] 16-18-702 . Power to dissociate as partner -- Wrongful dissociation.

(1) 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 Subsection [48-1d-701(1)]

16-18-701(1).

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

(a) is in breach of an express provision of the partnership agreement; or

(b) 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:

(i) the person withdraws by express will, unless the withdrawal follows not later than 90 days after another person's dissociation by death or otherwise under Subsections [48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under this subsection;

(ii) the person is expelled by judicial order under Subsection [48-1d-701(5)] 16-18-701(5);

(iii) the person is dissociated under Subsection [48-1d-701(7)] 16-18-701(7); or

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

(3)(a) A person that wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation.

(b) [-]The liability is in addition to any debt, obligation, or other liability of the partner to the partnership or the other partners.

Section 137. Section **16-18-703**, which is renumbered from Section 48-1d-703 is renumbered and amended to read:

[48-1d-703] 16-18-703 . Effect of dissociation.

(1) If a person's dissociation results in a dissolution and winding up of the partnership's activities and affairs, Part 9, Dissolution and Winding Up, applies, otherwise, Part 8, Partner's Dissociation When Business Not Wound Up, applies.

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

(a) the person's right to participate in the management and conduct of the partnership's activities and affairs terminates, except as otherwise provided in Subsection [

- 4819 ~~48-1d-902(3)]~~ 16-18-902(3); and
- 4820 (b) the person's duties and obligations under Section [~~48-1d-405]~~ 16-18-405:
- 4821 (i) end with regard to matters arising and events occurring after the person's
- 4822 dissociation; and
- 4823 (ii) continue only with regard to matters arising and events occurring before the
- 4824 person's dissociation, unless the partner participates in winding up the
- 4825 partnership's activities and affairs [~~pursuant to~~] in accordance with Section [
- 4826 ~~48-1d-902]~~ 16-18-902.

- 4827 (3) A person's dissociation does not of itself discharge the person from a debt, obligation, or
- 4828 other liability to the partnership or the other partners which the person incurred while a
- 4829 partner.

4830 Section 138. Section **16-18-801**, which is renumbered from Section 48-1d-801 is renumbered

4831 and amended to read:

4832 **Part 8. Partner's Dissociation When Business Not Wound Up**

4833 **[48-1d-801] 16-18-801 . Purchase of interest of person dissociated as partner.**

- 4834 (1) If a person is dissociated as a partner without the dissociation resulting in a dissolution
- 4835 and winding up of the partnership's activities and affairs under Section [~~48-1d-901]~~
- 4836 16-18-901, the partnership shall cause the person's interest in the partnership to be
- 4837 purchased for a buyout price determined [~~pursuant to~~] in accordance with Subsection (2).
- 4838 (2) The buyout price of the interest of a person dissociated as a partner is the amount that
- 4839 would have been distributable to the person under Subsection [~~48-1d-906(2)]~~
- 4840 16-18-906(2) if, on the date of dissociation, the assets of the partnership were sold and
- 4841 the partnership were wound up, with the sale price equal to the greater of:
- 4842 (a) the liquidation value; or
- 4843 (b) the value based on a sale of the entire business as a going concern without the person.
- 4844 (3) Interest accrues on the buyout price from the date of dissociation to the date of payment,
- 4845 but damages for wrongful dissociation under Subsection [~~48-1d-702(2)]~~ 16-18-702(2),
- 4846 and all other amounts owing, whether or not presently due, from the person dissociated
- 4847 as a partner to the partnership, must be offset against the buyout price.
- 4848 (4) A partnership shall defend, indemnify, and hold harmless a person dissociated as a
- 4849 partner whose interest is being purchased against all partnership liabilities, whether
- 4850 incurred before or after the dissociation, except liabilities incurred by an act of the
- 4851 person dissociated as a partner under Section [~~48-1d-802]~~ 16-18-802.
- 4852 (5) If no agreement for the purchase of the interest of a person dissociated as a partner is

reached not later than 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 (3).

(6) If a deferred payment is authorized under Subsection (8), 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 (3), stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(7) The payment or tender required by Subsection (5) or (6) must be accompanied by the following:

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

(8)(a) 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.

(b) [–]A deferred payment must be adequately secured and bear interest.

(9)(a) A person dissociated as a partner may maintain an action against the partnership, [pursuant to] in accordance with Subsection [~~48-1d-406(2)~~] 16-18-406(2), to determine the buyout price of that person's interest, any offsets under Subsection (3), or other terms of the obligation to purchase.

(b) [–]The action must be commenced not later than 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered.

(c) [–]The court shall determine the buyout price of the person's interest, any offset due under Subsection (3), and accrued interest, and enter judgment for any additional payment or refund.

(d) [–]If deferred payment is authorized under Subsection (8), the court shall also

determine the security for payment and other terms of the obligation to purchase.[-]

(e) 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.

(f) [-]The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with Subsection (7).

Section 139. Section **16-18-802**, which is renumbered from Section 48-1d-802 is renumbered and amended to read:

[48-1d-802] 16-18-802 . Power to bind and liability of person dissociated as partner.

(1) After a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs and before the partnership is merged out of existence, converted, or domesticated under [~~Part 10; Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, or dissolved, the partnership is bound by an act of the person only if:

(a) the act would have bound the partnership under Section [~~48-1d-301~~] 16-18-301 before dissociation; and

(b) at the time the other party enters into the transaction:

(i) less than two years has passed since the dissociation; and

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

(2) If a partnership is bound under Subsection (1), the person dissociated as a partner which caused the partnership to be bound is liable:

(a) to the partnership for any damage caused to the partnership arising from the obligation incurred under Subsection (1); and

(b) 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.

Section 140. Section **16-18-803**, which is renumbered from Section 48-1d-803 is renumbered and amended to read:

[48-1d-803] 16-18-803 . Liability of person dissociated as partner to other

persons.

- (1)(a) A person's dissociation as a partner does not of itself discharge the person's liability as a partner for a debt, obligation, or other liability of the partnership incurred before dissociation.
- (b) [–]Except as otherwise provided in Subsection (2), the person is not liable for a partnership obligation incurred after dissociation.
- (2) A person that has dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs is liable on a transaction entered into by the partnership after the dissociation only if:
- (a) a partner would be liable on the transaction; and
- (b) at the time the other party enters into the transaction:
- (i) less than two years has passed since the dissociation; and
- (ii) the other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a partner.
- (3) By agreement with a creditor of a partnership and the partnership, a person dissociated as a partner may be released from liability for an obligation of the partnership.
- (4) A person dissociated as a partner is released from liability for an obligation 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 obligation.

Section 141. Section **16-18-804**, which is renumbered from Section 48-1d-804 is renumbered and amended to read:

[48-1d-804] 16-18-804 . Statement of dissociation.

- (1) A person dissociated as a partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.
- (2) A statement of dissociation is a limitation on the authority of a person dissociated as a partner for the purposes of Subsections [48-1d-303(4)] 16-18-303(4) and (5).

Section 142. Section **16-18-805**, which is renumbered from Section 48-1d-805 is renumbered and amended to read:

[48-1d-805] 16-18-805 . Continued use of partnership name.

Continued use of a partnership name, or 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

4955 business.

4956 Section 143. Section **16-18-901**, which is renumbered from Section 48-1d-901 is renumbered
4957 and amended to read:

4958 **Part 9. Dissolution and Winding Up**

4959 **[48-1d-901] 16-18-901 . Events causing dissolution.**

4960 A partnership is dissolved, and the partnership's activities and affairs must be wound up,
4961 upon the occurrence of any of the following:

- 4962 (1) in a partnership at will, the partnership has notice of a person's express will to withdraw
4963 as a partner, other than a partner that has dissociated under Subsections [48-1d-701(2)]
4964 16-18-701(2) through (10), but, if the person specifies a withdrawal date later than the
4965 date the partnership had notice, on the later date;
- 4966 (2) in a partnership for a definite term or particular undertaking:
- 4967 (a) within 90 days after a person's dissociation by death or otherwise under Subsections [
4968 48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under Subsection [
4969 48-1d-702(2)] 16-18-702(2), the affirmative vote or consent of at least half of the
4970 remaining partners to wind up the partnership's activities and affairs, for which
4971 purpose a person's rightful dissociation [~~pursuant to~~] in accordance with Subsection [
4972 48-1d-702(2)(b)(i)] 16-18-702(2)(b)(i) constitutes the expression of that partner's
4973 consent to wind up the partnership's activities and affairs;
- 4974 (b) the express consent of all the partners to wind up the partnership's activities and
4975 affairs; or
- 4976 (c) the expiration of the term or the completion of the undertaking;
- 4977 (3) an event or circumstance that the partnership agreement states causes dissolution;
- 4978 (4) upon a petition brought by a partner, the entry of a court order dissolving the partnership
4979 on the ground that:
- 4980 (a) the conduct of all or substantially all the partnership's activities and affairs is
4981 unlawful;
- 4982 (b) the economic purpose of the partnership is likely to be unreasonably frustrated;
- 4983 (c) another partner has engaged in conduct relating to the partnership's activities and
4984 affairs which makes it not reasonably practicable to carry on the business in
4985 partnership with that partner; or
- 4986 (d) it is not otherwise reasonably practicable to carry on the partnership's activities and
4987 affairs in conformity with the partnership agreement;
- 4988 (5) upon a petition brought by a transferee, the entry of a court order dissolving the

partnership on the ground that it is equitable to wind up the partnership's activities and affairs:

- (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; or
- (6) the passage of 90 consecutive days during which the partnership does not have at least two partners.

Section 144. Section **16-18-902**, which is renumbered from Section 48-1d-902 is renumbered and amended to read:

[48-1d-902] 16-18-902 . Winding up.

- (1)(a) A dissolved partnership shall wind up the partnership's activities and affairs.
- (b) Except as otherwise provided in Section [48-1d-903] 16-18-903, a partnership only continues after dissolution for the purpose of winding up.
- (2) In winding up a partnership's activities and affairs, the partnership:
 - (a) shall discharge the partnership's debts, obligations, and other liabilities, settle and close the partnership's activities and affairs, and marshal and distribute the assets of the partnership; and
 - (b) may:
 - (i) deliver to the division for filing a statement of dissolution stating the name of the partnership and that the partnership is dissolved;
 - (ii) preserve the partnership's activities and affairs and property as a going concern for a reasonable time;
 - (iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;
 - (iv) transfer the partnership's property;
 - (v) settle disputes by mediation or arbitration;
 - (vi) deliver to the division for filing a statement of termination stating the name of the partnership and that the partnership is terminated; and
 - (vii) perform other acts necessary or appropriate to the winding up.
- (3) 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.
- (4)(a) If a dissolved partnership does not have a partner and no person has the right to

participate in winding up under Subsection (3), the personal or legal representative of the last person to have been a partner may wind up the partnership's activities and affairs.

(b) [–]If the representative does not exercise that right, a person to wind up the partnership's activities and affairs may be appointed by the consent of transferees owning a majority of the rights to receive distributions at the time the consent is to be effective.

(c) [–]A person appointed under this Subsection (4) has the powers of a partner under Section ~~[48-1d-904]~~ 16-18-904 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 activities and affairs.

(5) Upon a petition brought by any partner or person entitled under Subsection (3) to participate in winding up, a 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 activities and affairs, if:

- (a) the partnership does not have a partner, and within a reasonable time following the dissolution no person has been appointed under Subsection (4); or
- (b) the applicant establishes other good cause.

Section 145. Section **16-18-903**, which is renumbered from Section 48-1d-903 is renumbered and amended to read:

[48-1d-903] 16-18-903 . Rescinding dissolution.

(1) A partnership may rescind the partnership's dissolution, unless a statement of termination applicable to the partnership is effective or the court has entered an order under Subsection ~~[48-1d-901(4)]~~ 16-18-901(4) or (5) dissolving the partnership.

(2) Rescinding dissolution under this section requires:

- (a) the affirmative vote or consent of each partner;
- (b) if a statement of dissolution applicable to the partnership has been filed by the division but has not become effective, delivery to the division for filing of a statement of withdrawal under Section ~~[48-1d-114]~~ 16-1a-205 applicable to the statement of dissolution; and
- (c) if a statement of dissolution applicable to the partnership is effective, the delivery to the division for filing of a statement of correction under Section ~~[48-1d-115]~~ 16-1a-206 stating that dissolution has been rescinded under this section.

(3) If a partnership rescinds the partnership's dissolution:

- 5057 (a) the partnership resumes carrying on [its] the partnership's activities and affairs as if
5058 dissolution had never occurred;
- 5059 (b) subject to Subsection (3)(c), any liability incurred by the partnership after the
5060 dissolution and before the rescission is effective is determined as if dissolution had
5061 never occurred; and
- 5062 (c) the rights of a third party arising out of conduct in reliance on the dissolution before
5063 the third party knew or had notice of the rescission may not be adversely affected.

5064 Section 146. Section **16-18-904**, which is renumbered from Section 48-1d-904 is renumbered
5065 and amended to read:

5066 **[48-1d-904] 16-18-904 . Power to bind partnership after dissolution.**

- 5067 (1) A partnership is bound by a partner's act after dissolution which:
- 5068 (a) is appropriate for winding up the partnership's activities and affairs; or
- 5069 (b) would have bound the partnership under Section ~~[48-1d-301]~~ 16-18-301 before
5070 dissolution, if, at the time the other party enters into the transaction, the other party
5071 does not know or have notice of the dissolution.
- 5072 (2) A person dissociated as a partner binds a partnership through an act occurring after
5073 dissolution if at the time the other party enters into the transaction:
- 5074 (a) less than two years has passed since the dissociation;
- 5075 (b) the other party does not have notice of the dissociation and reasonably believes that
5076 the person is a partner; and
- 5077 (c) the act:
- 5078 (i) is appropriate for winding up the partnership's activities and affairs; or
- 5079 (ii) would have bound the partnership under Section ~~[48-1d-301]~~ 16-18-301 before
5080 dissolution, and at the time the other party enters into the transaction the other
5081 party does not know or have notice of the dissolution.

5082 Section 147. Section **16-18-905**, which is renumbered from Section 48-1d-905 is renumbered
5083 and amended to read:

5084 **[48-1d-905] 16-18-905 . Liability after dissolution.**

- 5085 (1) If a partner having knowledge of the dissolution causes a partnership to incur an
5086 obligation under Subsection ~~[48-1d-904(1)]~~ 16-18-904(1) by an act that is not
5087 appropriate for winding up the partnership's activities and affairs, the partner is liable:
- 5088 (a) to the partnership for any damage caused to the partnership arising from the
5089 obligation; and
- 5090 (b) if another partner or person dissociated as a partner is liable for the obligation, to that

5091 other partner or person for any damage caused to that other partner or person arising
5092 from the liability.

5093 (2) If a person dissociated as a partner causes a partnership to incur an obligation under
5094 Subsection [~~48-1d-904(2)~~] 16-18-904(2), the person is liable:

5095 (a) to the partnership for any damage caused to the partnership arising from the
5096 obligation; and

5097 (b) if a partner or another person dissociated as a partner is liable for the obligation, to
5098 the partner or other person for any damage caused to the partner or other person
5099 arising from the obligation.

5100 Section 148. Section **16-18-906**, which is renumbered from Section ~~48-1d-906~~ is renumbered
5101 and amended to read:

5102 **[~~48-1d-906~~] 16-18-906 . Disposition of assets in winding up -- When contributions**
5103 **required.**

5104 (1) In winding up [~~its~~] a partnership's activities and affairs, a partnership shall apply [~~its~~] the
5105 partnership's assets, including the contributions required by this section, to discharge the
5106 partnership's obligations to creditors, including partners that are creditors.

5107 (2) After a partnership complies with Subsection (1), any surplus must be distributed in the
5108 following order, subject to any charging order in effect under Section [~~48-1d-604~~]
5109 16-18-604:

5110 (a) to each person owning a transferable interest that reflects contributions made and not
5111 previously returned, an amount equal to the value of the unreturned contributions; and

5112 (b) among partners in proportion to [~~their~~] the partners' respective rights to share in
5113 distributions immediately before the dissolution of the partnership, except to the
5114 extent necessary to comply with any transfer effective under Section [~~48-1d-603~~]
5115 16-18-603.

5116 (3) If a partnership's assets are insufficient to satisfy all [~~its~~] the partnership's obligations
5117 under Subsection (1), with respect to each unsatisfied obligation incurred when the
5118 partnership was not a limited liability partnership, the following rules apply:

5119 (a)(i) Each person that was a partner when the obligation was incurred and that has
5120 not been released from the obligation under Subsections [~~48-1d-803(3)~~]

5121 16-18-803(3) and (4) shall contribute to the partnership to enable the partnership
5122 to satisfy the obligation.

5123 (ii) [~~-~~]The contribution due from each of those persons is in proportion to the right to
5124 receive distributions in the capacity of partner in effect for each of those persons

when the obligation was incurred.

(b)(i) If a person does not contribute the full amount required under Subsection (3)(a) with respect to an unsatisfied obligation of the partnership, the other persons required to contribute by Subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation.

(ii) ~~[-]~~The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of partner in effect for each of those other persons when the obligation was incurred.

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

(d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c) may recover from any person whose failure to contribute under Subsection (3)(a) or (3)(b) necessitated the additional contribution.

(ii) ~~[-]~~A person may not recover under this Subsection (3) more than the amount additionally contributed.

(iii) ~~[-]~~A person's liability under this Subsection (3) may not exceed the amount the person failed to contribute.

(4) If a partnership does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(5) All distributions made under Subsections (2) and (4) must be paid in money.

Section 149. Section **16-18-907**, which is renumbered from Section 48-1d-907 is renumbered and amended to read:

[48-1d-907] 16-18-907 . Known claims against dissolved limited liability partnership.

(1) Except as otherwise provided in Subsection (4), a dissolved limited liability partnership may give notice of a known claim under Subsection (2), which has the effect provided in Subsection (3).

(2)(a) A dissolved limited liability partnership may in a record notify ~~[its]~~ the dissolved limited liability partnership's known claimants of the dissolution.

(b) ~~[-]~~The notice ~~[must]~~ shall:

~~[(a)]~~ (i) specify the information required to be included in a claim;

~~[(b)]~~ (ii) state that the claim must be in writing and provide a mailing address to which

the claim is to be sent;

[(e)] (iii) state the deadline for receipt of a claim, which may not be less than 120 days after the date of the notice is received by the claimant;

[(d)] (iv) state that the claim will be barred if not received by the deadline; and

[(e)] (v) unless the partnership has been throughout [its] the partnership's 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 which is based on Section ~~[48-1d-305]~~ 16-18-305.

(3) A claim against a dissolved limited liability partnership is barred if the requirements of Subsection (2) are met and:

(a) the claim is not received by the specified deadline; or

(b) if the claim is timely received but rejected by the limited liability partnership:

(i) 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 90 days after the claimant receives the notice; and

(ii) the claimant does not commence the required action not later than 90 days after the claimant receives the notice.

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

Section 150. Section **16-18-908**, which is renumbered from Section 48-1d-908 is renumbered and amended to read:

[48-1d-908] 16-18-908 . Other claims against dissolved limited liability partnership.

(1) A dissolved limited liability partnership may publish notice of [its] the dissolved limited liability partnership's dissolution and request persons having claims against the dissolved limited liability partnership to present them in accordance with the notice.

(2) A notice under Subsection (1) must:

(a) 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 dissolved limited liability partnership's registered agent is or was last located and in accordance with Section 45-1-101;

(b) 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;

(c) state that a claim against the dissolved limited liability partnership is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice; and

(d) unless the dissolved limited liability partnership has been throughout [its] the limited liability partnership's existence a limited liability partnership, state that the barring of a claim against the dissolved limited liability partnership will also bar any corresponding claim against any partner or person dissociated as a partner which is based on Section ~~[48-1d-306]~~ 16-18-306.

(3) If a dissolved limited liability partnership publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited liability partnership not later than three years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under Section ~~[48-1d-907]~~ 16-18-907;

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

(c) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(4) A claim not barred under this section or Section ~~[48-1d-907]~~ 16-18-907 may be enforced:

(a) against a dissolved limited liability partnership, to the extent of [its] the dissolved limited liability partnership's undistributed assets;

(b) except as otherwise provided in Section ~~[48-1d-909]~~ 16-18-909, if assets of the dissolved limited liability 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 dissolved limited liability 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 subsection may not exceed the total amount of assets distributed to the person after dissolution; and

(c) against any person liable on the claim under Sections ~~[48-1d-306]~~ 16-18-306, ~~[48-1d-803]~~ 16-18-803, and ~~[48-1d-905]~~ 16-18-905.

Section 151. Section **16-18-909**, which is renumbered from Section 48-1d-909 is renumbered and amended to read:

[48-1d-909] 16-18-909 . Court proceedings.

(1)(a) A dissolved limited liability partnership that has published a notice under Section ~~[48-1d-908]~~ 16-18-908 may petition a court with jurisdiction under Title 78A,

Judiciary and Judicial Administration, for a determination of the amount and form of security to be provided for payment of claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event occurring after the effective date of dissolution but which, based on the facts known to the dissolved limited liability partnership, are reasonably expected to arise after the effective date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under Subsection ~~[48-1d-907(3)]~~ 16-18-907(3).

(2) No later than 10 days after the filing of an application under Subsection (1), the dissolved limited liability partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the dissolved limited liability partnership.

(3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.

(b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability partnership.

(4) A dissolved limited liability partnership that provides security in the amount and form ordered by the court under Subsection (1) satisfies the dissolved limited liability partnership's obligations with respect to claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event occurring after the effective date of dissolution, and the claims may not be enforced against a partner or transferee who receives assets in liquidation.

(5) This section applies only to a debt, obligation, or other liability incurred while a partnership was a limited liability partnership.

Section 152. Section **16-18-910**, which is renumbered from Section 48-1d-910 is renumbered and amended to read:

~~[48-1d-910]~~ 16-18-910 . Liability of partner and person dissociation as partner when claim against limited liability partnership is barred.

If a claim against a dissolved limited liability partnership is barred under Section ~~[48-1d-907]~~ 16-18-907, ~~[48-1d-908]~~ 16-18-908, or ~~[48-1d-909]~~ 16-18-909, any corresponding claim under Section ~~[48-1d-306]~~ 16-18-306, ~~[48-1d-803]~~ 16-18-803, or ~~[48-1d-905]~~ 16-18-905 is also barred.

Section 153. Section **16-18-1001**, which is renumbered from Section 48-1d-1101 is renumbered and amended to read:

Part 10. Limited Liability Partnerships

5261 **[48-1d-1101] 16-18-1001 . Statement of qualification.**

5262 (1) A partnership may become a limited liability partnership [~~pursuant to~~] in accordance with
5263 this section.

5264 (2) The terms and conditions on which a partnership becomes a limited liability partnership
5265 must be approved by the vote or consent necessary to amend the partnership agreement
5266 except, in the case of a partnership agreement that expressly addresses obligations to
5267 contribute to the partnership, the vote or consent necessary to amend those provisions.

5268 (3) After the approval required by Subsection (2), a partnership may become a limited
5269 liability partnership by delivering to the division for filing a statement of qualification.
5270 The statement of qualification must contain:

5271 (a) the name of the limited liability partnership;

5272 (b) the street address of the limited liability partnership's principal office and, if
5273 different, the street address of an office in this state, if any;

5274 (c) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404; and

5275 (d) a statement that the partnership elects to become a limited liability partnership.

5276 (4) A partnership's status as a limited liability partnership remains effective, regardless of
5277 changes in the limited liability partnership, until it is canceled [~~pursuant to~~] in
5278 accordance with Subsection (6) or administratively revoked [~~pursuant to~~] in accordance
5279 with Section [48-1d-1102] 16-18-1002.

5280 (5) The status of a partnership as a limited liability partnership and the liability of its
5281 partners for the debts, obligations, or other liabilities of the partnership while it is a
5282 limited liability partnership is not affected by errors or later changes in the information
5283 required to be contained in the statement of qualification.

5284 (6)(a) A limited liability partnership may amend or cancel [~~its~~] the limited liability
5285 partnership's statement of qualification by delivering to the division for filing a
5286 statement of amendment or cancellation.

5287 (b) [-]The statement must be consented to by all partners and state the name of the
5288 limited liability partnership and in the case of:

5289 [~~(a)~~] (i) an amendment, state the amendment; and

5290 [~~(b)~~] (ii) a cancellation, state that the statement of qualification is canceled.

5291 Section 154. Section **16-18-1002**, which is renumbered from Section 48-1d-1102 is renumbered
5292 and amended to read:

5293 **[48-1d-1102] 16-18-1002 . Administrative revocation of statement of qualification.**

5294 (1) The division may commence a proceeding under Subsections (2) and (3) to revoke the

statement of qualification of a limited liability partnership administratively if the limited liability partnership does not:

(a) pay any fee, tax, or penalty required to be paid to the division not later than 60 days after it is due;

(b) deliver an annual report to the division not later than 60 days after it is due; or

(c) have a registered agent in this state for 60 consecutive days.

(2) If the division determines that one or more grounds exist for administratively revoking a statement of qualification, the division shall serve the limited liability partnership with notice in a record of the division's determination.

(3)(a) If a limited liability partnership, not later than 60 days after service of the notice is effected under Subsection (2), does not cure each ground for revocation or demonstrate to the satisfaction of the division that each ground determined by the division does not exist, the division 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.

(b) [-]The division shall file the statement and serve a copy on the limited liability partnership [~~pursuant to~~] in accordance with Section [48-1d-116] 16-1a-207.

(4) An administrative revocation under Subsection (3) affects only a partnership's status as a limited liability partnership and is not an event causing dissolution of the partnership.

(5) The administrative revocation of a statement of qualification of a limited liability partnership does not terminate the authority of [its] the limited liability partnership's registered agent.

Section 155. Section **16-18-1101**, which is renumbered from Section 48-1d-1301 is renumbered and amended to read:

Part 11. Professional Services Limited Liability Partnerships

[48-1d-1301] 16-18-1101 . Definitions.

As used in this part:

(1) "Professional services partnership" means a limited liability partnership organized in accordance with this part to provide professional services.

(2) "Regulating board" means the entity organized pursuant to state law that licenses and regulates the practice of the profession that a limited liability partnership is organized to provide.

Section 156. Section **16-18-1102**, which is renumbered from Section 48-1d-1302 is renumbered and amended to read:

5329 **[48-1d-1302] 16-18-1102 . Application of this part.**

5330 If a conflict arises between this part and another provision of this chapter, this part
5331 controls.

5332 Section 157. Section **16-18-1103**, which is renumbered from Section 48-1d-1304 is renumbered
5333 and amended to read:

5334 **[48-1d-1304] 16-18-1103 . Providing a professional service.**

5335 (1) Subject to Section [48-1d-1305] 16-18-1104, a professional services partnership may
5336 provide a professional service in this state only through an individual licensed or
5337 otherwise authorized in this state to provide the professional service.

5338 (2) Subsection (1) does not:

5339 (a) require an individual employed by a professional services partnership to be licensed
5340 to perform a service for the professional services company if a license is not
5341 otherwise required;

5342 (b) prohibit a licensed individual from providing a professional service in the
5343 individual's professional capacity although the individual is a partner, employee, or
5344 agent of a professional services partnership; or

5345 (c) prohibit an individual licensed in another state from providing a professional service
5346 for a professional services partnership in this state if not prohibited by the regulating
5347 board.

5348 Section 158. Section **16-18-1104**, which is renumbered from Section 48-1d-1305 is renumbered
5349 and amended to read:

5350 **[48-1d-1305] 16-18-1104 . Limit of one profession.**

5351 (1) A professional services partnership organized to provide a professional service under
5352 this part may provide only:

5353 (a) one specific type of professional service; and

5354 (b) services ancillary to the professional service described in Subsection (1)(a).

5355 (2) A professional services partnership organized to provide a professional service under
5356 this part may not engage in a business other than to provide:

5357 (a) the professional service that it was organized to provide; and

5358 (b) services ancillary to the professional service described in Subsection (2)(a).

5359 (3) Notwithstanding Subsections (1) and (2), a professional services partnership may:

5360 (a) own real and personal property necessary or appropriate for providing the type of
5361 professional service it was organized to provide; and

5362 (b) invest the professional services partnership's money in one or more of the following:

- 5363 (i) real estate;
5364 (ii) mortgages;
5365 (iii) stocks;
5366 (iv) bonds; or
5367 (v) another type of investment.

5368 Section 159. Section **16-18-1105**, which is renumbered from Section 48-1d-1306 is renumbered
5369 and amended to read:

5370 **[48-1d-1306] 16-18-1105 . Activity limitations.**

5371 A professional services partnership may not do anything that an individual licensed to
5372 practice the profession that the professional services partnership is organized to provide is
5373 prohibited from doing.

5374 Section 160. Section **16-18-1106**, which is renumbered from Section 48-1d-1307 is renumbered
5375 and amended to read:

5376 **[48-1d-1307] 16-18-1106 . This part does not limit regulating board.**

5377 This part does not restrict the authority or duty of a regulating board to license an
5378 individual providing a professional service or the practice of the profession that is within the
5379 jurisdiction of the regulating board, notwithstanding that the individual:

- 5380 (1) is a partner or employee of a professional services partnership; or
5381 (2) provides the professional service or engages in the practice of the profession through a
5382 professional services partnership.

5383 Section 161. Section **16-18-1107**, which is renumbered from Section 48-1d-1308 is renumbered
5384 and amended to read:

5385 **[48-1d-1308] 16-18-1107 . Partner of a professional services partnership.**

5386 A professional services partnership organized to provide a professional service:

- 5387 (1) may include a partner or employee who is authorized under the laws of the jurisdiction
5388 where the partner or employee resides to provide a similar professional service;
5389 (2) may include a partner who is not licensed or registered by the state to provide the
5390 professional service to the extent allowed by the applicable licensing or registration act
5391 relating to the professional service; and
5392 (3) may render a professional service in this state only through a partner or employee who
5393 is licensed or registered by this state to render the professional service.

5394 Section 162. Section **16-18-1108**, which is renumbered from Section 48-1d-1309 is renumbered
5395 and amended to read:

5396 **[48-1d-1309] 16-18-1108 . Restriction on transfer by partner.**

- (1) Except as provided in Subsections (2) and (3), a partner of a professional services partnership may sell or transfer the partner's interest in the professional services partnership only to:
- (a) the professional services partnership; or
 - (b) an individual who is licensed or registered by this state to provide the same type of professional service as the professional service for which the professional services partnership is organized, or who otherwise satisfies the requirements of Subsection [48-1d-1308(1)] 16-18-1107(1) or (2).
- (2) Upon the death or incapacity of a partner of a professional services partnership, the partner's interest in the professional services partnership may be transferred to the personal representative or estate of the deceased or incapacitated partner.
- (3) The person to whom an interest is transferred under Subsection (2) may continue to hold the interest for a reasonable period, but may not participate in a decision concerning the providing of a professional service.

Section 163. Section **16-18-1109**, which is renumbered from Section 48-1d-1310 is renumbered and amended to read:

[48-1d-1310] 16-18-1109 . Purchase of interest upon death, incapacity, or disqualification of member.

- (1) Subject to this part, one or more of the following may provide for the purchase of a partner's interest in a professional services partnership upon the death, incapacity, or disqualification of the partner:
- (a) the partnership agreement; or
 - (b) a private agreement.
- (2) In the absence of a provision described in Subsection (1), a professional services partnership shall purchase the interest of a partner who is deceased, incapacitated, or no longer qualified to own an interest in the professional services partnership within 90 days after the day on which the professional services partnership is notified of the death, incapacity, or disqualification.
- (3) If a professional services partnership purchases a partner's interest under Subsection (2), the professional services company shall purchase the interest at a price that is the reasonable fair market value as of the date of death, incapacity, or disqualification.
- (4) If a professional services partnership fails to purchase a partner's interest as required by Subsection (2) at the end of the 90-day period described in Subsection (2), the following persons may bring an action in a court with jurisdiction under Title 78A, Judiciary and

Judicial Administration, to enforce Subsection (2):

(a) the personal representative of a deceased partner;

(b) the guardian or conservator of an incapacitated partner; or

(c) the disqualified partner.

(5) A court in which an action is brought under Subsection (4) may:

(a) award the person bringing the action the reasonable fair market value of the interest;

or

(b) within the court's jurisdiction, order the liquidation of the professional services partnership.

(6) If a person described in Subsections (4)(a) through (c) is successful in an action under Subsection (4), the court shall award the person reasonable attorney's fees and costs.

Section 164. Section **16-18-1201**, which is renumbered from Section 48-1d-1401 is renumbered and amended to read:

Part 12. Miscellaneous Provisions

[48-1d-1401] 16-18-1201 . Uniformity of application and construction.

In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to [its] this chapter's subject matter among states that enact the uniform act upon which this chapter is based.

Section 165. Section **16-18-1202**, which is renumbered from Section 48-1d-1402 is renumbered and amended to read:

[48-1d-1402] 16-18-1202 . Severability clause.

If any provision of this chapter or [its] this chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Section 166. Section **16-18-1203**, which is renumbered from Section 48-1d-1403 is renumbered and amended to read:

[48-1d-1403] 16-18-1203 . Relation to Electronic Signatures in Global and National Commerce Act.

This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Section 167. Section **16-18-1204**, which is renumbered from Section 48-1d-1404 is renumbered

and amended to read:

~~[48-1d-1404]~~ 16-18-1204 . Savings clause.

This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter takes effect.

Section 168. Section **16-18-1205**, which is renumbered from Section 48-1d-1405 is renumbered and amended to read:

~~[48-1d-1405]~~ 16-18-1205 . Application to existing relationships.

(1) Before January 1, 2016, this chapter governs only:

(a) a partnership formed on or after January 1, 2014; and

(b) except as otherwise provided in Subsection (3), a partnership formed before January 1, 2014, which elects, in the manner provided in ~~[its]~~ the partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all partnerships.

(3) With respect to a partnership that elects pursuant to Subsection (1)(b) 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:

(a) before January 1, 2016, to:

(i) a third party that had not done business with the partnership in the year before the election took effect; and

(ii) 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 received a notification of the election; and

(b) on and after January 1, 2016, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under Subsection (3)(a)(ii).

Section 169. Section **16-19-101**, which is renumbered from Section 48-2e-102 is renumbered and amended to read:

CHAPTER 19. Utah Uniform Limited Partnership Act

Part 1. General Provisions

~~[48-2e-102]~~ 16-19-101 . Definitions.

As used in this chapter:

- (1)(a) "Certificate of limited partnership" means the certificate required by Section [48-2e-201] 16-19-201.
- (b) [~~The term~~] "Certificate of limited partnership" includes the certificate as amended or restated.
- (2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in Section [48-2e-501] 16-19-501 which is provided by a person to a limited partnership to become a partner or in the person's capacity as a partner.
- (3) "Debtor in bankruptcy" means a person that is the subject of:
- (a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or
 - (b) a comparable order under federal, state, or foreign law governing insolvency.
- (4)(a) "Distribution" means a transfer of money or other property from a limited partnership to a person on account of a transferable interest or in the person's capacity as a partner.~~[The term:]~~
- [~~(a)~~] (b) "Distribution" includes:
- (i) a redemption or other purchase by a limited 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 limited partnership's activities and affairs or to have access to records or other information concerning the limited partnership's activities and affairs~~[-and]~~ .
- [~~(b)~~] (c) "Distribution" 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.
- (5) "Division" means the Division of Corporations and Commercial Code.
- (6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the debts, obligations, or other liabilities of the foreign limited partnership under a provision similar to Subsection [48-2e-404(3)] 16-19-404(3).
- (7)(a) "Foreign limited partnership" means an unincorporated entity formed under the law of a jurisdiction other than this state which would be a limited partnership if formed under the law of this state.
- (b) [~~The term~~] "Foreign limited partnership" includes a foreign limited liability limited partnership.

- (8) "General partner" means a person that:
- (a) has become a general partner under Section ~~[48-2e-401]~~ 16-19-401 or was a general partner in a limited partnership when the limited partnership became subject to this chapter under Section ~~[48-2e-1205]~~ 16-19-1005; and
 - (b) has not dissociated as a general partner under Section ~~[48-2e-603]~~ 16-19-603.
- (9) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.
- (10) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- (a) under whose law the entity is formed; or
 - (b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.
- (11) "Limited liability limited partnership," except in the phrase "foreign limited liability limited partnership," means a limited partnership whose certificate of limited partnership states that the partnership is a limited liability limited partnership.
- (12) "Limited partner" means a person that:
- (a) has become a limited partner under Section ~~[48-2e-301]~~ 16-19-301 or was a limited partner in a limited partnership when the limited partnership became subject to this chapter under Section ~~[48-2e-1205]~~ 16-19-1005; and
 - (b) has not dissociated under Section ~~[48-2e-601]~~ 16-19-601.
- (13)(a) "Limited partnership" means an entity formed under this chapter or which becomes subject to this chapter under ~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ :
- (i) Chapter 1a, Part 7, Merger;
 - (ii) Chapter 1a, Part 8, Interest Exchange;
 - (iii) Chapter 1a, Part 9, Conversion;
 - (iv) ~~[]~~ Chapter 1a, Part 10, Domestication; or
 - (v) ~~[]~~ Section [48-2e-1205] 16-19-1005.
- (b) ~~[The term]~~ "Limited partnership" includes a limited liability limited partnership.
- (14) "Partner" means a limited partner or general partner.
- (15)(a) "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 limited partnership concerning the matters described in Subsection ~~[48-2e-112(1)]~~ 16-19-107(1).
- (b) ~~[The term]~~ "Partnership agreement" includes the agreement as amended or restated.

- (16) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
- (17) "Principal office" means the principal executive office of a limited partnership or foreign limited partnership, whether or not the office is located in this state.
- (18) "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.
- (19) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- (20) "Registered agent" means an agent of a limited partnership or foreign limited partnership which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the limited partnership.
- (21) "Registered foreign limited partnership" means a foreign limited partnership that is registered to do business in this state pursuant to a statement of registration filed by the division.
- (22) "Required information" means the information that a limited partnership is required to maintain under Section ~~[48-2e-115]~~ 16-19-110.
- (23) "Sign" means, with present intent to authenticate or adopt a record:
- (a) to execute or adopt a tangible symbol; or
 - (b) to attach to or logically associate with the record an electronic symbol, sound, or process.
- (24) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.
- (25) "Transfer" includes:
- (a) an assignment;
 - (b) a conveyance;
 - (c) a sale;
 - (d) a lease;
 - (e) an encumbrance, including a mortgage or security interest;
 - (f) a gift; and

5600 (g) a transfer by operation of law.

5601 (26)(a) "Transferable interest" means the right, as initially owned by a person in the
5602 person's capacity as a partner, to receive distributions from a limited partnership in
5603 accordance with the partnership agreement, whether or not the person remains a
5604 partner or continues to own any part of the right.

5605 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by
5606 whomever owned.

5607 (27)(a) "Transferee" means a person to which all or part of a transferable interest has
5608 been transferred, whether or not the transferor is a partner.

5609 (b) [~~The term~~] "Transferee" includes a person that owns a transferable interest under
5610 Subsection [~~48-2e-602(1)(c)~~] 16-19-602(1)(c) or [~~48-2e-605(1)(d)~~] 16-19-605(1)(d).

5611 (28) "Tribal limited partnership" means a limited partnership:

5612 (a) formed under the law of a tribe; and

5613 (b) that is at least 51% owned or controlled by the tribe under whose law the limited
5614 partnership is formed.

5615 (29) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
5616 Indians, including an Alaska Native village, that is legally recognized as eligible for and
5617 is consistent with a special program, service, or entitlement provided by the United
5618 States to Indians because of their status as Indians.

5619 Section 170. Section **16-19-102**, which is renumbered from Section 48-2e-103 is renumbered
5620 and amended to read:

5621 **[~~48-2e-103~~] 16-19-102 . Knowledge -- Notice.**

5622 (1) A person knows a fact if the person:

5623 (a) has actual knowledge of it; or

5624 (b) is deemed to know it under law other than this chapter.

5625 (2) A person has notice of a fact if the person:

5626 (a) has reason to know the fact from all of the facts known to the person at the time in
5627 question; or

5628 (b) is deemed to have notice of the fact under Subsection (3) or (4).

5629 (3)(a) A certificate of limited partnership on file in the office of the division is notice
5630 that the partnership is a limited partnership and the persons designated in the
5631 certificate as general partners are general partners.

5632 (b) [~~—~~]Except as otherwise provided in Subsection (4), the certificate is not notice of any
5633 other fact.

(4) A person not a partner is deemed to have notice of:

(a) another person's dissociation as a general partner 90 days after the effective date of an amendment to the certificate of limited partnership which states that the other person has dissociated or 90 days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;

(b) a limited partnership's:

(i) dissolution 90 days after an amendment to the certificate of limited partnership stating that the limited partnership becomes effective;

(ii) termination 90 days after a statement of termination under Subsection [~~48-2e-802(2)(b)(vi)~~] 16-19-802(2)(b)(vi) becomes effective;

(iii) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

(iv) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

(5) Subject to Subsection [~~48-2e-209(6)~~] 16-1a-211, 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.

(6)(a) A general partner's knowledge or notice of a fact relating to the limited partnership is effective immediately as knowledge of or notice to the limited partnership, except in the case of a fraud on the limited partnership committed by or with the consent of the general partner.

(b) [~~-~~]A limited partner's knowledge or notice of a fact relating to the limited partnership is not effective as knowledge of or notice to the limited partnership.

Section 171. Section **16-19-103**, which is renumbered from Section 48-2e-104 is renumbered and amended to read:

[~~48-2e-104~~] 16-19-103 . Nature, purpose, and duration of limited partnership.

(1)(a) A limited partnership is an entity distinct from [its] the limited partnership's

partners.

(b) [-]A limited partnership is the same entity regardless of whether [its] the limited partnership's certificate states that the limited partnership is a limited liability limited partnership.

(2) A limited partnership may have any lawful purpose, regardless of whether for profit.

(3) A limited partnership has perpetual duration.

Section 172. Section **16-19-104**, which is renumbered from Section 48-2e-105 is renumbered and amended to read:

[48-2e-105] 16-19-104 . Powers.

A limited partnership has the capacity to sue and be sued in [its] the limited partnership's own name and the power to do all things necessary or convenient to carry on [its] the limited partnership's activities and affairs.

Section 173. Section **16-19-105**, which is renumbered from Section 48-2e-106 is renumbered and amended to read:

[48-2e-106] 16-19-105 . Governing law.

The law of this state governs:

(1) the internal affairs of a limited partnership; and

(2) the liability of a partner as partner for the debts, obligations, or other liabilities of a limited partnership.

Section 174. Section **16-19-106**, which is renumbered from Section 48-2e-107 is renumbered and amended to read:

[48-2e-107] 16-19-106 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 175. Section **16-19-107**, which is renumbered from Section 48-2e-112 is renumbered and amended to read:

[48-2e-112] 16-19-107 . Partnership agreement -- Scope, function, and limitations.

(1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement governs:

(a) relations among the partners as partners and between the partners and the limited partnership;

(b) the activities and affairs of the limited partnership and the conduct of those activities and affairs; and

(c) the means and conditions for amending the partnership agreement.

- (2) To the extent the partnership agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.
- (3) A partnership agreement may not:
- (a) vary a limited partnership's capacity under Section [48-2e-105] 16-19-104 to sue and be sued in [its] the limited partnership's own name;
 - (b) vary the law applicable under Section [48-2e-106] 16-19-105;
 - (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
 - (i) registered agents; or
 - (ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;
 - (d) vary the provisions of Section [48-2e-204] 16-1a-209;
 - (e) vary the right of a general partner under Subsection [48-2e-406(2)(b)] 16-19-406(2)(b) to vote on or consent to an amendment to the certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership;
 - (f) eliminate the duty of loyalty or the duty of care except as otherwise provided in Subsection (4);
 - (g) eliminate the contractual obligation of good faith and fair dealing under Subsections [48-2e-305(1)] 16-19-305(1) and [48-2e-409(4)] 16-19-409(4), but the partnership agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;
 - (h) relieve or exonerate a person from liability for conduct involving bad faith, willful misconduct, or recklessness;
 - (i) vary the information required under Section [48-2e-115] 16-19-110 or unreasonably restrict the duties and rights under Section [48-2e-304] 16-19-304 or [48-2e-407] 16-19-407, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;
 - (j) vary the power of a person to dissociate as a general partner under Subsection [48-2e-604(1)] 16-19-604(1) except to require that the notice under Subsection [48-2e-603(1)] 16-19-603(1) be in a record;
 - (k) vary the causes of dissolution specified in Subsection [48-2e-801(1)(f)] 16-19-801(1)(f);

- 5736 (l) vary the requirement to wind up the limited partnership's activities and affairs as
5737 specified in Subsections [48-2e-802(1)] 16-19-802(1), (2)(a), and (4);
- 5738 (m) unreasonably restrict the right of a partner to maintain an action under [~~Part 10,~~
5739 ~~Actions by Partners~~] Part 9, Actions by Partners;
- 5740 (n) vary the provisions of Section [48-2e-1005] 16-19-905, but the partnership agreement
5741 may provide that the limited partnership may not have a special litigation committee;
- 5742 (o) vary the right of a partner to approve a merger, interest exchange, conversion, or
5743 domestication under [~~Subsection 48-2e-1123(1)(b)~~] Section 16-1a-704, [
5744 ~~48-2e-1133(1)(b)~~] 16-1a-804, [~~48-2e-1143(1)(b)~~] 16-1a-904, or [~~48-2e-1153(1)(b)~~]
5745 16-1a-1004; or
- 5746 (p) except as otherwise provided in Section [48-2e-113] 16-19-108 and Subsection [
5747 ~~48-2e-114(2)~~] 16-19-109(2), restrict the rights under this chapter of a person other
5748 than a partner.
- 5749 (4) Subject to Subsection (3)(h), without limiting other terms that may be included in a
5750 partnership agreement, the following rules apply:
- 5751 (a) The partnership agreement may specify the method by which a specific act or
5752 transaction that would otherwise violate the duty of loyalty may be authorized or
5753 ratified by one or more disinterested and independent persons after full disclosure of
5754 all material facts.
- 5755 (b) If not unconscionable or against public policy, the partnership agreement may:
- 5756 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [
5757 ~~48-2e-409(2)~~] 16-19-409(2);
- 5758 (ii) identify specific types or categories of activities that do not violate the duty of
5759 loyalty;
- 5760 (iii) alter the duty of care, but may not authorize intentional misconduct or knowing
5761 violation of law; and
- 5762 (iv) alter or eliminate any other fiduciary duty.
- 5763 (5) The court shall decide as a matter of law whether a term of a partnership agreement is
5764 unconscionable or against public policy under Subsection (3)(g) or (4)(b). The court:
- 5765 (a) shall make [~~its~~] the court's determination as of the time the challenged term became
5766 part of the partnership agreement and by considering only circumstances existing at
5767 that time; and
- 5768 (b) may invalidate the term only if, in light of the purposes, activities, and affairs of the
5769 limited partnership, it is readily apparent that:

- (i) the objective of the term is unconscionable or against public policy; or
- (ii) the means to achieve the term's objective is unconscionable or against public policy.

Section 176. Section **16-19-108**, which is renumbered from Section 48-2e-113 is renumbered and amended to read:

[48-2e-113] 16-19-108 . Partnership agreement -- Effect on limited partnership and person becoming partner -- Preformation agreement.

- (1) A limited partnership is bound by and may enforce the partnership agreement, whether or not the limited partnership has itself manifested assent to the partnership agreement.
- (2) A person that becomes a partner of a limited partnership is deemed to assent to the partnership agreement.
- (3) Two or more persons intending to become the initial partners of a limited partnership may make an agreement providing that upon the formation of the limited partnership the agreement will become the limited partnership agreement.

Section 177. Section **16-19-109**, which is renumbered from Section 48-2e-114 is renumbered and amended to read:

[48-2e-114] 16-19-109 . Partnership agreement -- Effect on third parties and relationship to records effective on behalf of limited partnership.

- (1)(a) A partnership agreement may specify that [its] an amendment to the partnership agreement requires the approval of a person that is not a party to the partnership agreement or the satisfaction of a condition.
- (b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the required approval or satisfy the specified condition.
- (2)(a) The obligations of a limited partnership and [its] the limited partnership's partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement.
- (b) [-]Subject only to a court order issued under Subsection [48-2e-703(2)(b)] 16-19-703(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:
- [~~(a)~~] (i) is effective with regard to any debt, obligation, or other liability of the limited partnership or [its] the limited partnership's partners to the person in the person's capacity as a transferee or person dissociated as a partner; and
- [~~(b)~~] (ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner.

(3) If a record delivered by a limited partnership to the division for filing becomes effective and contains a provision that would be ineffective under Subsection [48-2e-112(3)] 16-19-107(3) or (4)(b) if contained in the partnership agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a limited partnership to the division for filing becomes effective and conflicts with a provision of the partnership agreement:

(a) the partnership agreement prevails as to partners, persons dissociated as partners, and transferees; and

(b) the record prevails as to other persons to the extent they reasonably rely on the record.

Section 178. Section **16-19-110**, which is renumbered from Section 48-2e-115 is renumbered and amended to read:

[48-2e-115] 16-19-110 . Required information.

A limited partnership shall maintain at [its] the limited partnership's principal office the following information:

- (1) a current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;
- (2) a copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;
- (3) a copy of any filed statement of merger, interest exchange, conversion, or domestication;
- (4) a copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the three most recent years;
- (5) a copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;
- (6) a copy of any financial statement of the limited partnership for the three most recent years;
- (7) a copy of the three most recent annual reports delivered by the limited partnership to the division pursuant to Section [48-2e-212] 16-1a-212;
- (8) a copy of any record made by the limited partnership during the past three years of any consent given by or vote taken of any partner [~~pursuant to~~] in accordance with this chapter or the partnership agreement; and
- (9) unless contained in a partnership agreement made in a record, a record stating:

- (a) a description and statement of the agreed value of contributions other than money made and agreed to be made by each partner;
- (b) the times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;
- (c) for any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and
- (d) any events upon the happening of which the limited partnership is to be dissolved and [its] the limited partnership's activities and affairs wound up.

Section 179. Section **16-19-111**, which is renumbered from Section 48-2e-116 is renumbered and amended to read:

[48-2e-116] 16-19-111 . Dual capacity.

- (1) A person may be both a general partner and a limited partner.
- (2) [-]A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by this chapter and the partnership agreement in each of those capacities.
- (3) [-]When the person acts as a general partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for general partners.
- (4) [-]When the person acts as a limited partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for limited partners.

Section 180. Section **16-19-112**, which is renumbered from Section 48-2e-118 is renumbered and amended to read:

[48-2e-118] 16-19-112 . Reservation of power to amend or repeal.

The Legislature of this state has power to amend or repeal all or part of this chapter at any time, and all domestic and foreign limited partnerships subject to this chapter are governed by the amendment or repeal.

Section 181. Section **16-19-113** is enacted to read:

16-19-113 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 182. Section **16-19-201**, which is renumbered from Section 48-2e-201 is renumbered and amended to read:

Part 2. Formation -- Certificate of Limited Partnership and Other Filings

[48-2e-201] 16-19-201 . Formation of limited partnership -- Certificate of limited partnership.

(1) To form a limited partnership, a person must deliver a certificate of limited partnership to the division for filing.

(2) The certificate of limited partnership must state:

(a) the name of the limited partnership, which must comply with Section [48-2e-108] 16-1a-302;

(b) the street and mailing address of the limited partnership's principal office;

(c) the information required by [Subsection 16-17-203(1)] Section 16-1a-404;

(d) the name and the street and mailing addresses of each general partner; and

(e) whether the limited partnership is a limited liability limited partnership.

(3) A certificate of limited partnership may contain statements as to matters other than those required by Subsection (2), but may not vary or otherwise affect the provisions specified in Subsection [48-2e-112(3)] 16-19-107(3) in a manner inconsistent with that Subsection (2).

(4) A limited partnership is formed when:

(a) the certificate of limited partnership has become effective;

(b) at least two persons have become partners;

(c) at least one person has become a general partner; and

(d) at least one person has become a limited partner.

Section 183. Section **16-19-202**, which is renumbered from Section 48-2e-202 is renumbered and amended to read:

[48-2e-202] 16-19-202 . Amendment of restatement of certificate of limited partnership.

(1) A certificate of limited partnership may be amended or restated at any time.

(2) To amend [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing an amendment stating:

(a) the name of the limited partnership;

(b) the date of filing of [its] the limited partnership's initial certificate of limited partnership; and

(c) the changes the amendment makes to the certificate of limited partnership as most recently amended or restated.

(3) To restate [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing a restatement designated as such in [its]

5906 the restatement's heading.

5907 (4) A limited partnership shall promptly deliver to the division for filing an amendment to a
5908 certificate of limited partnership to reflect:

5909 (a) the admission of a new general partner;

5910 (b) the dissociation of a person as a general partner; or

5911 (c) the appointment of a person to wind up the limited partnership's activities and affairs
5912 under Subsection ~~[48-2e-802(3)]~~ 16-19-802(3) or (4).

5913 (5) If a general partner knows that any information in a filed certificate of limited
5914 partnership was inaccurate when the certificate of limited partnership was filed or has
5915 become inaccurate due to changed circumstances, the general partner shall promptly:

5916 (a) cause the certificate of limited partnership to be amended; or

5917 (b) if appropriate, deliver to the division for filing a statement of change under Section [
5918 ~~16-17-206]~~ 16-1a-407 or a statement of correction under Section ~~[48-2e-208]~~
5919 16-1a-206.

5920 Section 184. Section **16-19-301**, which is renumbered from Section 48-2e-301 is renumbered
5921 and amended to read:

5922 **Part 3. Limited Partners**

5923 **~~[48-2e-301]~~ 16-19-301 . Becoming limited partners.**

5924 (1) Upon formation of a limited partnership, a person becomes a limited partner as agreed
5925 among the persons that are to be the initial partners.

5926 (2) After formation, a person becomes a limited partner:

5927 (a) as provided in the partnership agreement;

5928 (b) as the result of a transaction effective under~~[Part 11, Merger, Interest Exchange,~~
5929 ~~Conversion, and Domestication]~~ :

5930 (i) Chapter 1a, Part 7, Merger;

5931 (ii) Chapter 1a, Part 8, Interest Exchange;

5932 (iii) Chapter 1a, Part 9, Conversion; or

5933 (iv) Chapter 1a, Part 10, Domestication;

5934 (c) with the affirmative vote or consent of all the partners; or

5935 (d) as provided in Subsection ~~[48-2e-801(1)(d)]~~ 16-19-801(1)(d) or (1)(e).

5936 (3) A person may become a partner without:

5937 (a) acquiring a transferable interest; or

5938 (b) making or being obligated to make a contribution to the limited partnership.

5939 Section 185. Section **16-19-302**, which is renumbered from Section 48-2e-302 is renumbered

and amended to read:

[48-2e-302] 16-19-302 . No agency power of limited partner as limited partner.

- (1) A limited partner is not an agent of a limited partnership solely by reason of being a limited partner.
- (2) A person's status as a limited partner does not prevent or restrict law other than this chapter from imposing liability on a limited partnership because of the person's conduct.

Section 186. Section **16-19-303**, which is renumbered from Section 48-2e-303 is renumbered and amended to read:

[48-2e-303] 16-19-303 . No liability as limited partner for limited partnership obligations.

- (1)(a) A debt, obligation, or other liability of a limited partnership is not the debt, obligation, or other liability of a limited partner.
- (b) [-]A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited partnership solely by reason of being or acting as a limited partner, even if the limited partner participates in the management and control of the limited partnership.
- (2) The failure of a limited partnership to observe formalities relating to the exercise of [its] the limited partnership's powers or management of [its] the limited partnership's activities and affairs is not a ground for imposing liability on a limited partner for a debt, obligation, or other liability of the limited partnership.

Section 187. Section **16-19-304**, which is renumbered from Section 48-2e-304 is renumbered and amended to read:

[48-2e-304] 16-19-304 . Rights to information of limited partner and person dissociated as limited partner.

- (1)(a) On 10 days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's principal office.
- (b) [-]The limited partner need not have any particular purpose for seeking the information.
- (2) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may inspect and copy information regarding the activities, affairs, financial condition, and other circumstances of the limited partnership as is just and reasonable if:
- (a) the limited partner seeks the information for a purpose reasonably related to the

- 5974 partner's interest as a limited partner;
- 5975 (b) the limited partner makes a demand in a record received by the limited partnership,
- 5976 describing with reasonable particularity the information sought and the purpose for
- 5977 seeking the information; and
- 5978 (c) the information sought is directly connected to the limited partner's purpose.
- 5979 (3) Not later than 10 days after receiving a demand pursuant to Subsection (2), the limited
- 5980 partnership in a record shall inform the limited partner that made the demand of:
- 5981 (a) the information the limited partnership will provide in response to the demand and
- 5982 when and where the limited partnership will provide the information; and
- 5983 (b) the limited partnership's reasons for declining, if the limited partnership declines to
- 5984 provide any demanded information.
- 5985 (4) Whenever this chapter or a partnership agreement provides for a limited partner to vote
- 5986 on or give or withhold consent to a matter, before the vote is cast or consent is given or
- 5987 withheld, the limited partnership shall, without demand, provide the limited partner with
- 5988 all information that is known to the limited partnership and is material to the limited
- 5989 partner's decision.
- 5990 (5) Subject to Subsection (10), on 10 days' demand made in a record received by a limited
- 5991 partnership, a person dissociated as a limited partner may have access to information to
- 5992 which the person was entitled while a limited partner if:
- 5993 (a) the information pertains to the period during which the person was a limited partner;
- 5994 (b) the person seeks the information in good faith; and
- 5995 (c) the person satisfies the requirements imposed on a limited partner by Subsection (2).
- 5996 (6) The limited partnership shall respond to a demand made pursuant to Subsection (5) in
- 5997 the manner provided in Subsection (3).
- 5998 (7) A limited partnership may charge a person that makes a demand under this section
- 5999 reasonable costs of copying, limited to the costs of labor and material.
- 6000 (8)(a) A limited partner or person dissociated as a limited partner may exercise the rights
- 6001 under this section through an agent or, in the case of an individual under legal
- 6002 disability, a legal representative.
- 6003 (b) [-]Any restriction or condition imposed by the partnership agreement or under
- 6004 Subsection (11) applies both to the agent or legal representative and to the limited
- 6005 partner or person dissociated as a limited partner.
- 6006 (9) Subject to Subsection (10), the rights under this section do not extend to a person as
- 6007 transferee.

6008 (10) If a limited partner dies, Section [48-2e-704] 16-19-704 applies.

6009 (11)(a) In addition to any restriction or condition stated in [its] a limited partnership's
6010 partnership agreement, a limited partnership, as a matter within the ordinary course
6011 of [its] the limited partnership's activities and affairs, may impose reasonable
6012 restrictions and conditions on access to and use of information to be furnished under
6013 this section, including designating information confidential and imposing
6014 nondisclosure and safeguarding obligations on the recipient.

6015 (b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection
6016 (11), the limited partnership has the burden of proving reasonableness.

6017 Section 188. Section **16-19-305**, which is renumbered from Section 48-2e-305 is renumbered
6018 and amended to read:

6019 **[48-2e-305] 16-19-305 . Limited duties of limited partners.**

6020 (1) A limited partner shall discharge any duties to the limited partnership and the other
6021 partners under the partnership agreement and exercise any rights under this chapter or
6022 the partnership agreement consistently with the contractual obligation of good faith and
6023 fair dealing.

6024 (2) Except as otherwise provided in Subsection (1), a limited partner does not have any
6025 duty to the limited partnership or to any other partner solely by reason of acting as a
6026 limited partner.

6027 (3) If a limited partner enters into a transaction with a limited partnership, the limited
6028 partner's rights and obligations arising from the transaction are the same as those of a
6029 person that is not a partner.

6030 Section 189. Section **16-19-306**, which is renumbered from Section 48-2e-306 is renumbered
6031 and amended to read:

6032 **[48-2e-306] 16-19-306 . Person erroneously believing self to be limited partner.**

6033 (1) Except as otherwise provided in Subsection (2), a person that makes an investment in a
6034 business enterprise and erroneously but in good faith believes that the person has
6035 become a limited partner in the enterprise is not liable for the enterprise's obligations by
6036 reason of making the investment, receiving distributions from the enterprise, or
6037 exercising any rights of or appropriate to a limited partner, if, on ascertaining the
6038 mistake, the person:

6039 (a) causes an appropriate certificate of limited partnership, amendment, or statement of
6040 correction to be signed and delivered to the division for filing; or

6041 (b) withdraws from future participation as an owner in the enterprise by signing and

delivering to the division for filing a statement of negation under this section.

- (2) A person that makes an investment described in Subsection (1) is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the division files a statement of negation, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.
- (3) If a person makes a diligent effort in good faith to comply with Subsection (1)(a) and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing, the person has the right to withdraw from the enterprise ~~[pursuant to]~~ in accordance with Subsection (1)(b) even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise.

Section 190. Section **16-19-401**, which is renumbered from Section 48-2e-401 is renumbered and amended to read:

Part 4. General Partners

[48-2e-401] 16-19-401 . Becoming general partner.

- (1) A person becomes a general partner:
- (a) upon formation of a limited partnership, as agreed among the persons that are to be the initial partners; and
 - (b) after formation:
 - (i) as provided in the partnership agreement;
 - (ii) under Subsection ~~[48-2e-801(1)(e)(ii)]~~ 16-19-801(1)(c)(ii) following the dissociation of a limited partnership's last general partner;
 - (iii) as the result of a transaction effective under~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ :
 - (A) Chapter 1a, Part 7, Merger;
 - (B) Chapter 1a, Part 8, Interest Exchange;
 - (C) Chapter 1a, Part 9, Conversion; or
 - (D) Chapter 1a, Part 10, Domestication; or
 - (iv) with the affirmative vote or consent of all the partners.
- (2) A person may become a general partner without:
- (a) acquiring a transferable interest; or
 - (b) making or being obligated to make a contribution to the limited partnership.

Section 191. Section **16-19-402**, which is renumbered from Section 48-2e-402 is renumbered

and amended to read:

[48-2e-402] 16-19-402 . General partner agent of limited partnership.

(1)(a) Each general partner is an agent of the limited partnership for the purposes of [its] the limited partnership's activities and affairs.

(b) [-]An act of a general partner, including the signing of a record in the limited partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew or had notice that the general partner lacked authority.

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

Section 192. Section **16-19-403**, which is renumbered from Section 48-2e-403 is renumbered and amended to read:

[48-2e-403] 16-19-403 . Limited partnership liable for general partner's actionable conduct.

(1) A limited 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 general partner acting in the ordinary course of activities and affairs of the limited partnership or with the actual or apparent authority of the limited partnership.

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

Section 193. Section **16-19-404**, which is renumbered from Section 48-2e-404 is renumbered and amended to read:

[48-2e-404] 16-19-404 . General partner's liability.

(1) Except as otherwise provided in Subsections (2) and (3), all general partners are liable jointly and severally for all debts, obligations, and other liabilities of the limited partnership unless otherwise agreed by the claimant or provided by law.

- (2) A person that becomes a general partner of an existing limited partnership is not personally liable for a debt, obligation, or other liability of the limited partnership incurred before the person became a general partner.
- (3)(a) A debt, obligation, or other liability of a limited partnership incurred while the limited partnership is a limited liability limited partnership is solely the debt, obligation, or other liability of the limited liability limited partnership.
- (b) [–]A general 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 limited partnership solely by reason of being or acting as a general partner.
- (c) [–]This Subsection (3) applies despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability limited partnership under Subsection [48-2e-406(2)(b)] 16-19-406(2)(b).
- (4) The failure of a limited liability limited partnership to observe formalities relating to the exercise of [its] the limited liability limited partnership's powers or management of [its] the limited liability limited partnership's activities and affairs is not a ground for imposing liability on a general partner of the limited liability limited partnership for a debt, obligation, or liability of the limited partnership.
- (5) An amendment of a certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership does not affect the limitation in this section on liability of a general partner for a debt, obligation, or other liability of the limited partnership incurred before the amendment became effective.

Section 194. Section **16-19-405**, which is renumbered from Section 48-2e-405 is renumbered and amended to read:

[48-2e-405] 16-19-405 . Actions by and against partnership and partners.

- (1) To the extent not inconsistent with Section [48-2e-404] 16-19-404, a general partner may be joined in an action against the limited partnership or named in a separate action.
- (2)(a) A judgment against a limited partnership is not by itself a judgment against a general partner.
- (b) [–]A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.
- (3) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the general partner is personally liable for the claim under Section [

6144 ~~48-2e-404]~~ 16-19-404, and:

- 6145 (a) a judgment based on the same claim has been obtained against the limited
6146 partnership and a writ of execution on the judgment has been returned unsatisfied in
6147 whole or in part;
- 6148 (b) the limited partnership is a debtor in bankruptcy;
- 6149 (c) the general partner has agreed that the creditor need not exhaust limited partnership
6150 assets;
- 6151 (d) a court grants permission to the judgment creditor to levy execution against the
6152 assets of a general partner based on a finding that the limited partnership assets
6153 subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of
6154 assets is excessively burdensome, or that the grant of permission is an appropriate
6155 exercise of the court's equitable powers; or
- 6156 (e) liability is imposed on the general partner by law or contract independent of the
6157 existence of the limited partnership.

6158 Section 195. Section **16-19-406**, which is renumbered from Section 48-2e-406 is renumbered
6159 and amended to read:

6160 **~~48-2e-406]~~ 16-19-406 . Management rights of general partner.**

- 6161 (1)(a) Each general partner has equal rights in the management and conduct of the
6162 limited partnership's activities and affairs.
- 6163 (b) [-]Except as otherwise provided in this chapter, any matter relating to the activities
6164 and affairs of the limited partnership is decided exclusively by the general partner or,
6165 if there is more than one general partner, by a majority of the general partners.
- 6166 (2) The affirmative vote or consent of all partners is required to:
- 6167 (a) amend the partnership agreement;
- 6168 (b) amend the certificate of limited partnership to add or delete a statement that the
6169 limited partnership is a limited liability limited partnership;
- 6170 (c) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited
6171 partnership's property, with or without the good will, other than in the usual and
6172 regular course of the limited partnership's activities and affairs; and
- 6173 (d) approve a transaction under~~[Part 11, Merger, Interest Exchange, Conversion, and~~
6174 Domestication] :
- 6175 (i) Chapter 1a, Part 7, Merger;
- 6176 (ii) Chapter 1a, Part 8, Interest Exchange;
- 6177 (iii) Chapter 1a, Part 9, Conversion; or

6178 (iv) Chapter 1a, Part 10, Domestication.

6179 (3) A limited partnership shall reimburse a general partner for an advance to the limited
6180 partnership beyond the amount of capital the general partner agreed to contribute.

6181 (4) A payment or advance made by a general partner which gives rise to an obligation of
6182 the limited partnership under Subsection (3) or Subsection ~~[48-2e-408(1)]~~ 16-19-408(1)
6183 constitutes a loan to the limited partnership which accrues interest from the date of the
6184 payment or advance.

6185 (5) A general partner is not entitled to remuneration for services performed for the limited
6186 partnership.

6187 Section 196. Section **16-19-407**, which is renumbered from Section 48-2e-407 is renumbered
6188 and amended to read:

6189 **~~[48-2e-407]~~ 16-19-407 . Rights to information of general partner and person**
6190 **dissociated as general partner.**

6191 (1) A general partner may inspect and copy required information during regular business
6192 hours in the limited partnership's principal office, without having any particular purpose
6193 for seeking the information.

6194 (2) On reasonable notice, a general partner may inspect and copy during regular business
6195 hours, at a reasonable location specified by the limited partnership, any record
6196 maintained by the limited partnership regarding the limited partnership's activities,
6197 affairs, financial condition, and other circumstances, to the extent the information is
6198 material to the general partner's rights and duties under the partnership agreement or this
6199 chapter.

6200 (3) A limited partnership shall furnish to each general partner:

6201 (a) without demand, any information concerning the limited partnership's activities,
6202 affairs, financial condition, and other circumstances which the limited partnership
6203 knows and are material to the proper exercise of the general partner's rights and
6204 duties under the partnership agreement or this chapter, except to the extent the
6205 limited partnership can establish that it reasonably believes the general partner
6206 already knows the information; and

6207 (b) on demand, any other information concerning the limited partnership's activities,
6208 affairs, financial condition, and other circumstances, except to the extent the demand
6209 or the information demanded is unreasonable or otherwise improper under the
6210 circumstances.

6211 (4) The duty to furnish information under Subsection (2) also applies to each general

- 6212 partner to the extent the general partner knows any of the information described in
6213 Subsection (2).
- 6214 (5) Subject to Subsection (8), on 10 days' demand made in a record received by the limited
6215 partnership, a person dissociated as a general partner may have access to the information
6216 and records described in Subsections (1) and (2) at the locations specified in those
6217 subsections if:
- 6218 (a) the information or record pertains to the period during which the person was a
6219 general partner;
- 6220 (b) the person seeks the information or record in good faith; and
- 6221 (c) the person satisfies the requirements imposed on a limited partner by Subsection [
6222 ~~48-2e-304(2)~~] 16-19-304(2).
- 6223 (6) The limited partnership shall respond to a demand made [~~pursuant to~~] in accordance with
6224 Subsection (3) in the manner provided in Subsection [~~48-2e-304(3)~~] 16-19-304(3).
- 6225 (7) A limited partnership may charge a person that makes a demand under this section the
6226 reasonable costs of copying, limited to the costs of labor and material.
- 6227 (8)(a) A general partner or person dissociated as a general partner may exercise rights
6228 under this section through an agent or, in the case of an individual under legal
6229 disability, a legal representative.
- 6230 (b) [~~-~~]Any restriction or condition imposed by the partnership agreement or under
6231 Subsection (9) applies both to the agent or legal representative and the general
6232 partner or person dissociated as a general partner.
- 6233 (9) The rights under this section do not extend to a person as transferee, but if:
- 6234 (a) a general partner dies, Section [~~48-2e-704~~] 16-19-704 applies; and
- 6235 (b) an individual dissociates as a general partner under Subsection [~~48-2e-603(7)(b)~~]
6236 16-19-603(7)(b) or (7)(c), the legal representative of the individual may exercise the
6237 rights under Subsection (4) of a person dissociated as a general partner.
- 6238 (10)(a) In addition to any restriction or condition stated in the partnership agreement, a
6239 limited partnership, as a matter within the ordinary course of [~~its~~] the limited
6240 partnership's activities and affairs, may impose reasonable restrictions and conditions
6241 on access to and use of information to be furnished under this section, including
6242 designating information confidential and imposing nondisclosure and safeguarding
6243 obligations on the recipient.
- 6244 (b) [~~-~~]In a dispute concerning the reasonableness of a restriction under this Subsection
6245 (10), the limited partnership has the burden of proving reasonableness.

Section 197. Section **16-19-408**, which is renumbered from Section 48-2e-408 is renumbered and amended to read:

[48-2e-408] 16-19-408 . Reimbursement, indemnification, advancement, and insurance.

- (1) A limited partnership shall reimburse a general partner for any payment made by the general partner in the course of the general partner's activities on behalf of the limited partnership, if the general partner complied with Sections [48-2e-406] 16-19-406, [48-2e-409] 16-19-409, and [48-2e-504] 16-19-504 in making the payment.
- (2) A limited 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 a general partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of Section [48-2e-406] 16-19-406, [48-2e-409] 16-19-409, or [48-2e-504] 16-19-504.
- (3) In the ordinary course of [its] a limited partnership's activities and affairs, a limited 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 general partner, if the person promises to repay the limited partnership if the person ultimately is determined not to be entitled to be indemnified under Subsection (2).
- (4) A limited partnership may purchase and maintain insurance on behalf of a general partner against liability asserted against or incurred by the general partner in that capacity or arising from that status even if, under Subsection [48-2e-112(3)(h)] 16-19-107(3)(h), the partnership agreement could not eliminate or limit the person's liability to the limited partnership for the conduct giving rise to the liability.

Section 198. Section **16-19-409**, which is renumbered from Section 48-2e-409 is renumbered and amended to read:

[48-2e-409] 16-19-409 . Standards of conduct for general partners.

- (1) A general partner owes to the limited partnership and, subject to Subsection [48-2e-1001(1)] 16-19-901(1), the other partners the duties of loyalty and care stated in Subsections (2) and (3).
- (2) The duty of loyalty of a general partner includes the duties:
 - (a) to account to the limited partnership and hold as trustee for [it] the limited partnership any property, profit, or benefit derived by the general partner:

- (i) in the conduct or winding up of the limited partnership's activities and affairs;
(ii) from a use by the general partner of the limited partnership's property; or
(iii) from the appropriation of a limited partnership opportunity;
- (b) to refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs as or on behalf of a person having an interest adverse to the limited partnership; and
- (c) to refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs.
- (3) The duty of care of a general partner in the conduct or winding up of the limited partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (4) A general 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.
- (5) A general partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the general partner's conduct furthers the general partner's own interest.
- (6) All the partners of a limited partnership may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a general partner that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the limited partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a general partner enters into a transaction with the limited partnership which otherwise would be prohibited by Subsection (2)(b), the general partner's rights and obligations arising from the transaction are the same as those of a person that is not a general partner.

Section 199. Section **16-19-501**, which is renumbered from Section 48-2e-501 is renumbered and amended to read:

Part 5. Contributions and Distributions

[48-2e-501] 16-19-501 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited partnership or an agreement to transfer property to, perform services for, or provide another benefit to the limited partnership.

Section 200. Section **16-19-502**, which is renumbered from Section 48-2e-502 is renumbered

and amended to read:

[48-2e-502] 16-19-502 . Liability for contribution.

- (1) A person's obligation to make a contribution to a limited partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.
- (2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited partnership to contribute money equal to the value, as stated in the required information, of the part of the contribution which has not been made.
- (3)(a) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all partners.
- (b) [-]If a creditor of a limited partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of any compromise under this subsection, the creditor may enforce the original obligation.

Section 201. Section **16-19-503**, which is renumbered from Section 48-2e-503 is renumbered and amended to read:

[48-2e-503] 16-19-503 . Sharing of and right to distributions before dissolution.

- (1) Except to the extent necessary to comply with a transfer effective under Section [48-2e-702] 16-19-702 or charging order in effect under Section [48-2e-703] 16-19-703, any distributions made by a limited partnership before [its] the limited partnership's dissolution and winding up must be in equal shares among partners and persons dissociated as partners.
- (2) A person has a right to a distribution before the dissolution and winding up of a limited partnership only if the limited partnership decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a limited partnership in any form other than money.
- (b) [-]Except as otherwise provided in Subsection [48-2e-813(5)] 16-19-811(5), 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.
- (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited partnership with respect to the distribution.
- (b) [-]However, the limited partnership's obligation to make a distribution is subject to

6348 offset for any amount owed to the limited partnership by the partner or a person
6349 dissociated as a partner on whose account the distribution is made.

6350 Section 202. Section **16-19-504**, which is renumbered from Section 48-2e-504 is renumbered
6351 and amended to read:

6352 **[48-2e-504] 16-19-504 . Limitations on distributions.**

6353 (1) A limited partnership may not make a distribution, including a distribution under
6354 Section [48-2e-813] 16-19-811, if after the distribution:

6355 (a) the limited partnership would not be able to pay [its] the limited partnership's debts as [
6356 they] the debts become due in the ordinary course of the limited partnership's
6357 activities and affairs; or

6358 (b) the limited partnership's total assets would be less than the sum of [its] the limited
6359 partnership's total liabilities plus, unless the partnership agreement permits otherwise,
6360 the amount that would be needed, if the limited partnership were to be dissolved and
6361 wound up at the time of the distribution, to satisfy the preferential rights upon
6362 dissolution and winding up of partners and transferees whose preferential rights are
6363 superior to those of persons receiving the distribution.

6364 (2) A limited partnership may base a determination that a distribution is not prohibited
6365 under Subsection (1) on:

6366 (a) financial statements prepared on the basis of accounting practices and principles that
6367 are reasonable in the circumstances; or

6368 (b) a fair valuation or other method that is reasonable under the circumstances.

6369 (3) Except as otherwise provided in Subsection (5), the effect of a distribution under
6370 Subsection (1) is measured:

6371 (a) in the case of distribution as defined in Subsection [48-2e-102(4)(a)] 16-19-101(4)(a),
6372 as of the earlier of:

6373 (i) the date money or other property is transferred or debt is incurred by the limited
6374 partnership; or

6375 (ii) the date the person entitled to the distribution ceases to own the interest or right
6376 being acquired by the limited partnership in return for the distribution;

6377 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
6378 is distributed; and

6379 (c) in all other cases, as of the date:

6380 (i) the distribution is authorized, if the payment occurs not later than 120 days after
6381 that date; or

6382 (ii) the payment is made, if payment occurs more than 120 days after the distribution
6383 is authorized.

6384 (4) A limited partnership's indebtedness to a partner or transferee incurred by reason of a
6385 distribution made in accordance with this section is at parity with the limited
6386 partnership's indebtedness to [its] the limited partnership's general, unsecured creditors,
6387 except to the extent subordinated by agreement.

6388 (5)(a) A limited partnership's indebtedness, including indebtedness issued as a
6389 distribution, is not considered a liability for purposes of Subsection (1) if the terms of
6390 the indebtedness provide that payment of principal and interest is made only if and to
6391 the extent that payment of a distribution could then be made under this section.

6392 (b) [-]If the indebtedness is issued as a distribution, each payment of principal or
6393 interest is treated as a distribution, the effect of which is measured on the date the
6394 payment is made.

6395 (6) In measuring the effect of a distribution under Section [48-2e-813] 16-19-811, the
6396 liabilities of a dissolved limited partnership do not include any claim that has been
6397 disposed of under Section [48-2e-806] 16-19-806, [48-2e-807] 16-19-807, or [48-2e-808]
6398 16-19-808.

6399 Section 203. Section **16-19-505**, which is renumbered from Section 48-2e-505 is renumbered
6400 and amended to read:

6401 **[48-2e-505] 16-19-505 . Liability for improper distributions.**

6402 (1) If a general partner consents to a distribution made in violation of Section [48-2e-504]
6403 16-19-504 and in consenting to the distribution fails to comply with Section [48-2e-409]
6404 16-19-409, the general partner is personally liable to the limited partnership for the
6405 amount of the distribution which exceeds the amount that could have been distributed
6406 without the violation of Section [48-2e-504] 16-19-504.

6407 (2) A person that receives a distribution knowing that the distribution violated Section [
6408 48-2e-504] 16-19-504 is personally liable to the limited partnership but only to the extent
6409 that the distribution received by the person exceeded the amount that could have been
6410 properly paid under Section [48-2e-504] 16-19-504.

6411 (3) A general partner against which an action is commenced because the general partner is
6412 liable under Subsection (1) may:

6413 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
6414 right of contribution from the person; and

6415 (b) implead any person that received a distribution in violation of Subsection (2) and

6416 seek to enforce a right of contribution from the person in the amount the person
6417 received in violation of Subsection (2).

6418 (4) An action under this section is barred unless commenced not later than two years after
6419 the distribution.

6420 Section 204. Section **16-19-601**, which is renumbered from Section 48-2e-601 is renumbered
6421 and amended to read:

6422 **Part 6. Dissociation**

6423 **[48-2e-601] 16-19-601 . Dissociation as limited partner.**

6424 (1) A person does not have a right to dissociate as a limited partner before the completion
6425 of the winding up of the limited partnership.

6426 (2) A person is dissociated as a limited partner when:

6427 (a) the limited partnership has notice of the person's express will to withdraw as a
6428 limited partner, but, if the person specified a withdrawal date later than the date the
6429 limited partnership had notice, on that later date;

6430 (b) an event stated in the partnership agreement as causing the person's dissociation as a
6431 limited partner occurs;

6432 (c) the person is expelled as a limited partner pursuant to the partnership agreement;

6433 (d) the person is expelled as a limited partner by the unanimous vote or consent of the
6434 other partners if:

6435 (i) it is unlawful to carry on the limited partnership's activities and affairs with the
6436 person as a limited partner;

6437 (ii) there has been a transfer of all of the person's transferable interest in the limited
6438 partnership, other than:

6439 (A) a transfer for security purposes; or

6440 (B) a charging order in effect under Section [48-2e-703] 16-19-703 which has not
6441 been foreclosed;

6442 (iii) the person is a corporation and:

6443 (A) the limited partnership notifies the person that [it] the person will be expelled
6444 as a limited partner because the person has filed a statement of dissolution or
6445 the equivalent, [its] the person's charter has been revoked, or [its] the person's
6446 right to conduct business has been suspended by the jurisdiction of [its] the
6447 person's incorporation; and

6448 (B) not later than 90 days after the notification the statement of dissolution or the
6449 equivalent has not been revoked or [its] the person's charter or right to conduct

6450 business has not been reinstated; or

6451 (iv) the person is an unincorporated entity that has been dissolved and whose
6452 business is being wound up;

6453 (e) on application by the limited partnership, the person is expelled as a limited partner
6454 by judicial order because the person:

6455 (i) has engaged or is engaging in wrongful conduct that has affected adversely and
6456 materially, or will affect adversely and materially, the limited partnership's
6457 activities and affairs;

6458 (ii) has committed willfully or persistently, or is committing willfully or persistently,
6459 a material breach of the partnership agreement or the contractual obligation of
6460 good faith and fair dealing under Subsection ~~[48-2e-305(1)]~~ 16-19-305(1); or

6461 (iii) has engaged or is engaging in conduct relating to the limited partnership's
6462 activities and affairs which makes it not reasonably practicable to carry on the
6463 activities and affairs with the person as a limited partner;

6464 (f) in the case of a person who is an individual, the individual dies;

6465 (g) in the case of a person that is a testamentary or inter vivos trust or is acting as a
6466 limited partner by virtue of being a trustee of such a trust, the trust's entire
6467 transferable interest in the limited partnership is distributed;

6468 (h) in the case of a person that is an estate or is acting as a limited partner by virtue of
6469 being a personal representative of an estate, the estate's entire transferable interest in
6470 the limited partnership is distributed;

6471 (i) in the case of a person that is not an individual, corporation, unincorporated entity,
6472 trust, or estate, the existence of the person terminates;

6473 (j) the limited partnership participates in a merger under ~~[Part 11, Merger, Interest~~
6474 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, and:

6475 (i) the limited partnership is not the surviving entity; or

6476 (ii) otherwise as a result of the merger, the person ceases to be a limited partner;

6477 (k) the limited partnership participates in an interest exchange under ~~[Part 11, Merger,~~
6478 ~~Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 8, Interest
6479 Exchange, and as a result of the interest exchange, the person ceases to be a limited
6480 partner;

6481 (l) the limited partnership participates in a conversion under ~~[Part 11, Merger, Interest~~
6482 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 9, Conversion;

6483 (m) the limited partnership participates in a domestication under ~~[Part 11, Merger,~~

6484 ~~Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 10,
6485 Domestication, and as a result of the domestication, the person ceases to be a limited
6486 partner; or

6487 (n) the limited partnership dissolves and completes winding up.

6488 Section 205. Section **16-19-602**, which is renumbered from Section 48-2e-602 is renumbered
6489 and amended to read:

6490 **[48-2e-602] 16-19-602 . Effect of dissociation as limited partner.**

6491 (1) If a person is dissociated as a limited partner:

6492 (a) subject to Section [48-2e-704] 16-19-704, the person does not have further rights as a
6493 limited partner;

6494 (b) the person's contractual obligation of good faith and fair dealing as a limited partner
6495 under Subsection [48-2e-305(1)] 16-19-305(1) ends with regard to matters arising and
6496 events occurring after the person's dissociation; and

6497 (c) subject to Section [48-2e-704] 16-19-704 and [~~Part 11, Merger, Interest Exchange,~~
6498 ~~Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
6499 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
6500 Domestication, any transferable interest owned by the person in the person's capacity
6501 as a limited partner immediately before dissociation is owned by the person solely as
6502 a transferee.

6503 (2) A person's dissociation as a limited partner does not of itself discharge the person from
6504 any debt, obligation, or other liability to the limited partnership or the other partners
6505 which the person incurred while a limited partner.

6506 Section 206. Section **16-19-603**, which is renumbered from Section 48-2e-603 is renumbered
6507 and amended to read:

6508 **[48-2e-603] 16-19-603 . Dissociation as general partner.**

6509 A person is dissociated as a general partner when:

6510 (1) the limited partnership has notice of the person's express will to withdraw as a general
6511 partner, but, if the person specifies a withdrawal date later than the date the limited
6512 partnership had notice, on that later date;

6513 (2) an event stated in the partnership agreement as causing the person's dissociation as a
6514 general partner occurs;

6515 (3) the person is expelled as a general partner pursuant to the partnership agreement;

6516 (4) the person is expelled as a general partner by the unanimous vote or consent of the other
6517 partners if:

- 6518 (a) it is unlawful to carry on the limited partnership's activities and affairs with the
6519 person as a general partner;
- 6520 (b) there has been a transfer of all of the person's transferable interest in the limited
6521 partnership, other than:
- 6522 (i) a transfer for security purposes; or
- 6523 (ii) a charging order in effect under Section [~~48-2e-703~~] 16-19-703 which has not
6524 been foreclosed;
- 6525 (c) the person is a corporation, and:
- 6526 (i) the limited partnership notifies the person that [it] the person will be expelled as a
6527 general partner because the person has filed a statement of dissolution or the
6528 equivalent, [its] the person's charter has been revoked, or [its] the person's right to
6529 conduct business has been suspended by the jurisdiction of [its] the person's
6530 incorporation; and
- 6531 (ii) not later than 90 days after the notification of the statement of dissolution or the
6532 equivalent has not been revoked or [its] the person's charter or right to conduct
6533 business has not been reinstated; or
- 6534 (d) the person is an unincorporated entity that has been dissolved and whose business is
6535 being wound up;
- 6536 (5) on application by the limited partnership or a partner in a direct action under Section [
6537 ~~48-2e-1001~~] 16-19-901, the person is expelled as a general partner by judicial order
6538 because the person:
- 6539 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
6540 materially, or will affect adversely and materially, the limited partnership's activities
6541 and affairs;
- 6542 (b) has committed willfully or persistently, or is committing willfully or persistently, a
6543 material breach of the partnership agreement or a duty or obligation under Section [
6544 ~~48-2e-409~~] 16-19-409; or
- 6545 (c) has engaged or is engaging in conduct relating to the limited partnership's activities
6546 and affairs which makes it not reasonably practicable to carry on the activities or
6547 affairs of the limited partnership with the person as a general partner;
- 6548 (6) in the case of a person who is an individual:
- 6549 (a) the individual dies;
- 6550 (b) a guardian or general conservator for the individual is appointed; or
- 6551 (c) a court orders that the individual has otherwise become incapable of performing the

- 6552 individual's duties as a general partner under this chapter or the partnership
 6553 agreement;
- 6554 (7) the person:
- 6555 (a) becomes a debtor in bankruptcy;
- 6556 (b) executes an assignment for the benefit of creditors; or
- 6557 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
 6558 liquidator of the person or of all or substantially all of the person's property;
- 6559 (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a general
 6560 partner by virtue of being a trustee of such a trust, the trust's entire transferable interest
 6561 in the limited partnership is distributed;
- 6562 (9) in the case of a person that is an estate or is acting as a general partner by virtue of being
 6563 a personal representative of an estate, the estate's entire transferable interest in the
 6564 limited partnership is distributed;
- 6565 (10) in the case of a person that is not an individual, corporation, unincorporated entity,
 6566 trust, or estate, the existence of the person terminates;
- 6567 (11) the limited partnership participates in a merger under [~~Part 11, Merger, Interest~~
 6568 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- 6569 (a) the limited partnership is not the surviving entity; or
- 6570 (b) otherwise as a result of the merger, the person ceases to be a general partner;
- 6571 (12) the limited partnership participates in an interest exchange under [~~Part 11, Merger,~~
 6572 ~~Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange,
 6573 and, as a result of the interest exchange, the person ceases to be a general partner;
- 6574 (13) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest~~
 6575 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- 6576 (14) the limited partnership participates in a domestication under [~~Part 11, Merger, Interest~~
 6577 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a
 6578 result of the domestication, the person ceases to be a general partner; or
- 6579 (15) the limited partnership dissolves and completes winding up.

6580 Section 207. Section **16-19-604**, which is renumbered from Section 48-2e-604 is renumbered
 6581 and amended to read:

6582 **[48-2e-604] 16-19-604 . Power to dissociate as general partner -- Wrongful**
 6583 **dissociation.**

- 6584 (1) A person has the power to dissociate as a general partner at any time, rightfully or
 6585 wrongfully, by withdrawing as a general partner by express will under Subsection [

6586 ~~48-2e-603(1)]~~ 16-19-603(1).

6587 (2) A person's dissociation as a general partner is wrongful only if the dissociation:

6588 (a) is in breach of an express provision of the partnership agreement; or

6589 (b) occurs before the completion of the winding up of the limited partnership, and:

6590 (i) the person withdraws as a general partner by express will;

6591 (ii) the person is expelled as a general partner by judicial order under Subsection [
6592 ~~48-2e-603(5)]~~ 16-19-603(5);

6593 (iii) the person is dissociated as a general partner under Subsection [~~48-2e-603(7)]~~
6594 16-19-603(7); or

6595 (iv) in the case of a person that is not a trust other than a business trust, an estate, or
6596 an individual, the person is expelled or otherwise dissociated as a general partner
6597 because it willfully dissolved or terminated.

6598 (3)(a) A person that wrongfully dissociates as a general partner is liable to the limited
6599 partnership and, subject to Section [~~48-2e-1001]~~ 16-19-901, to the other partners for
6600 damages caused by the dissociation.

6601 (b) ~~[-]~~The liability is in addition to any debt, obligation, or other liability of the general
6602 partner to the limited partnership or the other partners.

6603 Section 208. Section **16-19-605**, which is renumbered from Section ~~48-2e-605~~ is renumbered
6604 and amended to read:

6605 **[~~48-2e-605]~~ 16-19-605 . Effect of dissociation as general partner.**

6606 (1) If a person is dissociated as a general partner:

6607 (a) the person's right to participate as a general partner in the management and conduct
6608 of the limited partnership's activities and affairs terminates;

6609 (b) the person's duties and obligations as a general partner under Section [~~48-2e-409]~~
6610 16-19-409 end with regard to matters arising and events occurring after the person's
6611 dissociation;

6612 (c) the person may sign and deliver to the division for filing a statement of dissociation
6613 pertaining to the person and, at the request of the limited partnership, shall sign an
6614 amendment to the certificate of limited partnership which states that the person has
6615 dissociated as a general partner; and

6616 (d) subject to Section [~~48-2e-704]~~ 16-19-704 and [~~Part 11, Merger, Interest Exchange,~~
6617 Conversion, and Domestication] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
6618 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
6619 Domestication, any transferable interest owned by the person immediately before

6620 dissociation in the person's capacity as a general partner is owned by the person
6621 solely as a transferee.

6622 (2) A person's dissociation as a general partner does not of itself discharge the person from
6623 any debt, obligation, or other liability to the limited partnership or the other partners
6624 which the person incurred while a general partner.

6625 Section 209. Section **16-19-606**, which is renumbered from Section 48-2e-606 is renumbered
6626 and amended to read:

6627 **[48-2e-606] 16-19-606 . Power to bind and liability of person dissociated as**
6628 **general partner.**

6629 (1) After a person is dissociated as a general partner and before the limited partnership is
6630 merged out of existence, converted, or domesticated under [~~Part 11, Merger, Interest~~
6631 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part
6632 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
6633 Domestication, or dissolved, the limited partnership is bound by an act of the person
6634 only if:

6635 (a) the act would have bound the limited partnership under Section [48-2e-402]
6636 16-19-402 before the dissociation; and

6637 (b) at the time the other party enters into the transaction:

6638 (i) less than two years has passed since the dissociation; and

6639 (ii) the other party does not know or have notice of the dissociation and reasonably
6640 believes that the person is a general partner.

6641 (2) If a limited partnership is bound under Subsection (1), the person dissociated as a
6642 general partner which caused the limited partnership to be bound is liable:

6643 (a) to the limited partnership for any damage caused to the limited partnership arising
6644 from the obligation incurred under Subsection (1); and

6645 (b) if a general partner or another person dissociated as a general partner is liable for the
6646 obligation, to the general partner or other person for any damage caused to the
6647 general partner or other person arising from the liability.

6648 Section 210. Section **16-19-607**, which is renumbered from Section 48-2e-607 is renumbered
6649 and amended to read:

6650 **[48-2e-607] 16-19-607 . Liability to other persons of person dissociated as general**
6651 **partner.**

6652 (1)(a) A person's dissociation as a general partner does not of itself discharge the
6653 person's liability as a general partner for a debt, obligation, or other liability of the

limited partnership incurred before dissociation.

(b) [–]Except as otherwise provided in Subsections (2) and (3), the person is not liable for a limited partnership obligation incurred after dissociation.

(2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities and affairs is liable to the same extent as a general partner under Section ~~[48-2e-404]~~ 16-19-404 on an obligation incurred by the limited partnership under Section ~~[48-2e-804]~~ 16-19-804.

(3) A person that has dissociated as a general partner but whose dissociation did not result in a dissolution and winding up of the limited partnership's activities and affairs is liable on a transaction entered into by the limited partnership after the dissociation only if:

(a) a general partner would be liable on the transaction; and

(b) at the time the other party enters into the transaction:

(i) less than two years has passed since the dissociation; and

(ii) the other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a general partner.

(4) By agreement with a creditor of a limited partnership and the limited partnership, a person dissociated as a general partner may be released from liability for an obligation of the limited partnership.

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

Section 211. Section **16-19-701**, which is renumbered from Section 48-2e-701 is renumbered and amended to read:

Part 7. Transferable Interest and Rights

~~[48-2e-701]~~ 16-19-701 . Nature of transferable interest.

(1) The only interest of a partner which is transferable is the partner's transferable interest.

(2) [–]A transferable interest is personal property.

Section 212. Section **16-19-702**, which is renumbered from Section 48-2e-702 is renumbered and amended to read:

~~[48-2e-702]~~ 16-19-702 . Transfer of transferable interest.

(1) A transfer, in whole or in part, of a transferable interest:

(a) is permissible;

- (b) does not by itself cause the person's dissociation or a dissolution and winding up of the limited partnership's activities and affairs; and
- (c) subject to Section ~~[48-2e-704]~~ 16-19-704, does not entitle the transferee to:
- (i) participate in the management or conduct of the limited partnership's activities or affairs; or
 - (ii) except as otherwise provided in Subsection (3), have access to required information, records, or other information concerning the limited partnership's activities and affairs.
- (2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.
- (3) In a dissolution and winding up of a limited partnership, a transferee is entitled to an account of the limited partnership's transactions only from the date of dissolution.
- (4) A transferable interest may be evidenced by a certificate of the interest issued by a limited partnership in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.
- (5) A limited partnership need not give effect to a transferee's rights under this section until the limited partnership knows or has notice of the transfer.
- (6) 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.
- (7) Except as otherwise provided in Subsections ~~[48-2e-601(2)(d)(ii)]~~ 16-19-601(2)(d)(ii) and ~~[48-2e-603(4)(b)]~~ 16-19-603(4)(b), if a general or limited partner transfers a transferable interest, the transferor retains the rights of a general or limited partner other than the transferable interest transferred and retains all the duties and obligations of a general or limited partner.
- (8) If a general or limited partner transfers a transferable interest to a person that becomes a general or limited partner with respect to the transferred interest, the transferee is liable for the transferor's obligations under Sections ~~[48-2e-502]~~ 16-19-502 and ~~[48-2e-505]~~ 16-19-505 known to the transferee when the transferee becomes a partner.

Section 213. Section **16-19-703**, which is renumbered from Section 48-2e-703 is renumbered and amended to read:

[48-2e-703] 16-19-703 . Charging order.

- (1)(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.

(b) [-]A charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited partnership has been served with the charging order, requires the limited 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.

(2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:

(a) 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

(b) make all other orders necessary to give effect to the charging order.

(3)(a) 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.

(b) [-]The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section [48-2e-702] 16-19-702.

(4) At any time before foreclosure under Subsection (3), the partner or transferee whose transferable interest is subject to a charging order under Subsection (1) 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.

(5) At any time before foreclosure under Subsection (3), a limited partnership or one 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.

(6) 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.

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

Section 214. Section **16-19-704**, which is renumbered from Section 48-2e-704 is renumbered and amended to read:

[48-2e-704] 16-19-704 . 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 Subsection [48-2e-702(3)] 16-19-702(3); and

(2) for the purposes of settling the estate, the rights of a current limited partner under

6756 Section ~~[48-2e-304]~~ 16-19-304.

6757 Section 215. Section **16-19-801**, which is renumbered from Section 48-2e-801 is renumbered
6758 and amended to read:

6759 **Part 8. Dissolution and Winding Up**

6760 **[48-2e-801] 16-19-801 . Events causing dissolution.**

6761 (1) A limited partnership is dissolved, and the limited partnership's activities and affairs
6762 must be wound up, upon the occurrence of any of the following:

6763 (a) an event or circumstance that the partnership agreement states causes dissolution;

6764 (b) the affirmative vote or consent of all general partners and of limited partners owning
6765 a majority of the rights to receive distributions as limited partners at the time the vote
6766 or consent is to be effective;

6767 (c) after the dissociation of a person as a general partner:

6768 (i) if the limited partnership has at least one remaining general partner, the vote or
6769 consent to dissolve the limited partnership not later than 90 days after the
6770 dissociation by partners owning a majority of the rights to receive distributions as
6771 partners at the time the vote or consent is to be effective; or

6772 (ii) if the limited partnership does not have a remaining general partner, the passage
6773 of 90 days after the dissociation, unless before the end of the period:

6774 (A) consent to continue the activities and affairs of the limited partnership and

6775 admit at least one general partner is given by limited partners owning a

6776 majority of the rights to receive distributions as limited partners at the time the
6777 consent is to be effective; and

6778 (B) at least one person is admitted as a general partner in accordance with the
6779 consent;

6780 (d) the passage of 90 consecutive days after the dissociation of the limited partnership's
6781 last limited partner, unless before the end of the period the limited partnership admits
6782 at least one limited partner;

6783 (e) the passage of 90 consecutive days during which the limited partnership has only one
6784 partner, unless before the end of the period:

6785 (i) the limited partnership admits at least one person as a partner;

6786 (ii) if the previously sole remaining partner is only a general partner, the limited
6787 partnership admits the person as a limited partner; and

6788 (iii) if the previously sole remaining partner is only a limited partner, the limited
6789 partnership admits a person as a general partner;

- (f) upon a petition brought by a partner, the entry of a court order dissolving the limited partnership on the grounds that:
- (i) the conduct of all or substantially all the limited partnership's activities and affairs is unlawful; or
 - (ii) it is not reasonably practicable to carry on the limited partnership's activities and affairs in conformity with the partnership agreement; or
- (g) the signing and filing of a statement of administrative dissolution by the division under Section ~~[48-2e-810]~~ 16-1a-603.

(2) If an event occurs that imposes a deadline on a limited partnership under Subsection (1) and before the limited partnership has met the requirements of the deadline, another event occurs that imposes a different deadline on the limited partnership under Subsection (1):

- (a) the occurrence of the second event does not affect the deadline caused by the first event; and
- (b) the limited partnership's meeting of the requirements of the first deadline does not extend the second deadline.

Section 216. Section **16-19-802**, which is renumbered from Section 48-2e-802 is renumbered and amended to read:

[48-2e-802] 16-19-802 . Winding up.

- (1)(a) A dissolved limited partnership shall wind up the limited partnership's activities and affairs.
- (b) Except as otherwise provided in Section ~~[48-2e-803]~~ 16-19-803, the limited partnership only continues after dissolution for the purpose of winding up.
- (2) In winding up the limited partnership's activities and affairs, the limited partnership:
- (a) shall discharge the limited partnership's debts, obligations, and other liabilities, settle and close the limited partnership's activities and affairs, and marshal and distribute the assets of the limited partnership; and
 - (b) may:
 - (i) amend ~~[its]~~ the limited partnership's certificate of limited partnership to state that the limited partnership is dissolved;
 - (ii) preserve the limited partnership activities, affairs, and property as a going concern for a reasonable time;
 - (iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

- (iv) transfer the limited partnership's property;
- (v) settle disputes by mediation or arbitration;
- (vi) deliver to the division for filing a statement of termination stating the name of the limited partnership and that the limited partnership is terminated; and
- (vii) perform other acts necessary or appropriate to the winding up.

(3)(a) If a dissolved limited partnership does not have a general partner, a person to wind up the dissolved limited partnership's activities and affairs may be appointed by the affirmative vote or consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective.

(b) A person appointed under this Subsection (3):

- (i) has the powers of a general partner under Section ~~[48-2e-804]~~ 16-19-804 but is not liable for the debts, obligations, and other liabilities of the limited partnership solely by reason of having or exercising those powers or otherwise acting to wind up the dissolved limited partnership's activities and affairs; and

- (ii) shall deliver promptly to the division for filing an amendment to the certificate of limited partnership stating:

(A) that the limited partnership does not have a general partner;

(B) the name and street and mailing addresses of the person; and

(C) that the person has been appointed pursuant to this subsection to wind up the limited partnership.

(4) Upon a petition brought by a partner, a court may order judicial supervision of the winding up of a dissolved limited partnership, including the appointment of a person to wind up the limited partnership's activities and affairs, if:

- (a) the limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed ~~[pursuant to]~~ in accordance with Subsection (3); or

- (b) the applicant establishes other good cause.

Section 217. Section **16-19-803**, which is renumbered from Section 48-2e-803 is renumbered and amended to read:

[48-2e-803] 16-19-803 . Rescinding dissolution.

(1) A limited partnership may rescind the limited partnership's dissolution, unless a statement of termination applicable to the limited partnership is effective, a court has entered an order under Subsection ~~[48-2e-801(1)(f)]~~ 16-19-801(1)(f) dissolving the

limited partnership, or the division has dissolved the limited partnership under Section [48-2e-810] 16-1a-603.

(2) Rescinding dissolution under this section requires:

- (a) the affirmative vote or consent of each partner; and
- (b) if the limited partnership has delivered to the division for filing an amendment to the certificate of limited partnership stating that the partnership is dissolved and if:
 - (i) the amendment is not effective, the filing by the limited partnership of a statement of withdrawal under Section [48-2e-207] 16-1a-205 applicable to the amendment; or
 - (ii) the amendment is effective, the delivery by the limited partnership to the division for filing of an amendment to the certificate of limited partnership stating that the dissolution has been rescinded under this section.

(3) If a limited partnership rescinds the limited partnership's dissolution:

- (a) the limited partnership resumes carrying on the limited partnership's activities and affairs as if dissolution had never occurred;
- (b) subject to Subsection (3)(c), any liability incurred by the limited partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and
- (c) 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.

Section 218. Section **16-19-804**, which is renumbered from Section 48-2e-804 is renumbered and amended to read:

[48-2e-804] 16-19-804 . Power to bind partnership after dissolution.

(1) A limited partnership is bound by a general partner's act after dissolution which:

- (a) is appropriate for winding up the limited partnership's activities and affairs; or
- (b) would have bound the limited partnership under Section [48-2e-402] 16-19-402 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.

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

- (a) at the time the other party enters into the transaction:
 - (i) less than two years has passed since the dissociation; and
 - (ii) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner; and

- 6892 (b) the act:
- 6893 (i) is appropriate for winding up the limited partnership's activities and affairs; or
- 6894 (ii) would have bound the limited partnership under Section ~~[48-2e-402]~~ 16-19-402
- 6895 before dissolution and at the time the other party enters into the transaction the
- 6896 other party does not have notice of the dissolution.

6897 Section 219. Section **16-19-805**, which is renumbered from Section 48-2e-805 is renumbered

6898 and amended to read:

6899 **[48-2e-805] 16-19-805 . Liability after dissolution of general partner and person**

6900 **dissociated as general partner to limited partnership, other general partners, and**

6901 **persons dissociated as general partner.**

6902 (1) If a general partner having knowledge of the dissolution causes a limited partnership to

6903 incur an obligation under Subsection ~~[48-2e-804(1)]~~ 16-19-804(1) by an act that is not

6904 appropriate for winding up the limited partnership's activities and affairs, the general

6905 partner is liable:

- 6906 (a) to the limited partnership for any damage caused to the limited partnership arising
- 6907 from the obligation; and
- 6908 (b) if another general partner or a person dissociated as a general partner is liable for the
- 6909 obligation, to that other general partner or person for any damage caused to that other
- 6910 general partner or person arising from the liability.

6911 (2) If a person dissociated as a general partner causes a limited partnership to incur an

6912 obligation under Subsection ~~[48-2e-804(2)]~~ 16-19-804(2), the person is liable:

- 6913 (a) to the limited partnership for any damage caused to the limited partnership arising
- 6914 from the obligation; and
- 6915 (b) if a general partner or another person dissociated as a general partner is liable for the
- 6916 obligation, to the general partner or other person for any damage caused to the
- 6917 general partner or other person arising from the obligation.

6918 Section 220. Section **16-19-806**, which is renumbered from Section 48-2e-806 is renumbered

6919 and amended to read:

6920 **[48-2e-806] 16-19-806 . Known claims against dissolved limited partnership.**

6921 (1) Except as otherwise provided in Subsection (4), a dissolved limited partnership may

6922 give notice of a known claim under Subsection (2), which has the effect provided in

6923 Subsection (3).

6924 (2)(a) A dissolved limited partnership may in a record notify ~~[its]~~ the dissolved limited

6925 partnership's known claimants of the dissolution.

(b) [-]The notice must:

~~[(a)]~~ (i) specify the information required to be included in a claim;

~~[(b)]~~ (ii) state that a claim must be in writing and provide a mailing address to which the claim is to be sent;

~~[(c)]~~ (iii) state the deadline for receipt of a claim, which may not be less than 120 days after the date the notice is received by the claimant;

~~[(d)]~~ (iv) state that the claim will be barred if not received by the deadline; and

~~[(e)]~~ (v) unless the limited partnership has been throughout ~~[its]~~ the limited partnership's existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section ~~[48-2e-404]~~ 16-19-404.

(3) A claim against a dissolved limited partnership is barred if the requirements of Subsection (2) are met, and:

(a) the claim is not received by the specified deadline; or

(b) if the claim is timely received but rejected by the limited partnership:

(i) the limited 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 limited partnership to enforce the claim not later than 90 days after the claimant receives the notice; and

(ii) the claimant does not commence the required action not later than 90 days after the claimant receives the notice.

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

Section 221. Section **16-19-807**, which is renumbered from Section 48-2e-807 is renumbered and amended to read:

~~[48-2e-807]~~ 16-19-807 . Other claims against dissolved limited partnership.

(1) A dissolved limited partnership may publish notice of ~~[its]~~ the dissolved limited partnership's dissolution and request persons having claims against the dissolved limited partnership to present ~~[them]~~ the claims in accordance with the notice.

(2) A notice under Subsection (1) must:

(a) be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited 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

- 6960 dissolved limited partnership's registered agent is or was last located and in
6961 accordance with Section 45-1-101;
- 6962 (b) describe the information required to be contained in a claim, state that the claim must
6963 be in writing, and provide a mailing address to which the claim is to be sent;
- 6964 (c) state that a claim against the dissolved limited partnership is barred unless an action
6965 to enforce the claim is commenced not later than three years after publication of the
6966 notice; and
- 6967 (d) unless the dissolved limited partnership has been throughout ~~[its]~~ the dissolved
6968 limited partnership's existence a limited liability limited partnership, state that the
6969 barring of a claim against the dissolved limited partnership will also bar any
6970 corresponding claim against any general partner or person dissociated as a general
6971 partner which is based on Section ~~[48-2e-404]~~ 16-19-404.
- 6972 (3) If a dissolved limited partnership publishes a notice in accordance with Subsection (2),
6973 the claim of each of the following claimants is barred unless the claimant commences an
6974 action to enforce the claim against the dissolved limited partnership not later than three
6975 years after the publication date of the notice:
- 6976 (a) a claimant that did not receive notice in a record under Section ~~[48-2e-806]~~ 16-19-806;
- 6977 (b) a claimant whose claim was timely sent to the dissolved limited partnership but not
6978 acted on; and
- 6979 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
6980 effective date of dissolution.
- 6981 (4) A claim not barred under this section or Section ~~[48-2e-806]~~ 16-19-806 may be enforced:
- 6982 (a) against the dissolved limited partnership, to the extent of ~~[its]~~ the dissolved limited
6983 partnership's undistributed assets;
- 6984 (b) except as otherwise provided in Section ~~[48-2e-808]~~ 16-19-808, if the assets of the
6985 dissolved limited partnership have been distributed after dissolution, against a partner
6986 or transferee to the extent of that person's proportionate share of the claim or of the
6987 dissolved limited partnership's assets distributed to the partner or transferee after
6988 dissolution, whichever is less, but a person's total liability for all claims under this
6989 subsection may not exceed the total amount of assets distributed to the person after
6990 dissolution; and
- 6991 (c) against any person liable on the claim under Sections ~~[48-2e-404]~~ 16-19-404 and [
6992 ~~48-2e-607]~~ 16-19-607.
- 6993 Section 222. Section **16-19-808**, which is renumbered from Section 48-2e-808 is renumbered

and amended to read:

[48-2e-808] 16-19-808 . Court proceedings.

- (1)(a) A dissolved limited partnership that has published a notice under Section [48-2e-807] 16-19-807 may petition a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, for a determination of the amount and form of security to be provided for payment of claims that are contingent, have not been made known to the dissolved limited partnership, or are based on an event occurring after the effective date of dissolution but which, based on the facts known to the dissolved limited partnership, are reasonably expected to arise after the effective date of dissolution.
- (b) Security is not required for any claim that is or is reasonably anticipated to be barred under Subsection [48-2e-807(3)] 16-19-807(3).
- (2) No later than 10 days after the filing of an application under Subsection (1), the dissolved limited partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the dissolved limited partnership.
- (3)(a) In a proceeding brought under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.
- (b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited partnership.
- (4) A dissolved limited partnership that provides security in the amount and form ordered by the court under Subsection (1) satisfies the dissolved limited partnership's obligations with respect to claims that are contingent, have not been made known to the dissolved limited partnership, or are based on an event occurring after the effective date of dissolution, and such claims may not be enforced against a partner or transferee that received assets in liquidation.

Section 223. Section **16-19-809**, which is renumbered from Section 48-2e-809 is renumbered and amended to read:

[48-2e-809] 16-19-809 . Liability of general partner and person dissociated as general partner when claim against limited partnership barred.

If a claim against a dissolved limited partnership is barred under Section [48-2e-806] 16-19-806, [48-2e-807] 16-19-807, or [48-2e-808] 16-19-808, any corresponding claim under Section [48-2e-404] 16-19-404 or [48-2e-607] 16-19-607 is also barred.

Section 224. Section **16-19-810**, which is renumbered from Section 48-2e-813 is renumbered and amended to read:

[48-2e-813] 16-19-810 . Disposition of assets in winding up -- When contributions required.

- (1) In winding up [its] a limited partnership's activities and affairs, a limited partnership shall apply [its] the limited partnership's assets, including the contributions required by this section, to discharge the limited partnership's obligations to creditors, including partners that are creditors.
- (2) After a limited partnership complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section [48-2e-703] 16-19-703:
- (a) 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
 - (b) among partners in proportion to [their] the partners' respective rights to share in distributions immediately before the dissolution of the limited partnership, except to the extent necessary to comply with any transfer effective under Section [48-2e-702] 16-19-702.
- (3) If a limited partnership's assets are insufficient to satisfy all of [its] the limited partnership's obligations under Subsection (1), with respect to each unsatisfied obligation incurred when the limited partnership was not a limited liability limited partnership, the following rules apply:
- (a)(i) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under Section [48-2e-607] 16-19-607 shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation.
 - (ii) [–]The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.
 - (b)(i) If a person does not contribute the full amount required under Subsection (3)(a) with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by Subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation.
 - (ii) [–]The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those other persons when the obligation was incurred.
 - (c) If a person does not make the additional contribution required by Subsection (3)(b),

further additional contributions are determined and due in the same manner as provided in ~~[that subsection]~~ Subsection (3)(b).

(d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c) may recover from any person whose failure to contribute under Subsection (3)(a) or (3)(b) necessitated the additional contribution.

(ii) ~~[-]~~A person may not recover under this subsection more than the amount additionally contributed.

(iii) ~~[-]~~A person's liability under this subsection may not exceed the amount the person failed to contribute.

(4) If a limited partnership does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(5) All distributions made under Subsections (2) and (4) must be paid in money.

Section 225. Section **16-19-901**, which is renumbered from Section 48-2e-1001 is renumbered and amended to read:

Part 9. Actions by Partners

~~[48-2e-1001]~~ 16-19-901 . Direct action by partner.

(1) Subject to Subsection (2), a partner may maintain a direct action against another partner or the limited partnership, with or without an accounting as to the limited partnership's activities and affairs, to enforce the partner's rights and otherwise protect the partner's interests, including rights and interests under the partnership agreement or this chapter or arising independently of the partnership relationship.

(2) A partner maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

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

Section 226. Section **16-19-902**, which is renumbered from Section 48-2e-1002 is renumbered and amended to read:

~~[48-2e-1002]~~ 16-19-902 . Derivative action.

A partner may maintain a derivative action to enforce a right of a limited partnership if:

(1) the partner first makes a demand on the general partners, requesting that they cause the limited partnership to bring an action to enforce the right, and the general partners do not bring the action within a reasonable time; or

(2) a demand under Subsection (1) would be futile.

Section 227. Section **16-19-903**, which is renumbered from Section 48-2e-1003 is renumbered and amended to read:

~~[48-2e-1003]~~ 16-19-903 . Proper plaintiff.

A derivative action to enforce a right of a limited partnership may be maintained only by a person that is a partner at the time the action is commenced and:

- (1) which was a partner when the conduct giving rise to the action occurred; or
- (2) whose status as a partner devolved on the person by operation of law or ~~[pursuant to]~~ in accordance with the terms of the partnership agreement from a person that was a partner at the time of the conduct.

Section 228. Section **16-19-904**, which is renumbered from Section 48-2e-1004 is renumbered and amended to read:

~~[48-2e-1004]~~ 16-19-904 . Pleading.

In a derivative action to enforce a right of a limited partnership, the complaint must state with particularity:

- (1) the date and content of the plaintiff's demand and the response to the demand by the general partner; or
- (2) why the demand should be excused as futile.

Section 229. Section **16-19-905**, which is renumbered from Section 48-2e-1005 is renumbered and amended to read:

~~[48-2e-1005]~~ 16-19-905 . Special litigation committee.

(1)(a) If a limited partnership is named as or made a party in a derivative proceeding, the limited partnership may appoint a special litigation committee to investigate the claims asserted in the proceeding and determine whether pursuing the action is in the best interests of the limited partnership.

(b) ~~[-]~~ If the limited partnership appoints a special litigation committee, on motion by the committee made in the name of the limited partnership, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation.

(c) ~~[-]~~ This subsection does not prevent the court from:

- ~~[(a)]~~ (i) enforcing a person's right to information under Section ~~[48-2e-304]~~ 16-19-304 or ~~[48-2e-407]~~ 16-19-407; or
- ~~[(b)]~~ (ii) granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.

- (2) A special litigation committee must be composed of one or more disinterested and independent individuals, who may be partners.
- (3) A special litigation committee may be appointed:
- (a) by a majority of the general partners not named as parties in the proceeding; and
 - (b) if all general partners are named as parties in the proceeding, by a majority of the general partners named as defendants.
- (4) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited partnership that the proceeding:
- (a) continue under the control of the plaintiff;
 - (b) continue under the control of the committee;
 - (c) be settled on terms approved by the committee; or
 - (d) be dismissed.
- (5)(a) After making a determination under Subsection (4), a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report.
- (b) [–]The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care, with the committee having the burden of proof.
- (c) [–]If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee.
- (d) [–]Otherwise, the court shall dissolve the stay of discovery entered under Subsection (1) and allow the action to continue under the control of the plaintiff.
- Section 230. Section **16-19-906**, which is renumbered from Section 48-2e-1006 is renumbered and amended to read:
- [48-2e-1006] 16-19-906 . Proceeds and expenses.**
- (1) Except as otherwise provided in Subsection (2):
- (a) any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the plaintiff; and
 - (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the limited partnership.
- (2) If a derivative action is successful in whole or in part, the court may award the plaintiff

7164 reasonable expenses, including reasonable attorney's fees and costs, from the recovery of
7165 the limited partnership.

7166 (3) A derivative action on behalf of a limited partnership may not be voluntarily dismissed
7167 or settled without the court's approval.

7168 Section 231. Section **16-19-1001**, which is renumbered from Section 48-2e-1201 is renumbered
7169 and amended to read:

7170 **Part 10. Miscellaneous Provisions**

7171 **[48-2e-1201] 16-19-1001 . Uniformity of application and construction.**

7172 In applying and construing this chapter, consideration must be given to the need to
7173 promote uniformity of the law with respect to [its] this chapter's subject matter among states
7174 that enact the uniform act upon which this chapter is based.

7175 Section 232. Section **16-19-1002**, which is renumbered from Section 48-2e-1202 is renumbered
7176 and amended to read:

7177 **[48-2e-1202] 16-19-1002 . Severability clause.**

7178 If any provision of this chapter or [its] this chapter's application to any person or
7179 circumstance is held invalid, the invalidity does not affect other provisions or applications of
7180 this chapter which can be given effect without the invalid provision or application, and to this
7181 end the provisions of this chapter are severable.

7182 Section 233. Section **16-19-1003**, which is renumbered from Section 48-2e-1203 is renumbered
7183 and amended to read:

7184 **[48-2e-1203] 16-19-1003 . Relation to Electronic Signatures in Global and**
7185 **National Commerce Act.**

7186 This chapter modifies, limits, and supersedes the Electronic Signatures in Global and
7187 National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit,
7188 or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of
7189 any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

7190 Section 234. Section **16-19-1004**, which is renumbered from Section 48-2e-1204 is renumbered
7191 and amended to read:

7192 **[48-2e-1204] 16-19-1004 . Savings clause.**

7193 This chapter does not affect an action commenced, proceeding brought, or right accrued
7194 before this chapter takes effect.

7195 Section 235. Section **16-19-1005**, which is renumbered from Section 48-2e-1205 is renumbered
7196 and amended to read:

7197 **[48-2e-1205] 16-19-1005 . Application to existing relationships.**

- (1) Before January 1, 2016, this chapter governs only:
- (a) a limited partnership formed on or after January 1, 2014; and
 - (b) except as otherwise provided in Subsections (3) and (4), a limited partnership formed before January 1, 2014, which elects, in the manner provided in [its] the limited partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.
- (2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all limited partnerships.
- (3) With respect to a limited partnership formed before January 1, 2014, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:
- (a) [~~Subsection 48-2e-104(3)~~] Section 16-19-103 does not apply and the limited partnership has whatever duration [it] the limited partnership had under the law applicable immediately before January 1, 2014[.] ;
 - (b) Sections [~~48-2e-601~~] 16-19-601 and [~~48-2e-602~~] 16-19-602 do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before January 1, 2014[.] ;
 - (c) Subsection [~~48-2e-603(4)~~] 16-19-603(4) does not apply and the partners have the same right and power to expel a general partner as existed immediately before January 1, 2014[.] ;
 - (d) Subsection [~~48-2e-603(5)~~] 16-19-603(5) does not apply and a court has the same power to expel a general partner as the court had immediately before January 1, 2014[.] ; and
 - (e) Subsection [~~48-2e-801(1)(e)~~] 16-19-801(1)(c) does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before January 1, 2014.
- (4) With respect to a limited partnership that elects [~~pursuant to~~] in accordance with Subsection (1)(b) to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:
- (a) before January 1, 2016, to:
 - (i) a third party that had not done business with the limited partnership in the year before the election took effect; and
 - (ii) a third party that had done business with the limited partnership in the year before

7232 the election took effect only if the third party knows or has received a notification
 7233 of the election; and

7234 (b) on and after January 1, 2016, to all third parties, but those provisions remain
 7235 inapplicable to any obligation incurred while those provisions were inapplicable
 7236 under Subsection (4)(a)(ii).

7237 Section 236. Section **16-20-101**, which is renumbered from Section 48-3a-102 is renumbered
 7238 and amended to read:

7239 **CHAPTER 20. Utah Revised Uniform Limited Liability Company Act**

7240 **Part 1. General Provisions**

7241 **[48-3a-102] 16-20-101 . Definitions.**

7242 As used in this chapter:

7243 (1)(a) "Certificate of organization" means the certificate required by Section ~~[48-3a-201]~~
 7244 16-20-201.

7245 (b) ~~[-The term]~~ "Certificate of organization" includes the certificate as amended or
 7246 restated.

7247 (2) "Contribution," except in the phrase "right of contribution," means property or a benefit
 7248 described in Section ~~[48-3a-402]~~ 16-20-402, which is provided by a person to a limited
 7249 liability company to become a member or in the person's capacity as a member.

7250 (3) "Debtor in bankruptcy" means a person that is the subject of:

7251 (a) an order for relief under Title 11 of the United States Code or a comparable order
 7252 under a successor statute of general application; or

7253 (b) a comparable order under federal, state, or foreign law governing insolvency.

7254 (4)(a) "Distribution" means a transfer of money or other property from a limited liability
 7255 company to a person on account of a transferable interest or in the person's capacity
 7256 as a member.~~[-The term:]~~

7257 ~~[(a)]~~ (b) "Distribution" includes:

7258 (i) a redemption or other purchase by a limited liability company of a transferable
 7259 interest; and

7260 (ii) a transfer to a member in return for the member's relinquishment of any right to
 7261 participate as a member in the management or conduct of the company's activities
 7262 and affairs or to have access to records or other information concerning the
 7263 company's activities and affairs~~[; and]~~ .

7264 ~~[(b)]~~ (c) "Distribution" 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.

(5) "Division" means the Division of Corporations and Commercial Code.

(6) "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state, which would be a limited liability company, including a low-profit limited liability company, if formed under the law of this state.

(7)(a) "Governing person" means a person, alone or in concert with others, by or under whose authority the powers of the limited liability company are exercised and under whose direction the activities and affairs of the limited liability company are managed ~~[pursuant to]~~ in accordance with this chapter and the limited liability company's operating agreement.

(b) ~~[-The term]~~ "Governing person" includes:

~~[(a)]~~ (i) a manager of a manager-managed limited liability company;

~~[(b)]~~ (ii) a member of a member-managed limited liability company; and

~~[(c)]~~ (iii) the chief executive officer of a limited liability company in which officers have been appointed, regardless of the actual designated title.

(8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

(9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:

(a) under whose law the entity is formed; or

(b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.

(10) "Limited liability company," except in the phrase "foreign limited liability company," means an entity formed under this chapter or which becomes subject to this chapter under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication,]~~ :

(a) Chapter 1a, Part 7, Merger;

(b) Chapter 1a, Part 8, Interest Exchange;

(c) Chapter 1a, Part 9, Conversion;

(d) Chapter 1a, Part 10, Domestication; or

(e) ~~[-]Section [48-3a-1405]~~ 16-20-1205.

(11) "Low-profit limited liability company" means a limited liability company meeting the requirements of ~~[Part 13, Low-Profit Limited Liability Companies]~~ Part 11, Low-Profit Limited Liability Companies.

(12) "Manager" means a person that under the operating agreement of a manager-managed

- 7299 limited liability company is responsible, alone or in concert with others, for performing
7300 the management functions stated in Subsection ~~[48-3a-407(3)]~~ 16-20-407(3).
- 7301 (13) "Manager-managed limited liability company" means a limited liability company that
7302 qualifies under Subsection ~~[48-3a-407(1)]~~ 16-20-407(1).
- 7303 (14) "Member" means a person that:
- 7304 (a) has become a member of a limited liability company under Section ~~[48-3a-401]~~
7305 16-20-401 or was a member in a company when the company became subject to this
7306 chapter under Section ~~[48-3a-1405]~~ 16-20-1205; and
- 7307 (b) has not dissociated under Section ~~[48-3a-602]~~ 16-20-602.
- 7308 (15) "Member-managed limited liability company" means a limited liability company that
7309 is not a manager-managed limited liability company.
- 7310 (16)(a) "Operating agreement" means the agreement, whether or not referred to as an
7311 operating agreement and whether oral, implied, in a record, or in any combination
7312 thereof, of all the members of a limited liability company, including a sole member,
7313 concerning the matters described in Subsection ~~[48-3a-112(1)]~~ 16-20-107(1).
- 7314 (b) ~~[-The term]~~ "Operating agreement" includes the agreement as amended or restated.
- 7315 (17) "Organizer" means a person that acts under Section ~~[48-3a-201]~~ 16-20-201 to form a
7316 limited liability company.
- 7317 (18) "Person" means an individual, business corporation, nonprofit corporation, partnership,
7318 limited partnership, limited liability company, limited cooperative association,
7319 unincorporated nonprofit association, statutory trust, business trust, common-law
7320 business trust, estate, trust, association, joint venture, public corporation, government or
7321 governmental subdivision, agency, or instrumentality, or any other legal or commercial
7322 entity.
- 7323 (19) "Principal office" means the principal executive office of a limited liability company
7324 or foreign limited liability company, whether or not the office is located in this state.
- 7325 (20) "Professional services company" means a limited liability company organized in
7326 accordance with ~~[Part 11, Professional Services Companies]~~ Part 9, Professional Services
7327 Companies.
- 7328 (21) "Property" means all property, whether real, personal, or mixed or tangible or
7329 intangible, or any right or interest therein.
- 7330 (22) "Record," used as a noun, means information that is inscribed on a tangible medium or
7331 that is stored in an electronic or other medium and is retrievable in perceivable form.
- 7332 (23) "Registered agent" means an agent of a limited liability company or foreign limited

liability company which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the company.

(24) "Registered foreign limited liability company" means a foreign limited liability company that is registered to do business in this state ~~[pursuant to]~~ in accordance with a statement of registration filed by the division.

(25) "Series" means a series created in accordance with ~~[Part 12, Series Limited Liability Companies]~~ Part 10, Series Limited Liability Companies.

(26) "Sign" means, with present intent to authenticate or adopt a record:

(a) to execute or adopt a tangible symbol; or

(b) to attach to or logically associate with the record an electronic symbol, sound, or process.

(27) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(28) "Transfer" includes:

(a) an assignment;

(b) a conveyance;

(c) a sale;

(d) a lease;

(e) an encumbrance, including a mortgage or security interest;

(f) a gift; and

(g) a transfer by operation of law.

(29)(a) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a member, to receive distributions from a limited liability company in accordance with the operating agreement, whether or not the person remains a member or continues to own any part of the right.

(b) ~~[-The term]~~ "Transferable interest" applies to any fraction of the interest by whomever owned.

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

(b) ~~[-The term]~~ "Transferee" includes a person that owns a transferable interest under Subsection ~~[48-3a-603(1)(e)]~~ 16-20-603(1)(c).

(31) "Tribal limited liability company" means a limited liability company that is:

(a) formed under the law of a tribe; and

7367 (b) at least 51% owned or controlled by the tribe under whose law the limited liability
7368 company is formed.

7369 (32) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
7370 Indians, including an Alaska Native village that is legally recognized as eligible for and
7371 is consistent with a special program, service, or entitlement provided by the United
7372 States to Indians because of their status as Indians.

7373 Section 237. Section **16-20-102**, which is renumbered from Section 48-3a-103 is renumbered
7374 and amended to read:

7375 **[48-3a-103] 16-20-102 . Knowledge -- Notice.**

7376 (1) A person knows a fact if the person:

7377 (a) has actual knowledge of [it] the fact; or

7378 (b) is deemed to know [it] the fact under Subsection (4)(a) or law other than this chapter.

7379 (2) A person has notice of a fact if the person:

7380 (a) has reason to know the fact from all the facts known to the person at the time in
7381 question; or

7382 (b) is deemed to have notice of the fact under Subsection (4)(b).

7383 (3) Subject to [~~Subsection 48-3a-209(6)~~] Sections 16-1a-207 and 16-1a-211, a person
7384 notifies another person of a fact by taking steps reasonably required to inform the other
7385 person in ordinary course, whether or not those steps cause the other person to know the
7386 fact.

7387 (4) A person not a member is deemed:

7388 (a) to know of a limitation on authority to transfer real property as provided in
7389 Subsection [~~48-3a-302(7)~~] 16-20-302(7); and

7390 (b) to have notice of a limited liability company's:

7391 (i) dissolution 90 days after a statement of dissolution under Subsection [~~48-3a-703(2)(b)(i)~~] 16-20-703(2)(b)(i) becomes effective;

7392 (ii) termination 90 days after a statement of termination under Subsection [~~48-3a-703(2)(b)(vi)~~] 16-20-703(2)(b)(vi) becomes effective;

7393 (iii) participation in a merger, interest exchange, conversion, or domestication 90
7394 days after a statement of merger, interest exchange, conversion, or domestication
7395 under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~]
7396 Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part

7397 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and
7398
7399 (iv) abandonment of a merger, interest exchange, conversion, or domestication 90

7400

days after a statement of abandonment of merger, interest exchange, conversion, or domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

Section 238. Section **16-20-103**, which is renumbered from Section 48-3a-104 is renumbered and amended to read:

[~~48-3a-104~~] 16-20-103 . Nature, purpose, and duration of limited liability company.

- (1) A limited liability company is an entity distinct from [its] the limited liability company's member or members.
- (2) A limited liability company may have any lawful purpose, regardless of whether for profit.
- (3) A limited liability company has perpetual duration.

Section 239. Section **16-20-104**, which is renumbered from Section 48-3a-105 is renumbered and amended to read:

[~~48-3a-105~~] 16-20-104 . Powers.

A limited liability company has the capacity to sue and be sued in [its] the limited liability company's own name and the power to do all things necessary or convenient to carry on [its] the limited liability company's activities and affairs.

Section 240. Section **16-20-105**, which is renumbered from Section 48-3a-106 is renumbered and amended to read:

[~~48-3a-106~~] 16-20-105 . Governing law.

The law of this state governs:

- (1) the internal affairs of a limited liability company; and
- (2) the liability of a member as member and a manager as manager for the debts, obligations, or other liabilities of a limited liability company.

Section 241. Section **16-20-106**, which is renumbered from Section 48-3a-107 is renumbered and amended to read:

[~~48-3a-107~~] 16-20-106 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 242. Section **16-20-107**, which is renumbered from Section 48-3a-112 is renumbered and amended to read:

7435 **[48-3a-112] 16-20-107 . Operating agreement -- Scope, functions, and limitations.**

- 7436 (1) Except as otherwise provided in Subsections (3) and (4), the operating agreement
7437 governs:
- 7438 (a) relations among the members as members and between the members and the limited
7439 liability company;
- 7440 (b) the rights and duties under this chapter of a person in the capacity of manager;
- 7441 (c) the activities and affairs of the limited liability company and the conduct of those
7442 activities and affairs; and
- 7443 (d) the means and conditions for amending the operating agreement.
- 7444 (2) To the extent the operating agreement does not provide for a matter described in
7445 Subsection (1), this chapter governs the matter.
- 7446 (3) An operating agreement may not:
- 7447 (a) vary a limited liability company's capacity under Section [48-3a-105] 16-20-104 to
7448 sue and be sued in [its] the limited liability company's own name;
- 7449 (b) vary the law applicable under Section [48-3a-106] 16-20-105;
- 7450 (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
- 7451 (i) registered agents; or
- 7452 (ii) the division, including provisions pertaining to records authorized or required to
7453 be delivered to the division for filing under this chapter;
- 7454 (d) vary the provisions of Section [48-3a-204] 16-1a-209;
- 7455 (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in
7456 Subsection (4);
- 7457 (f) eliminate the contractual obligation of good faith and fair dealing under Subsection [
7458 48-3a-409(4)] 16-20-409(4), but the operating agreement may prescribe the standards,
7459 if not unconscionable or against public policy, by which the performance of the
7460 obligation is to be measured;
- 7461 (g) relieve or exonerate a person from liability for conduct involving bad faith, willful
7462 misconduct, or recklessness;
- 7463 (h) unreasonably restrict the duties and rights under Section [48-3a-410] 16-20-410, but
7464 the operating agreement may impose reasonable restrictions on the availability and
7465 use of information obtained under that section and may define appropriate remedies,
7466 including liquidated damages, for a breach of any reasonable restriction on use;
- 7467 (i) vary the causes of dissolution specified in Subsections [48-3a-701(4)(a)]
7468 16-20-701(4)(a) and (5);

- 7469 (j) vary the requirement to wind up the limited liability company's activities and affairs
 7470 as specified in Subsections [~~48-3a-703(1)~~] 16-20-703(1), (2)(a), and (5);
- 7471 (k) unreasonably restrict the right of a member to maintain an action under Part 8,
 7472 Action by Members;
- 7473 (l) vary the provisions of Section [~~48-3a-805~~] 16-20-805, but the operating agreement
 7474 may provide that the limited liability company may not have a special litigation
 7475 committee;
- 7476 (m) vary the right of a member to approve a merger, interest exchange, conversion, or
 7477 domestication under [~~Subsections 48-3a-1023(1)(b)~~] Section 16-1a-704, [
 7478 ~~48-3a-1033(1)(b)~~] 16-1a-804, [~~48-3a-1043(1)(b)~~] 16-1a-904, or [~~48-3a-1053(1)(b)~~]
 7479 16-1a-1004; or
- 7480 (n) except as otherwise provided in Section [~~48-3a-113~~] 16-20-108 and Subsection [
 7481 ~~48-3a-114(2)~~] 16-20-109(2), restrict the rights under this chapter of a person other
 7482 than a member or manager.
- 7483 (4) Subject to Subsection (3)(g), without limiting other terms that may be included in an
 7484 operating agreement, the following rules apply:
- 7485 (a) The operating agreement may specify the method by which a specific act or
 7486 transaction that would otherwise violate the duty of loyalty may be authorized or
 7487 ratified by one or more disinterested and independent persons after full disclosure of
 7488 all material facts.
- 7489 (b) To the extent the operating agreement of a member-managed limited liability
 7490 company expressly relieves a member of a responsibility that the member would
 7491 otherwise have under this chapter and imposes the responsibility on one or more
 7492 other members, the operating agreement may, to the benefit of the member that the
 7493 operating agreement relieves of the responsibility, also eliminate or limit any
 7494 fiduciary duty that would have pertained to the responsibility.
- 7495 (c) If not unconscionable or against public policy, the operating agreement may:
- 7496 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsections [
 7497 ~~48-3a-409(2)~~] 16-20-409(2) and (9);
- 7498 (ii) identify specific types or categories of activities that do not violate the duty of
 7499 loyalty;
- 7500 (iii) alter the duty of care, but may not authorize intentional misconduct or knowing
 7501 violation of law; and
- 7502 (iv) alter or eliminate any other fiduciary duty.

(5)(a) The court shall decide as a matter of law whether a term of an operating agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(c).

(b) [-]The court:

~~[(a)]~~ (i) shall make ~~[its]~~ the court's determination as of the time the challenged term became part of the operating agreement and by considering only circumstances existing at that time; and

~~[(b)]~~ (ii) may invalidate the term only if, in light of the purposes, activities, and affairs of the limited liability company, it is readily apparent that:

~~[(i)]~~ (A) the objective of the term is unconscionable or against public policy; or

~~[(ii)]~~ (B) the means to achieve the term's objective is unconscionable or against public policy.

Section 243. Section **16-20-108**, which is renumbered from Section 48-3a-113 is renumbered and amended to read:

[48-3a-113] 16-20-108 . Operating agreement -- Effect on limited liability company and person becoming member -- Preformation agreement.

(1) A limited liability company is bound by and may enforce the operating agreement, whether or not the limited liability company has itself manifested assent to the operating agreement.

(2) A person that becomes a member of a limited liability company is deemed to assent to the operating agreement.

(3)(a) Two or more persons intending to become the initial members of a limited liability company may make an agreement providing that upon the formation of the limited liability company the agreement will become the operating agreement.

~~(b)~~ [-]One person intending to become the initial member of a limited liability company may assent to terms providing that upon the formation of the limited liability company the terms will become the operating agreement.

Section 244. Section **16-20-109**, which is renumbered from Section 48-3a-114 is renumbered and amended to read:

[48-3a-114] 16-20-109 . Operating agreement -- Effect on third parties and relationship to records effective on behalf of limited liability company.

(1)(a) An operating agreement may specify that ~~[its]~~ the operating agreement's amendment requires the approval of a person that is not a party to the operating agreement or the satisfaction of a condition.

~~(b)~~ [-]An amendment is ineffective if ~~[its]~~ the amendment's adoption does not include the

required approval or satisfy the specified condition.

- (2)(a) The obligations of a limited liability company and [its] the limited liability company's members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement.
- (b) [-]Subject only to a court order issued under Subsection [48-3a-503(2)(b)] 16-20-503(2)(b) to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member:
- [(a)] (i) is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member; and
- [(b)] (ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.
- (3) If a record delivered by a limited liability company to the division for filing becomes effective and contains a provision that would be ineffective under [Subsection 48-3a-112(3) or (4)(e)] Section 16-20-107 if contained in the operating agreement, the provision is ineffective in the record.
- (4) Subject to Subsection (3), if a record delivered by a limited liability company to the division for filing becomes effective and conflicts with a provision of the operating agreement:
- (a) the operating agreement prevails as to members, persons dissociated as members, transferees, and managers; and
- (b) the record prevails as to other persons to the extent [they] the persons reasonably rely on the record.

Section 245. Section **16-20-110**, which is renumbered from Section 48-3a-116 is renumbered and amended to read:

[48-3a-116] 16-20-110 . Reservation of power to amend or repeal.

The Legislature of this state has power to amend or repeal all or part of this chapter at any time, and all domestic and foreign limited liability companies subject to this chapter are governed by the amendment or repeal.

Section 246. Section **16-20-111** is enacted to read:

16-20-111 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 247. Section **16-20-201**, which is renumbered from Section 48-3a-201 is renumbered

and amended to read:

Part 2. Formation -- Certificate of Organization and Other Filings

~~[48-3a-201]~~ 16-20-201 . Formation of limited liability company -- Certificate of organization.

- (1) One or more persons may act as organizers to form a limited liability company by delivering to the division for filing a certificate of organization.
- (2) A certificate of organization must state:
- (a) the name of the limited liability company, which must comply with Section [~~48-3a-108~~] 16-1a-302;
 - (b) the street and mailing address of the limited liability company's principal office;
 - (c) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404;
 - (d) if the limited liability company is a low-profit limited liability company, a statement that the limited liability company is a low-profit limited liability company;
 - (e) if the limited liability company is a professional services company, the information required by Section [~~48-3a-1103~~] 16-20-903; and
 - (f) if the limited liability company is to have one or more series in which the liabilities of the series are to be limited as contemplated by [~~Subsection 48-3a-1201(2)~~] Subsection 16-20-1001(2), notice of the limitation on liability in accordance with Section [~~48-3a-1202~~] 16-20-1002.

- (3)(a) A certificate of organization may contain statements as to matters other than those required by Subsection (2), but may not vary or otherwise affect the provisions specified in Subsection [~~48-3a-112(3)~~] 16-20-107(3) in a manner inconsistent with that section.

(b) [-]However, a statement in a certificate of organization is not effective as a statement of authority.

- (4) A limited liability company is formed when the limited liability company's certificate of organization becomes effective and at least one person becomes a member.

Section 248. Section **16-20-202**, which is renumbered from Section 48-3a-202 is renumbered and amended to read:

~~[48-3a-202]~~ 16-20-202 . Amendment or restatement of certificate of organization.

- (1) A certificate of organization may be amended or restated at any time, except that in accordance with Section [~~48-3a-1303~~] 16-20-1103, a low-profit limited liability company shall amend [its] the low-profit limited liability company's certificate of organization if the limited liability company ceases to be a low-profit limited liability company.

(2) To amend [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing an amendment stating:

(a) the name of the limited liability company;

(b) the date of filing of [its] the limited liability company's initial certificate of organization; and

(c) the changes the amendment makes to the certificate as most recently amended or restated.

(3) To restate [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing a restatement designated as such in [its] the restatement's heading.

(4) If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate was filed or has become inaccurate due to changed circumstances, the member or manager shall promptly:

(a) cause the certificate to be amended; or

(b) if appropriate, deliver to the division for filing a statement of change under Section [~~16-17-206~~ 16-1a-407 or a statement of correction under Section [~~48-3a-208~~ 16-1a-206.

Section 249. Section **16-20-301**, which is renumbered from Section 48-3a-301 is renumbered and amended to read:

Part 3. Relations of Members and Managers to Persons Dealing with a Limited

Liability Company

[~~48-3a-301~~ 16-20-301 . No agency powers of member as member.

(1) A member is not an agent of a limited liability company solely by reason of being a member.

(2) A person's status as a member does not prevent or restrict law other than this chapter from imposing liability on a limited liability company because of the person's conduct.

Section 250. Section **16-20-302**, which is renumbered from Section 48-3a-302 is renumbered and amended to read:

[~~48-3a-302~~ 16-20-302 . Statement of authority.

(1)(a) A limited liability company may deliver to the division for filing a statement of authority.

7637 (b) [-]The statement:

7638 [(a)] (i) must include the name of the limited liability company and the street and
7639 mailing addresses of [its] the limited liability company's registered agent;

7640 [(b)] (ii) with respect to any position that exists in or with respect to the limited
7641 liability company, may state the authority, or limitations on the authority, of all
7642 persons holding the position to:

7643 [(i)] (A) execute an instrument transferring real property held in the name of the
7644 limited liability company; or

7645 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
7646 limited liability company; and

7647 [(c)] (iii) may state the authority, or limitations on the authority, of a specific person
7648 to:

7649 [(i)] (A) execute an instrument transferring real property held in the name of the
7650 limited liability company; or

7651 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
7652 limited liability company.

7653 (2) To amend or cancel a statement of authority filed by the division, a limited liability
7654 company must deliver to the division for filing an amendment or cancellation stating:

7655 (a) the name of the limited liability company;

7656 (b) the street and mailing addresses of the limited liability company's registered agent;

7657 (c) the date the statement being affected became effective; and

7658 (d) the contents of the amendment or a declaration that the statement is canceled.

7659 (3) A statement of authority affects only the power of a person to bind a limited liability
7660 company to persons that are not members.

7661 (4) Subject to Subsection (3) and [~~Subsection 48-3a-103(4)~~] Subsection 16-20-102(4), and
7662 except as otherwise provided in Subsections (6), (7), and (8), a limitation on the
7663 authority of a person or a position contained in an effective statement of authority is not
7664 by itself evidence of knowledge or notice of the limitation by any person.

7665 (5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property
7666 and contained in an effective statement of authority is conclusive in favor of a person
7667 that gives value in reliance on the grant, except to the extent that when the person gives
7668 value:

7669 (a) the person has knowledge to the contrary;

7670 (b) the statement of authority has been canceled or restrictively amended under

Subsection (2); or

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

- (6) Subject to Subsection (3), an effective statement of authority that grants authority to transfer real property held in the name of the limited liability company and a certified copy of which is recorded in the office for recording transfers of the real property 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:
- (a) the statement of authority has been canceled or restrictively amended under Subsection (2), and a certified copy of the cancellation or restrictive amendment has been recorded in the office for recording transfers of the real property; or
- (b) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective, and a certified copy of the later-effective statement of authority is recorded in the office for recording transfers of the real property.

- (7) Subject to Subsection (3), if a certified copy of an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a limited liability company is recorded in the office for recording transfers of that real property, all persons are deemed to know of the limitation.

- (8) Subject to Subsection (9), an effective statement of dissolution or termination is a cancellation of any filed statement of authority for the purposes of Subsection (6) and is a limitation on authority for the purposes of Subsection (7).

- (9)(a) After a statement of dissolution becomes effective, a limited liability company may deliver to the division for filing and, if appropriate, may record a statement of authority that is designated as a postdissolution statement of authority.
- (b) [–]The postdissolution statement of authority operates as provided in Subsections (6) and (7).

- (10)(a) Unless earlier canceled, an effective statement of authority is canceled by operation of law five years after the date on which the statement of authority, or [its–] the most recent amendment to the statement of authority, becomes effective.
- (b) [–]This cancellation operates without need for any recording under Subsection (6) or (7).

- (11) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of Subsection (6)(a).

Section 251. Section **16-20-303**, which is renumbered from Section 48-3a-303 is renumbered and amended to read:

[48-3a-303] 16-20-303 . Statement of denial.

A person named in a filed statement of authority granting that person authority may deliver to the division for filing a statement of denial that:

- (1) provides the name of the limited liability company and the caption of the statement of authority to which the statement of denial pertains; and
- (2) denies the grant of authority.

Section 252. Section **16-20-304**, which is renumbered from Section 48-3a-304 is renumbered and amended to read:

[48-3a-304] 16-20-304 . Liability of members and managers.

- (1)(a) A debt, obligation, or other liability of a limited liability company is solely the debt, obligation, or other liability of the limited liability company.
- (b) [-]A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability company solely by reason of being or acting as a member or manager.
- (c) [-]This Subsection (1) applies regardless of the dissolution of the limited liability company.
- (2) The failure of a limited liability company to observe formalities relating to the exercise of [its] the limited liability company's powers or management of [its] the limited liability company's activities and affairs is not a ground for imposing liability on a member or manager of the limited liability company for a debt, obligation, or other liability of the limited liability company.

Section 253. Section **16-20-401**, which is renumbered from Section 48-3a-401 is renumbered and amended to read:

Part 4. Relations of Members to Each Other and to a Limited Liability Company

[48-3a-401] 16-20-401 . Becoming a member.

- (1)(a) If a limited liability company is to have only one member upon formation, the person becomes a member as agreed by that person and the organizer of the limited liability company.
- (b) [-]That person and the organizer may be, but need not be, different persons.
- (c) [-]If different, the organizer acts on behalf of the initial member.
- (2)(a) If a limited liability company is to have more than one member upon formation, those persons become members as agreed by the persons before the formation of the

limited liability company.

(b) [–]The organizer acts on behalf of the persons in forming the limited liability company and may be, but need not be, one of the persons.

(3) After formation of a limited liability company, a person becomes a member:

(a) as provided in the operating agreement;

(b) as the result of a transaction effective under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion; or

(iv) Chapter 1a, Part 10, Domestication;

(c) with the consent of all the members; or

(d) as provided in Subsection ~~[48-3a-701(3)]~~ 16-20-701(3).

(4) A person may become a member without:

(a) acquiring a transferable interest; or

(b) making or being obligated to make a contribution to the limited liability company.

Section 254. Section **16-20-402**, which is renumbered from Section 48-3a-402 is renumbered and amended to read:

[48-3a-402] 16-20-402 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited liability company or an agreement to transfer property to, perform services for, or provide another benefit to the company.

Section 255. Section **16-20-403**, which is renumbered from Section 48-3a-403 is renumbered and amended to read:

[48-3a-403] 16-20-403 . Liability for contributions.

(1) A person's obligation to make a contribution to a limited liability company is not excused by the person's death, disability, or other inability to perform personally.

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

(3)(a) The obligation of a person to make a contribution may be compromised only by consent of all members.

(b) [–]If a creditor of a limited liability company extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of a compromise

7773 under this Subsection (3), the creditor may enforce the obligation.

7774 Section 256. Section **16-20-404**, which is renumbered from Section 48-3a-404 is renumbered
7775 and amended to read:

7776 **[48-3a-404] 16-20-404 . Sharing of and right to distributions before dissolution.**

7777 (1) Any distributions made by a limited liability company before [its] the limited liability
7778 company's dissolution and winding up must be in equal shares among members and
7779 persons dissociated as members, except to the extent necessary to comply with a transfer
7780 effective under Section [48-3a-502] 16-20-502 or charging order in effect under Section [
7781 48-3a-503] 16-20-503.

7782 (2)(a) A person has a right to a distribution before the dissolution and winding up of a
7783 limited liability company only if the limited liability company decides to make an
7784 interim distribution.

7785 (b) [-]A person's dissociation does not entitle the person to a distribution.

7786 (3)(a) A person does not have a right to demand or receive a distribution from a limited
7787 liability company in any form other than money.

7788 (b) [-]Except as otherwise provided in Subsection [48-3a-711(4)] 16-20-708(4), a limited
7789 liability company may distribute an asset in kind only if each part of the asset is
7790 fungible with each other part and each person receives a percentage of the asset equal
7791 in value to the person's share of distributions.

7792 (4)(a) If a member or transferee becomes entitled to receive a distribution, the member
7793 or transferee has the status of, and is entitled to all remedies available to, a creditor of
7794 the limited liability company with respect to the distribution.

7795 (b) [-]However, the limited liability company's obligation to make a distribution is
7796 subject to offset for any amount owed to the limited liability company by the member
7797 or a person dissociated as a member on whose account the distribution is made.

7798 Section 257. Section **16-20-405**, which is renumbered from Section 48-3a-405 is renumbered
7799 and amended to read:

7800 **[48-3a-405] 16-20-405 . Limitation on distributions.**

7801 (1) A limited liability company may not make a distribution, including a distribution under
7802 Section [48-3a-711] 16-20-708, if after the distribution:

7803 (a) the limited liability company would not be able to pay [its] the limited liability
7804 company's debts as [they] the debts become due in the ordinary course of the limited
7805 liability company's activities and affairs; or

7806 (b) the limited liability company's total assets would be less than the sum of [its] the

limited liability company's total liabilities plus, unless the operating agreement permits otherwise, the amount that would be needed, if the limited liability company were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of members and transferees whose preferential rights are superior to those of persons receiving the distribution.

- (2) A limited liability company may base a determination that a distribution is not prohibited under Subsection (1) on:
- (a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or
 - (b) a fair valuation or other method that is reasonable under the circumstances.
- (3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:
- (a) in the case of a distribution as defined in Subsection ~~[48-3a-102(4)(a)]~~ 16-20-101(4)(a), as of the earlier of:
 - (i) the date money or other property is transferred or debt is incurred by the limited liability company; or
 - (ii) the date the person entitled to the distribution ceases to own the interest or right being acquired by the limited liability company in return for the distribution;
 - (b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and
 - (c) in all other cases, as of the date:
 - (i) the distribution is authorized, if the payment occurs not later than 120 days after that date; or
 - (ii) the payment is made, if the payment occurs more than 120 days after the distribution is authorized.
- (4) A limited liability company's indebtedness to a member or transferee incurred by reason of a distribution made in accordance with this section is at parity with the limited liability company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.
- (5)(a) A limited liability company's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of Subsection (1) if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this section.
- (b) ~~[-]~~If the indebtedness is issued as a distribution, each payment of principal or

7841 interest is treated as a distribution, the effect of which is measured on the date the
7842 payment is made.

7843 (6) In measuring the effect of a distribution under Section ~~[48-3a-711]~~ 16-20-708, the
7844 liabilities of a dissolved limited liability company do not include any claim that has been
7845 disposed of under Section ~~[48-3a-705]~~ 16-20-705, ~~[48-3a-706]~~ 16-20-706, or ~~[48-3a-707]~~
7846 16-20-707.

7847 Section 258. Section **16-20-406**, which is renumbered from Section 48-3a-406 is renumbered
7848 and amended to read:

7849 **~~[48-3a-406]~~ 16-20-406 . Liability for improper distributions.**

7850 (1) Except as otherwise provided in Subsection (2), if a member of a member-managed
7851 limited liability company or manager of a manager-managed limited liability company
7852 consents to a distribution made in violation of Section ~~[48-3a-405]~~ 16-20-405 and in
7853 consenting to the distribution fails to comply with Section ~~[48-3a-409]~~ 16-20-409, the
7854 member or manager is personally liable to the limited liability company for the amount
7855 of the distribution which exceeds the amount that could have been distributed without
7856 the violation of Section ~~[48-3a-405]~~ 16-20-405.

7857 (2) To the extent the operating agreement of a member-managed limited liability company
7858 expressly relieves a member of the authority and responsibility to consent to
7859 distributions and imposes that authority and responsibility on one or more other
7860 members, the liability stated in Subsection (1) applies to the other members and not the
7861 member that the operating agreement relieves of authority and responsibility.

7862 (3) A person that receives a distribution knowing that the distribution violated Section [
7863 ~~48-3a-405]~~ 16-20-405 is personally liable to the limited liability company but only to the
7864 extent that the distribution received by the person exceeded the amount that could have
7865 been properly paid under Section ~~[48-3a-405]~~ 16-20-405.

7866 (4) A person against which an action is commenced because the person is liable under
7867 Subsection (1) may:

7868 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
7869 right of contribution from the person; and

7870 (b) implead any person that received a distribution in violation of Subsection (3) and
7871 seek to enforce a right of contribution from the person in the amount the person
7872 received in violation of Subsection (3).

7873 (5) An action under this section is barred unless commenced not later than two years after
7874 the distribution.

Section 259. Section **16-20-407**, which is renumbered from Section 48-3a-407 is renumbered and amended to read:

[48-3a-407] 16-20-407 . Management of limited liability company.

(1) A limited liability company is a member-managed limited liability company unless the operating agreement:

(a) expressly provides that:

(i) the limited liability company is or will be "manager-managed";

(ii) the limited liability company is or will be "managed by managers"; or

(iii) management of the limited liability company is or will be "vested in managers";

or

(b) includes words of similar import.

(2) In a member-managed limited liability company, the following rules apply:

(a) Except as otherwise provided in this chapter, the management and conduct of the limited liability company are vested in the members.

(b) Each member has equal rights in the management and conduct of the limited liability company's activities and affairs.

(c) A difference arising among members as to a matter in the ordinary course of the activities of the limited liability company shall be decided by a majority of the members.

(d) An act outside the ordinary course of the activities and affairs of the limited liability company may be undertaken only with the affirmative vote or consent of all members.

(e) The affirmative vote or consent of all members is required to approve a transaction under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion; or

(iv) Chapter 1a, Part 10, Domestication.

(f) The operating agreement may be amended only with the affirmative vote or consent of all members.

(3) In a manager-managed limited liability company, the following rules apply:

(a) Except as expressly provided in this chapter, any matter relating to the activities and affairs of the limited liability company is decided exclusively by the manager, or, if there is more than one manager, by a majority of the managers.

(b) Each manager has equal rights in the management and conduct of the limited liability

- 7909 company's activities and affairs.
- 7910 (c) The affirmative vote or consent of all members is required to:
- 7911 (i) approve a transaction under~~[Part 10, Merger, Interest Exchange, Conversion, and~~
- 7912 ~~Domestication]~~ :
- 7913 (A) Chapter 1a, Part 7, Merger;
- 7914 (B) Chapter 1a, Part 8, Interest Exchange;
- 7915 (C) Chapter 1a, Part 9, Conversion; or
- 7916 (D) Chapter 1a, Part 10, Domestication;
- 7917 (ii) undertake any act outside the ordinary course of the limited liability company's
- 7918 activities and affairs; or
- 7919 (iii) amend the operating agreement.
- 7920 (d) A manager may be chosen at any time by the consent of a majority of the members
- 7921 and remains a manager until a successor has been chosen, unless the manager at an
- 7922 earlier time resigns, is removed, or dies, or, in the case of a manager that is not an
- 7923 individual, terminates. A manager may be removed at any time by the consent of a
- 7924 majority of the members without notice or cause.
- 7925 (e)(i) A person need not be a member to be a manager, but the dissociation of a
- 7926 member that is also a manager removes the person as a manager.
- 7927 (ii) ~~[-]~~If a person that is both a manager and a member ceases to be a manager, that
- 7928 cessation does not by itself dissociate the person as a member.
- 7929 (f) A person's ceasing to be a manager does not discharge any debt, obligation, or other
- 7930 liability to the limited liability company or members which the person incurred while
- 7931 a manager.
- 7932 (4) An action requiring the vote or consent of members under this chapter may be taken
- 7933 without a meeting, and a member may appoint a proxy or other agent to vote, consent, or
- 7934 otherwise act for the member by signing an appointing record, personally or by the
- 7935 member's agent.
- 7936 (5)(a) The dissolution of a limited liability company does not affect the applicability of
- 7937 this section.
- 7938 (b) ~~[-]~~However, a person that wrongfully causes dissolution of the limited liability
- 7939 company loses the right to participate in management as a member and a manager.
- 7940 (6) A limited liability company shall reimburse a member for an advance to the limited
- 7941 liability company beyond the amount of capital the member agreed to contribute.
- 7942 (7) A payment or advance made by a member which gives rise to an obligation of the

limited liability company under Subsection (6) or Subsection ~~[48-3a-408(1)]~~
16-20-408(1) constitutes a loan to the limited liability company which accrues interest
from the date of the payment or advance.

- (8) A member is not entitled to remuneration for services performed for a member-managed
limited liability company, except for reasonable compensation for services rendered in
winding up the activities of the limited liability company.

Section 260. Section **16-20-408**, which is renumbered from Section 48-3a-408 is renumbered
and amended to read:

**~~[48-3a-408]~~ 16-20-408 . Reimbursement, indemnification, advancement, and
insurance.**

- (1) A limited liability company shall reimburse a member of a member-managed limited
liability company or the manager of a manager-managed limited liability company for
any payment made by the member or manager in the course of the member's or
manager's activities on behalf of the limited liability company, if the member or
manager complied with Sections ~~[48-3a-407]~~ 16-20-407 and ~~[48-3a-409]~~ 16-20-409 in
making the payment.
- (2) A limited liability company 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 a member
or manager, if the claim, demand, debt, obligation, or other liability does not arise from
the person's breach of Section ~~[48-3a-405]~~ 16-20-405, ~~[48-3a-407]~~ 16-20-407, or [
~~48-3a-409]~~ 16-20-409.
- (3) In the ordinary course of its activities and affairs, a limited liability company 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 member or manager, if the person promises to repay the limited
liability company if the person ultimately is determined not to be entitled to be
indemnified under Subsection (2).
- (4) A limited liability company may purchase and maintain insurance on behalf of a
member or manager of the limited liability company against liability asserted against or
incurred by the member or manager in that capacity or arising from that status even if,
under Subsection ~~[48-3a-112(3)(g)]~~ 16-20-107(3)(g), the operating agreement could not
eliminate or limit the person's liability to the limited liability company for the conduct
giving rise to the liability.

7977 Section 261. Section **16-20-409**, which is renumbered from Section 48-3a-409 is renumbered
7978 and amended to read:

7979 **[48-3a-409] 16-20-409 . Standards of conduct for members and managers.**

- 7980 (1) A member of a member-managed limited liability company owes to the limited liability
7981 company and, subject to Subsection [48-3a-801(1)] 16-20-801(1), the other members the
7982 duties of loyalty and care stated in Subsections (2) and (3).
- 7983 (2) The duty of loyalty of a member in a member-managed limited liability company
7984 includes the duties:
- 7985 (a) to account to the limited liability company and to hold as trustee for it any property,
7986 profit, or benefit derived by the member:
- 7987 (i) in the conduct or winding up of the limited liability company's activities and
7988 affairs;
- 7989 (ii) from a use by the member of the limited liability company's property; or
7990 (iii) from the appropriation of a limited liability company opportunity;
- 7991 (b) to refrain from dealing with the limited liability company in the conduct or winding
7992 up of the limited liability company's activities and affairs as or on behalf of a person
7993 having an interest adverse to the limited liability company; and
- 7994 (c) to refrain from competing with the limited liability company in the conduct of the
7995 company's activities and affairs before the dissolution of the limited liability
7996 company.
- 7997 (3) The duty of care of a member of a member-managed limited liability company in the
7998 conduct or winding up of the limited liability company's activities and affairs is to
7999 refrain from engaging in grossly negligent or reckless conduct, intentional misconduct,
8000 or a knowing violation of law.
- 8001 (4) A member shall discharge the duties and obligations under this chapter or under the
8002 operating agreement and exercise any rights consistently with the contractual obligation
8003 of good faith and fair dealing.
- 8004 (5) A member does not violate a duty or obligation under this chapter or under the
8005 operating agreement solely because the member's conduct furthers the member's own
8006 interest.
- 8007 (6) All the members of a member-managed limited liability company or a
8008 manager-managed limited liability company may authorize or ratify, after full disclosure
8009 of all material facts, a specific act or transaction that otherwise would violate the duty of
8010 loyalty.

(7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the limited liability company.

(8) If, as permitted by Subsection (6) or (9)(f) or the operating agreement, a member enters into a transaction with the limited liability company which otherwise would be prohibited by Subsection (2)(b), the member's rights and obligations arising from the transaction are the same as those of a person that is not a member.

(9) In a manager-managed limited liability company, the following rules apply:

(a) Subsections (1), (2), (3), and (7) apply to the manager or managers and not the members.

(b) The duty stated under Subsection (2)(c) continues until winding up is completed.

(c) Subsection (4) applies to managers and members.

(d) Subsection (5) applies only to members.

(e) The power to ratify under Subsection (6) applies only to the members.

(f) Subject to Subsection (4), a member does not have any duty to the limited liability company or to any other member solely by reason of being a member.

Section 262. Section **16-20-410**, which is renumbered from Section 48-3a-410 is renumbered and amended to read:

[48-3a-410] 16-20-410 . Rights of member, manager, and person dissociated as member to information.

(1) In a member-managed limited liability company, the following rules apply:

(a) On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the limited liability company, any record maintained by the limited liability company regarding the limited liability company's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the member's rights and duties under the operating agreement or this chapter.

(b) The limited liability company shall furnish to each member:

(i) without demand, any information concerning the limited liability company's activities, affairs, financial condition, and other circumstances which the limited liability company knows and is material to the proper exercise of the member's rights and duties under the operating agreement or this chapter, except to the extent the limited liability company can establish that it reasonably believes the member already knows the information; and

(ii) on demand, any other information concerning the limited liability company's

activities, affairs, financial condition, and other circumstances, except to the extent the demand or information demanded is unreasonable or otherwise improper under the circumstances.

(c) The duty to furnish information under Subsection (1)(b) also applies to each member to the extent the member knows any of the information described in Subsection (1)(b).

(2) In a manager-managed limited liability company, the following rules apply:

(a) The informational rights stated in Subsection (1) and the duty stated in Subsection (1)(c) apply to the managers and not the members.

(b) During regular business hours and at a reasonable location specified by the limited liability company, a member may inspect and copy full information regarding the activities, affairs, financial condition, and other circumstances of the limited liability company as is just and reasonable if:

(i) the member seeks the information for a purpose reasonably related to the member's interest as a member;

(ii) the member makes a demand in a record received by the limited liability company, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(iii) the information sought is directly connected to the member's purpose.

(c) Not later than 10 days after receiving a demand [~~pursuant to~~] in accordance with Subsection (2)(b)(ii), the limited liability company shall in a record inform the member that made the demand of:

(i) the information that the limited liability company will provide in response to the demand and when and where the limited liability company will provide the information; and

(ii) the limited liability company's reasons for declining, if the limited liability company declines to provide any demanded information.

(d) Whenever this chapter or an operating agreement provides for a member to give or withhold consent to a matter, before the consent is given or withheld, the limited liability company shall, without demand, provide the member with all information that is known to the limited liability company and is material to the member's decision.

(3) Subject to Subsection (9), on 10 days' demand made in a record received by a limited liability company, a person dissociated as a member may have access to information to which the person was entitled while a member if:

- 8079 (a) the information pertains to the period during which the person was a member;
- 8080 (b) the person seeks the information in good faith; and
- 8081 (c) the person satisfies the requirements imposed on a member by Subsection (2)(b).
- 8082 (4) A limited liability company shall respond to a demand made ~~[pursuant to]~~ in accordance
- 8083 with Subsection (3) in the manner provided in Subsection (2)(c).
- 8084 (5) A limited liability company may charge a person that makes a demand under this
- 8085 section the reasonable costs of copying, limited to the costs of labor and material.
- 8086 (6) A member or person dissociated as a member may exercise rights under this section
- 8087 through an agent or, in the case of an individual under legal disability, a legal
- 8088 representative. Any restriction or condition imposed by the operating agreement or
- 8089 under Subsection (9) applies both to the agent or legal representative and the member or
- 8090 person dissociated as a member.
- 8091 (7) Subject to Subsection (9), the rights under this section do not extend to a person as
- 8092 transferee.
- 8093 (8) If a member dies, Section ~~[48-3a-504]~~ 16-20-504 applies.
- 8094 (9)(a) In addition to any restriction or condition stated in the operating agreement, a
- 8095 limited liability company, as a matter within the ordinary course of its activities and
- 8096 affairs, may impose reasonable restrictions and conditions on access to and use of
- 8097 information to be furnished under this section, including designating information
- 8098 confidential and imposing nondisclosure and safeguarding obligations on the
- 8099 recipient.
- 8100 (b) ~~[-]~~In a dispute concerning the reasonableness of a restriction under this Subsection
- 8101 (9), the limited liability company has the burden of proving reasonableness.
- 8102 Section 263. Section **16-20-501**, which is renumbered from Section 48-3a-501 is renumbered
- 8103 and amended to read:
- 8104 **Part 5. Transferable Interests and Rights of Transferees and Creditors**
- 8105 **~~[48-3a-501]~~ 16-20-501 . Nature of transferable interest.**
- 8106 A transferable interest is personal property.
- 8107 Section 264. Section **16-20-502**, which is renumbered from Section 48-3a-502 is renumbered
- 8108 and amended to read:
- 8109 **~~[48-3a-502]~~ 16-20-502 . Transfer of transferable interest.**
- 8110 (1) Subject to Subsection ~~[48-3a-503(6)]~~ 16-20-503(6), a transfer, in whole or in part, of a
- 8111 transferable interest:
- 8112 (a) is permissible;

(b) does not by itself cause a member's dissociation or a dissolution and winding up of the limited liability company's activities and affairs; and

(c) subject to Section ~~[48-3a-504]~~ 16-20-504, does not entitle the transferee to:

(i) participate in the management or conduct of the limited liability company's activities and affairs; or

(ii) except as otherwise provided in Subsection (3), have access to records or other information concerning the limited liability company's activities and affairs.

(2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.

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

(4) A transferable interest may be evidenced by a certificate of the interest issued by the limited liability company in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.

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

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

(7) Except as otherwise provided in Subsection ~~[48-3a-602(5)(b)]~~ 16-20-602(5)(b), if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest transferred and retains all the duties and obligations of a member.

(8) If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under Section ~~[48-3a-403]~~ 16-20-403 and Subsection ~~[48-3a-406(3)]~~ 16-20-406(3) known to the transferee when the transferee becomes a member.

Section 265. Section **16-20-503**, which is renumbered from Section 48-3a-503 is renumbered and amended to read:

[48-3a-503] 16-20-503 . Charging order.

(1)(a) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment.

(b) [–]Except as otherwise provided in Subsection (6), a charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited liability company has been served with the charging order, requires the limited liability company to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(2) To the extent necessary to effectuate the collection of distributions [~~pursuant to~~] in accordance with a charging order in effect under Subsection (1), the court may:

- (a) 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
- (b) make all other orders necessary to give effect to the charging order.

(3)(a) 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.

(b) [–]Except as otherwise provided in Subsection (6), the purchaser at the foreclosure sale only obtains the transferable interest, does not thereby become a member, and is subject to Section [~~48-3a-502~~] 16-20-502.

(4) At any time before foreclosure under Subsection (3), the member or transferee whose transferable interest is subject to a charging order under Subsection (1) 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.

(5) At any time before foreclosure under Subsection (3), a limited liability company or one or more members 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.

(6) If a court orders foreclosure of a charging order lien against the sole member of a limited liability company:

- (a) the court shall confirm the sale;
- (b) the purchaser at the sale obtains the member's entire interest, not only the member's transferable interest;
- (c) the purchaser thereby becomes a member; and
- (d) the person whose interest was subject to the foreclosed charging order is dissociated as a member.

(7) This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the transferable interest of the member or transferee.

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

Section 266. Section **16-20-504**, which is renumbered from Section 48-3a-504 is renumbered and amended to read:

[48-3a-504] 16-20-504 . Power of legal representative of deceased member.

If a member dies, the deceased member's legal representative may exercise:

- (1) the rights of a transferee provided in Subsection [48-3a-502(3)] 16-20-502(3); and
- (2) for the purposes of settling the estate, the rights the deceased member had under Section [48-3a-410] 16-20-410.

Section 267. Section **16-20-601**, which is renumbered from Section 48-3a-601 is renumbered and amended to read:

Part 6. Dissociation

[48-3a-601] 16-20-601 . Power to dissociate as member -- Wrongful dissociation.

- (1) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by withdrawing as a member by express will under Subsection [48-3a-602(1)] 16-20-602(1).
- (2) A person's dissociation as a member is wrongful only if the dissociation:
 - (a) is in breach of an express provision of the operating agreement; or
 - (b) occurs before the completion of the winding up of the limited liability company and:
 - (i) the person withdraws as a member by express will;
 - (ii) the person is expelled as a member by judicial order under Subsection [48-3a-602(6)] 16-20-602(6);
 - (iii) the person is dissociated under Subsection [48-3a-602(8)] 16-20-602(8); or
 - (iv) 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 as a member because it willfully dissolved or terminated.
- (3)(a) A person that wrongfully dissociates as a member is liable to the limited liability company and, subject to Section [48-3a-801] 16-20-801, to the other members for damages caused by the dissociation.
- (b) [–]The liability is in addition to any debt, obligation, or other liability of the member to the limited liability company or the other members.

Section 268. Section **16-20-602**, which is renumbered from Section 48-3a-602 is renumbered and amended to read:

8215 **[48-3a-602] 16-20-602 . Events causing dissociation.**

8216 A person is dissociated as a member when:

- 8217 (1) the limited liability company has notice of the person's express will to withdraw as a
8218 member, but, if the person specified a withdrawal date later than the date the limited
8219 liability company had notice, on that later date;
- 8220 (2) an event stated in the operating agreement as causing the person's dissociation occurs;
- 8221 (3) the person's entire interest is transferred in a foreclosure sale under Subsection [
8222 ~~48-3a-503(6)~~] 16-20-503(6);
- 8223 (4) the person is expelled as a member [~~pursuant to~~] in accordance with the operating
8224 agreement;
- 8225 (5) the person is expelled as a member by the unanimous consent of the other members if:
- 8226 (a) it is unlawful to carry on the limited liability company's activities and affairs with the
8227 person as a member;
- 8228 (b) there has been a transfer of all the person's transferable interest in the limited liability
8229 company, other than:
- 8230 (i) a transfer for security purposes; or
- 8231 (ii) a charging order in effect under Section [~~48-3a-503~~] 16-20-503 which has not
8232 been foreclosed;
- 8233 (c) the person is a corporation, and:
- 8234 (i) the limited liability company notifies the person that [~~it~~] the person will be
8235 expelled as a member because the person has filed a statement of dissolution or
8236 the equivalent, [~~its~~] the person's charter has been revoked, or [~~its~~] the person's right
8237 to conduct business has been suspended by the jurisdiction of [~~its~~] the person's
8238 incorporation; and
- 8239 (ii) not later than 90 days after the notification the statement of dissolution or the
8240 equivalent has not been revoked or [~~its~~] the person's charter or right to conduct
8241 business has not been reinstated; or
- 8242 (d) the person is an unincorporated entity that has been dissolved and whose business is
8243 being wound up;
- 8244 (6) on application by the limited liability company or a member in a direct action under
8245 Section [~~48-3a-801~~] 16-20-801, the person is expelled as a member by judicial order
8246 because the person:
- 8247 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
8248 materially, or will affect adversely and materially, the limited liability company's

- 8249 activities and affairs;
- 8250 (b) has committed willfully or persistently, or is committing willfully or persistently, a
- 8251 material breach of the operating agreement or a duty or obligation under Section [
- 8252 ~~48-3a-409~~ 16-20-409; or
- 8253 (c) has engaged or is engaging in conduct relating to the limited liability company's
- 8254 activities and affairs which makes it not reasonably practicable to carry on the
- 8255 activities and affairs with the person as a member;
- 8256 (7) in the case of an individual:
- 8257 (a) the individual dies; or
- 8258 (b) in a member-managed limited liability company:
- 8259 (i) a guardian or general conservator for the individual is appointed; or
- 8260 (ii) a court orders that the individual has otherwise become incapable of performing
- 8261 the individual's duties as a member under this chapter or the operating agreement;
- 8262 (8) in a member-managed limited liability company, the person:
- 8263 (a) becomes a debtor in bankruptcy;
- 8264 (b) executes an assignment for the benefit of creditors; or
- 8265 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
- 8266 liquidator of the person or of all or substantially all the person's property;
- 8267 (9) in the case of a person that is a testamentary or inter vivos trust or is acting as a member
- 8268 by virtue of being a trustee of such a trust, the trust's entire transferable interest in the
- 8269 limited liability company is distributed;
- 8270 (10) in the case of a person that is an estate or is acting as a member by virtue of being a
- 8271 personal representative of an estate, the estate's entire transferable interest in the limited
- 8272 liability company is distributed, but not merely by reason of substitution of a successor
- 8273 personal representative;
- 8274 (11) in the case of a person that is not an individual, corporation, unincorporated entity,
- 8275 trust, or estate, the existence of the person terminates;
- 8276 (12) the limited liability company participates in a merger under [~~Part 10, Merger, Interest~~
- 8277 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- 8278 (a) the limited liability company is not the surviving entity; or
- 8279 (b) otherwise as a result of the merger, the person ceases to be a member;
- 8280 (13) the limited liability company participates in an interest exchange under [~~Part 10,~~
- 8281 ~~Merger, Interest Exchange, Conversion, and Domestication~~] Part 8, Interest Exchange,
- 8282 and, as a result of the interest exchange, the person ceases to be a member;

- (14) the limited liability company participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (15) the limited liability company participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a member; or
- (16) the limited liability company dissolves and completes winding up.
- Section 269. Section **16-20-603**, which is renumbered from Section 48-3a-603 is renumbered and amended to read:

[48-3a-603] 16-20-603 . Effect of dissociation.

- (1) If a person is dissociated as a member:
- (a) the person's right to participate as a member in the management and conduct of the company's activities and affairs terminates;
 - (b) if the limited liability company is member-managed, the person's duties and obligations under Section [~~48-3a-409~~] 16-20-409 as a member end with regard to matters arising and events occurring after the person's dissociation; and
 - (c) subject to Section [~~48-3a-504~~] 16-20-504 and [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, any transferable interest owned by the person in the person's capacity as a member immediately before dissociation as a member is owned by the person solely as a transferee.
- (2) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or other liability to the limited liability company or the other members which the person incurred while a member.

Section 270. Section **16-20-701**, which is renumbered from Section 48-3a-701 is renumbered and amended to read:

Part 7. Dissolution and Winding Up

[48-3a-701] 16-20-701 . Events causing dissolution.

A limited liability company is dissolved, and [its] the limited liability company's activities and affairs must be wound up, upon the occurrence of any of the following:

- (1) an event, circumstance, or date that the certificate of organization or operating agreement states causes dissolution;
- (2) the consent of all the members;
- (3) the passage of 90 consecutive days during which the limited liability company has no

members unless:

- (a) consent to admit at least one specified person as a member is given by transferees owning the rights to receive a majority of distributions as transferees at the time the consent is to be effective; and
 - (b) at least one person becomes a member in accordance with the consent;
- (4) upon a petition brought by a member, the entry of a court order dissolving the limited liability company on the grounds that:
- (a) the conduct of all or substantially all of the limited liability company's activities and affairs is unlawful; or
 - (b) it is not reasonably practicable to carry on the limited liability company's activities and affairs in conformity with the certificate of organization and the operating agreement;
- (5) upon a petition brought by a member, the entry of a court order dissolving the limited liability company on the grounds that the managers or those members in control of the limited liability company:
- (a) have acted, are acting, or will act in a manner that is illegal or fraudulent; or
 - (b) have acted, are acting, or will act in a manner that is oppressive and was, is, or will be directly harmful to the applicant; or
- (6) the signing and filing of a statement of administrative dissolution by the division under [~~Subsection 48-3a-708(3)~~] Section 16-1a-603.
- Section 271. Section **16-20-702**, which is renumbered from Section 48-3a-702 is renumbered and amended to read:
- [~~48-3a-702~~] 16-20-702 . Election to purchase in lieu of dissolution.**
- (1)(a) In a proceeding under Subsection [~~48-3a-701(5)~~] 16-20-701(5) to dissolve a limited liability company, the limited liability company may elect or, if the limited liability company fails to elect, one or more members may elect to purchase the interest in the limited liability company owned by the applicant member at the fair market value of the interest, determined as provided in this section.
- (b) An election [~~pursuant to~~] in accordance with this Subsection (1) is irrevocable unless a court determines that it is equitable to set aside or modify the election.
- (2)(a) An election to purchase [~~pursuant to~~] in accordance with this section may be filed with a court at any time within 90 days after the filing of the petition in a proceeding under Subsection [~~48-3a-701(5)~~] 16-20-701(5) or at any later time as the court in the court's discretion may allow.

(b) If the limited liability company files an election with a court within the 90-day period, or at any later time allowed by the court, to purchase the interest in the limited liability company owned by the applicant member, the limited liability company shall purchase the interest in the manner provided in this section.

(3)(a) If the limited liability company does not file an election with a court within the time period, but an election to purchase the interest in the limited liability company owned by the applicant member is filed by one or more members within the time period, the limited liability company shall, within 10 days after the later of the end of the time period allowed for the filing of elections to purchase under this section or notification from the court of an election by members to purchase the interest in the limited liability company owned by the applicant member as provided in this section, give written notice of the election to purchase to all members of the limited liability company, other than the applicant member.

(b) The notice shall state the name and the percentage interest in the limited liability company owned by the applicant member and the name and the percentage interest in the limited liability company owned by each electing member.

(c) The notice shall advise any recipients who have not participated in the election of their right to join in the election to purchase the interest in the limited liability company in accordance with this section and of the date by which any notice of intent to participate must be filed with the court.

(4) Members who wish to participate in the purchase of the interest in the limited liability company of the applicant member must file notice of their intention to join in the purchase by electing members no later than 30 days after the effective date of the limited liability company's notice of their right to join in the election to purchase.

(5) All members who have filed with the court an election or notice of their intention to participate in the election to purchase the interest in the limited liability company of the applicant member thereby become irrevocably obligated to participate in the purchase of the interest from the applicant member upon the terms and conditions of this section, unless the court otherwise directs.

(6) After an election has been filed by the limited liability company or one or more members, the proceedings under Subsection ~~[48-3a-701(5)]~~ 16-20-701(5) may not be discontinued or settled, nor may the applicant member sell or otherwise dispose of the applicant member's interest in the limited liability company, unless the court determines that it would be equitable to the limited liability company and the members, other than

- 8385 the applicant member, to permit any discontinuance, settlement, sale, or other
8386 disposition.
- 8387 (7) If, within 60 days after the earlier of the limited liability company filing of an election
8388 to purchase the interest in the limited liability company of the applicant member or the
8389 limited liability company's mailing of a notice to [its] the limited liability company's
8390 members of the filing of an election by the members to purchase the interest in the
8391 limited liability company of the applicant member, the applicant member and electing
8392 limited liability company or members reach agreement as to the fair market value and
8393 terms of the purchase of the applicant member's interest, the court shall enter an order
8394 directing the purchase of the applicant member's interest, upon the terms and conditions
8395 agreed to by the parties.
- 8396 (8) If the parties are unable to reach an agreement as provided for in Subsection (7), upon
8397 application of any party, the court shall stay the proceedings under Subsection [
8398 ~~48-3a-701(5)~~] 16-20-701(5) and determine the fair market value of the applicant
8399 member's interest in the limited liability company as of the day before the date on which
8400 the petition under Subsection [~~48-3a-701(5)~~] 16-20-701(5) was filed or as of any other
8401 date the court determines to be appropriate under the circumstances and based on the
8402 factors the court determines to be appropriate.
- 8403 (9)(a) Upon determining the fair market value of the interest in the limited liability
8404 company of the applicant member, the court shall enter an order directing the
8405 purchase of the interest in the limited liability company upon terms and conditions
8406 the court determines to be appropriate.
- 8407 (b) The terms and conditions may include payment of the purchase price in installments,
8408 where necessary in the interest of equity, provision for security to assure payment of
8409 the purchase price and any additional costs, fees, and expenses awarded by the court,
8410 and an allocation of the interest in the limited liability company among members if
8411 the interest in the limited liability company is to be purchased by members.
- 8412 (10)(a) In allocating the applicant member's interest in the limited liability company
8413 among holders of different classes of members, the court shall attempt to preserve the
8414 existing distribution of voting rights among member classes to the extent practicable.
- 8415 (b) The court may direct that holders of a specific class or classes may not participate in
8416 the purchase.
- 8417 (c) The court may not require any electing member to purchase more of the interest in
8418 the limited liability company owned by the applicant member than the percentage

8419 interest that the purchasing member may have set forth in the purchasing member's
8420 election or notice of intent to participate filed with the court.

8421 (11)(a) Interest may be allowed at the rate and from the date determined by the court to
8422 be equitable.

8423 (b) However, if the court finds that the refusal of the applicant member to accept an offer
8424 of payment was arbitrary or otherwise not in good faith, interest may not be allowed.

8425 (12) If the court finds that the applicant member had probable ground for relief under
8426 Subsection ~~[48-3a-701(5)]~~ 16-20-701(5), the court may award to the applicant member
8427 reasonable fees and expenses of counsel and experts employed by the applicant member.

8428 (13)(a) Upon entry of an order under Subsection (7) or (9), the court shall dismiss the
8429 petition to dissolve the limited liability company under Subsection ~~[48-3a-701(5)]~~
8430 16-20-701(5) and the applicant member shall no longer have any rights or status as a
8431 member of the limited liability company, except the right to receive the amounts
8432 awarded to the applicant member by the court.

8433 (b) The award is enforceable in the same manner as any other judgment.

8434 (14)(a) The purchase ordered ~~[pursuant to]~~ in accordance with Subsection (9) shall be
8435 made within 10 days after the date the order becomes final, unless before that time
8436 the limited liability company files with the court a notice of the limited liability
8437 company's intention to file a statement of dissolution.

8438 (b) The statement of dissolution must then be adopted and filed within 60 days after
8439 notice.

8440 (15)(a) Upon filing of a statement of dissolution, the limited liability company is
8441 dissolved and shall be wound up ~~[pursuant to]~~ in accordance with Section ~~[48-3a-703]~~
8442 48-20-703, and the order entered ~~[pursuant to]~~ in accordance with Subsection (9) is no
8443 longer of any force or effect.

8444 (b) However, the court may award the applicant member reasonable fees and expenses
8445 in accordance with Subsection (12).

8446 (c) The applicant member may continue to pursue any claims previously asserted on
8447 behalf of the limited liability company.

8448 (16) Any payment by the limited liability company ~~[pursuant to]~~ in accordance with an
8449 order under Subsection (7) or (9), other than an award of fees and expenses ~~[pursuant to]~~
8450 in accordance with Subsection (12), is subject to the provisions of Sections ~~[48-3a-405]~~
8451 16-20-405 and ~~[48-3a-406]~~ 16-20-406.

8452 Section 272. Section **16-20-703**, which is renumbered from Section 48-3a-703 is renumbered

and amended to read:

[48-3a-703] 16-20-703 . Winding up.

(1)(a) A dissolved limited liability company shall wind up the limited liability company's activities and affairs.

(b) Except as otherwise provided in Section [48-3a-704] 16-20-704, the limited liability company only continues after dissolution for the purpose of winding up.

(2) In winding up the limited liability company's activities and affairs, a limited liability company:

(a) shall discharge the limited liability company's debts, obligations, and other liabilities, settle and close the limited liability company's activities and affairs, and marshal and distribute the assets of the limited liability company; and

(b) may:

(i) deliver to the division for filing a statement of dissolution stating the name of the limited liability company and that the limited liability company is dissolved;

(ii) preserve the limited liability company activities, affairs, and property as a going concern for a reasonable time;

(iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(iv) transfer the limited liability company's property;

(v) settle disputes by mediation or arbitration;

(vi) deliver to the division for filing a statement of termination stating the name of the limited liability company and that the limited liability company is terminated; and

(vii) perform other acts necessary or appropriate to the winding up.

(3)(a) If a dissolved limited liability company has no members, the legal representative of the last person to have been a member may wind up the activities and affairs of the limited liability company.

(b) If the person does so, the person has the powers of a sole manager under Subsection [48-3a-407(3)] 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [48-3a-304(1)] 16-20-304(1).

(4)(a) If the legal representative under Subsection (3) declines or fails to wind up the limited liability company's activities and affairs, a person may be appointed to do so by the consent of transferees owning a majority of the rights to receive distributions as transferees at the time the consent is to be effective.

(b) [-]A person appointed under this Subsection (4):

- 8487 ~~[(a)]~~ (i) has the powers of a sole manager under Subsection ~~[48-3a-407(3)]~~
 8488 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [
 8489 ~~48-3a-304(1)]~~ 16-20-304(1); and
- 8490 ~~[(b)]~~ (ii) shall promptly deliver to the division for filing an amendment to the limited
 8491 liability company's certificate of organization stating:
- 8492 ~~[(i)]~~ (A) that the limited liability company has no members;
- 8493 ~~[(ii)]~~ (B) the name and street and mailing addresses of the person; and
- 8494 ~~[(iii)]~~ (C) that the person has been appointed ~~[pursuant to]~~ in accordance with this
 8495 subsection to wind up the limited liability company.
- 8496 (5) A court may order judicial supervision of the winding up of a dissolved limited liability
 8497 company, including the appointment of a person to wind up the limited liability
 8498 company's activities and affairs:
- 8499 (a) upon a petition by a member if the member establishes good cause;
- 8500 (b) upon a petition by a transferee if:
- 8501 (i) the company does not have any members;
- 8502 (ii) the legal representative of the last person to have been a member declines or fails
 8503 to wind up the limited liability company's activities; and
- 8504 (iii) within a reasonable time following the dissolution a person has not been
 8505 appointed ~~[pursuant to]~~ in accordance with Subsection (4); or
- 8506 (c) in connection with a proceeding under Subsection ~~[48-3a-701(4)]~~ 16-20-701(4) or (5).
- 8507 Section 273. Section **16-20-704**, which is renumbered from Section 48-3a-704 is renumbered
 8508 and amended to read:
- 8509 **~~[48-3a-704]~~ 16-20-704 . Rescinding dissolution.**
- 8510 (1) A limited liability company may rescind the limited liability company's dissolution,
 8511 unless a statement of termination applicable to the limited liability company is effective,
 8512 a court has entered an order under Subsection ~~[48-3a-701(4)]~~ 16-20-701(4) or (5)
 8513 dissolving the limited liability company, or the division has dissolved the limited
 8514 liability company under Section ~~[48-3a-708]~~ 16-1a-603.
- 8515 (2) Rescinding dissolution under this section requires:
- 8516 (a) the consent of each member;
- 8517 (b) if a statement of dissolution applicable to the limited liability company has been filed
 8518 by the division but has not become effective, the delivery to the division for filing of
 8519 a statement of withdrawal under Section ~~[48-3a-207]~~ 16-1a-205 applicable to the
 8520 statement of dissolution; and

(c) if a statement of dissolution applicable to the limited liability company is effective, the delivery to the division for filing of a statement of correction under Section [48-3a-208] 16-1a-206 stating that dissolution has been rescinded under this section.

(3) If a limited liability company rescinds [its] the limited liability company's dissolution:

(a) the limited liability company resumes carrying on [its] the limited liability company's activities and affairs as if dissolution had never occurred;

(b) subject to Subsection (3)(c), any liability incurred by the limited liability company after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(c) 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.

Section 274. Section **16-20-705**, which is renumbered from Section 48-3a-705 is renumbered and amended to read:

[48-3a-705] 16-20-705 . Known claims against dissolved limited liability company.

(1) A dissolved limited liability company in winding up may dispose of the known claims against it by following the procedures described in this section.

(2)(a) A limited liability company in winding up, electing to dispose of known claims [pursuant to] in accordance with this section, may give written notice of the limited liability company's dissolution to known claimants at any time after the effective date of the dissolution.

(b) [-]The written notice must:

~~[(a)]~~ (i) describe the information that must be included in a claim;

~~[(b)]~~ (ii) provide an address to which written notice of any claim must be given to the limited liability company;

~~[(c)]~~ (iii) state the deadline, which may not be fewer than 120 days after the effective date of the notice, by which the dissolved limited liability company must receive the claim; and

~~[(d)]~~ (iv) state that, unless sooner barred by another state statute limiting actions, the claim will be barred if not received by the deadline.

(3) Unless sooner barred by another state statute limiting actions, a claim against the dissolved limited liability company is barred if:

(a) a claimant was given notice under Subsection (2) and the claim is not received by the dissolved limited liability company by the deadline; or

(b) the dissolved limited liability company delivers to the claimant written notice of

8555 rejection of the claim within 90 days after receipt of the claim and the claimant
8556 whose claim was rejected by the dissolved limited liability company does not
8557 commence a proceeding to enforce the claim within 90 days after the effective date of
8558 the rejection notice.

8559 (4) Claims which are not rejected by the dissolved limited liability company in writing
8560 within 90 days after receipt of the claim by the dissolved limited liability company shall
8561 be considered approved.

8562 (5) The failure of the dissolved limited liability company to give notice to any known
8563 claimant ~~[pursuant to]~~ in accordance with Subsection (2) does not affect the disposition
8564 under this section of any claim held by any other known claimant.

8565 (6) This section does not apply to a claim based on an event occurring after the effective
8566 date of dissolution or a liability that on that date is contingent.

8567 Section 275. Section **16-20-706**, which is renumbered from Section 48-3a-706 is renumbered
8568 and amended to read:

8569 **[48-3a-706] 16-20-706 . Other claims against dissolved limited liability company.**

8570 (1) A dissolved limited liability company may publish notice of ~~[its]~~ the dissolved limited
8571 liability company dissolution and request persons having claims against the limited
8572 liability company to present them in accordance with the notice.

8573 (2) A notice under Subsection (1) must:

8574 (a) be published at least once in a newspaper of general circulation in the county in this
8575 state in which the dissolved limited liability company's principal office is located or,
8576 if the principal office is not located in this state, in the county in which the office of
8577 the limited liability company's registered agent is or was last located and in
8578 accordance with Section 45-1-101;

8579 (b) describe the information required to be contained in a claim, state that the claim must
8580 be in writing, and provide a mailing address to which the claim is to be sent; and

8581 (c) state that a claim against the limited liability company is barred unless an action to
8582 enforce the claim is commenced not later than three years after publication of the
8583 notice.

8584 (3) If a dissolved limited liability company publishes a notice in accordance with
8585 Subsection (2), the claim of each of the following claimants is barred unless the claimant
8586 commences an action to enforce the claim against the limited liability company not later
8587 than three years after the publication date of the notice:

8588 (a) a claimant that did not receive notice in a record under Section ~~[48-3a-705]~~ 16-20-705;

8589 (b) a claimant whose claim was timely sent to the limited liability company but not acted
8590 on; and

8591 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
8592 effective date of dissolution.

8593 (4) A claim not barred under this section or Section ~~[48-3a-705]~~ 16-20-705 may be enforced:

8594 (a) against a dissolved limited liability company, to the extent of [its] the dissolved
8595 limited liability company's undistributed assets; and

8596 (b) except as otherwise provided in Section ~~[48-3a-707]~~ 16-20-707, if assets of the
8597 limited liability company have been distributed after dissolution, against a member or
8598 transferee to the extent of that person's proportionate share of the claim or of the
8599 limited liability company's assets distributed to the member or transferee after
8600 dissolution, whichever is less, but a person's total liability for all claims under this
8601 subsection may not exceed the total amount of assets distributed to the person after
8602 dissolution.

8603 Section 276. Section **16-20-707**, which is renumbered from Section 48-3a-707 is renumbered
8604 and amended to read:

8605 **~~[48-3a-707]~~ 16-20-707 . Court proceedings.**

8606 (1)(a) A dissolved limited liability company that has published a notice under Section [
8607 ~~48-3a-706]~~ 16-20-706 may petition a court with jurisdiction under Title 78A,
8608 Judiciary and Judicial Administration, for a determination of the amount and form of
8609 security to be provided for payment of claims that are contingent, have not been
8610 made known to the limited liability company, or are based on an event occurring after
8611 the effective date of dissolution but which, based on the facts known to the dissolved
8612 limited liability company, are reasonably expected to arise after the effective date of
8613 dissolution.

8614 (b) Security is not required for any claim that is or is reasonably anticipated to be barred
8615 under Subsection ~~[48-3a-706(3)]~~ 16-20-706(3).

8616 (2) No later than 10 days after the filing of an application under Subsection (1), the
8617 dissolved limited liability company shall give notice of the proceeding to each claimant
8618 holding a contingent claim known to the limited liability company.

8619 (3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to
8620 represent all claimants whose identities are unknown.

8621 (b) The reasonable fees and expenses of the guardian, including all reasonable expert
8622 witness fees, must be paid by the dissolved limited liability company.

- (4) A dissolved limited liability company that provides security in the amount and form ordered by the court under Subsection (1) satisfies the limited liability company's obligations with respect to claims that are contingent, have not been made known to the limited liability company, or are based on an event occurring after the effective date of dissolution, and such claims may not be enforced against a member or transferee that received assets in liquidation.

Section 277. Section **16-20-708**, which is renumbered from Section 48-3a-711 is renumbered and amended to read:

[48-3a-711] 16-20-708 . Disposition of assets in winding up.

- (1) In winding up its activities and affairs, a limited liability company shall apply [its] the limited liability company's assets to discharge [its] the limited liability company's obligations to creditors, including members that are creditors.
- (2) After a limited liability company complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section [48-3a-503] 16-20-503:
- (a) 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
- (b) in equal shares among members and dissociated members, except to the extent necessary to comply with any transfer effective under Section [48-3a-502] 16-20-502.
- (3) If a limited liability company does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.
- (4) All distributions made under Subsections (2) and (3) must be paid in money.

Section 278. Section **16-20-801**, which is renumbered from Section 48-3a-801 is renumbered and amended to read:

Part 8. Action by Members

[48-3a-801] 16-20-801 . Direct action by member.

- (1) Subject to Subsection (2), a member may maintain a direct action against another member, a manager, or the limited liability company to enforce the member's rights and otherwise protect the member's interests, including rights and interests under the operating agreement or this chapter or arising independently of the membership relationship.
- (2) A member maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be

8657 suffered by the limited liability company.

8658 Section 279. Section **16-20-802**, which is renumbered from Section 48-3a-802 is renumbered
8659 and amended to read:

8660 **[48-3a-802] 16-20-802 . Derivative action.**

8661 A member may maintain a derivative action to enforce a right of a limited liability
8662 company if:

8663 (1) the member first makes a demand on the other members in a member-managed limited
8664 liability company, or the managers of a manager-managed limited liability company,
8665 requesting that they cause the limited liability company to bring an action to enforce the
8666 right, and the managers or other members do not bring the action within a reasonable
8667 time; or

8668 (2) a demand under Subsection (1) would be futile.

8669 Section 280. Section **16-20-803**, which is renumbered from Section 48-3a-803 is renumbered
8670 and amended to read:

8671 **[48-3a-803] 16-20-803 . Proper plaintiff.**

8672 A derivative action to enforce a right of a limited liability company may be maintained
8673 only by a person that is a member at the time the action is commenced and:

8674 (1) was a member when the conduct giving rise to the action occurred; or
8675 (2) whose status as a member devolved on the person by operation of law or ~~[pursuant to]~~ in
8676 accordance with the terms of the operating agreement from a person that was a member
8677 at the time of the conduct.

8678 Section 281. Section **16-20-804**, which is renumbered from Section 48-3a-804 is renumbered
8679 and amended to read:

8680 **[48-3a-804] 16-20-804 . Pleading.**

8681 In a derivative action, the complaint must state with particularity:

8682 (1) the date and content of plaintiff's demand and the response by the managers or other
8683 members to the demand; or
8684 (2) why the demand should be excused as futile.

8685 Section 282. Section **16-20-805**, which is renumbered from Section 48-3a-805 is renumbered
8686 and amended to read:

8687 **[48-3a-805] 16-20-805 . Special litigation committee.**

8688 (1)(a) If a limited liability company is named as or made a party in a derivative
8689 proceeding, the limited liability company may appoint a special litigation committee
8690 to investigate the claims asserted in the proceeding and determine whether pursuing

the action is in the best interests of the limited liability company.

(b) [–]If the limited liability company appoints a special litigation committee, on motion by the committee made in the name of the limited liability company, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation.

(c) [–]This Subsection (1) does not prevent the court from:

~~[(a)]~~ (i) enforcing a person's right to information under Section ~~[48-3a-410]~~ 16-20-410;
or

~~[(b)]~~ (ii) granting extraordinary relief in the form of a temporary restraining order or preliminary injunction upon a showing of good cause.

(2) A special litigation committee must be composed of one or more disinterested and independent individuals, who may be members.

(3) A special litigation committee may be appointed:

(a) in a member-managed limited liability company:

(i) by the consent of a majority of the members not named as parties in the proceeding; and

(ii) if all members are named as parties in the proceeding, by a majority of the members named as defendants; or

(b) in a manager-managed limited liability company:

(i) by a majority of the managers not named as parties in the proceeding; and

(ii) if all managers are named as parties in the proceeding, by a majority of the managers named as defendants.

(4) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited liability company that the proceeding:

(a) continue under the control of the plaintiff;

(b) continue under the control of the committee;

(c) be settled on terms approved by the committee; or

(d) be dismissed.

(5)(a) After making a determination under Subsection (4), a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report.

(b) [–]The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted ~~[its]~~ the committee's investigation and made ~~[its]~~ the committee's recommendation in good

8725 faith, independently, and with reasonable care, with the committee having the burden
8726 of proof.

8727 (c) [-]If the court finds that the members of the committee were disinterested and
8728 independent and that the committee acted in good faith, independently, and with
8729 reasonable care, the court shall enforce the determination of the committee.

8730 (d) [-]Otherwise, the court shall dissolve the stay of discovery entered under Subsection
8731 (1) and allow the action to continue under the control of the plaintiff.

8732 Section 283. Section **16-20-806**, which is renumbered from Section 48-3a-806 is renumbered
8733 and amended to read:

8734 **[48-3a-806] 16-20-806 . Proceeds and expenses.**

8735 (1) Except as otherwise provided in Subsection (2):

8736 (a) any proceeds or other benefits of a derivative action, whether by judgment,
8737 compromise, or settlement, belong to the limited liability company and not to the
8738 plaintiff; and

8739 (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to
8740 the limited liability company.

8741 (2) If a derivative action is successful in whole or in part, the court may award the plaintiff
8742 reasonable expenses, including reasonable attorney's fees and costs, from the recovery of
8743 the limited liability company.

8744 (3) A derivative action on behalf of a limited liability company may not be voluntarily
8745 dismissed or settled without the court's approval.

8746 Section 284. Section **16-21-104** is enacted to read:

8747 **16-21-104 . Provisions Applicable to All Business Entities applicable.**

8748 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
8749 this chapter.

8750 Section 285. Section **16-22-110** is enacted to read:

8751 **16-22-110 . Provisions Applicable to All Business Entities applicable.**

8752 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
8753 this chapter.

8754 Section 286. Section **42-2-101** is enacted to read:

8755 **CHAPTER 2. Conducting Business as a D.B.A.**

8756 **Part 1. General Provisions**

8757 **42-2-101 . Definitions.**

8758 As used in this chapter:

- 8759 (1) "D.B.A." means a person that carries on, conducts, or transacts business in this state
 8760 using a name that is different from the legal name of the person.
- 8761 (2) "D.B.A. certificate" means a typed document that complies with Section 42-2-201.
- 8762 (3) "D.B.A. name" means the name a D.B.A. uses when carrying on, conducting, or
 8763 transacting business in this state that is different from the legal name of the person.
- 8764 (4) "Director" means the director of the division appointed under Section 13-1a-103.
- 8765 (5) "Division" means the Division of Corporations and Commercial Code established in
 8766 Section 13-1a-102.
- 8767 (6) "True name" means the legal name of a person.

8768 Section 287. Section **42-2-102** is enacted to read:

8769 **42-2-102 . Governing law.**

8770 A D.B.A. is governed by:

- 8771 (1) this chapter; and
- 8772 (2) for a provision on which this chapter is silent, Title 16, Chapter 1a, Provisions
 8773 Applicable to All Business Entities.

8774 Section 288. Section **42-2-103**, which is renumbered from Section 42-2-7 is renumbered
 8775 and amended to read:

8776 **[42-2-7] 42-2-103 . Recordkeeping-- Fees -- Evidence.**

- 8777 (1) The [~~Division of Corporations and Commercial Code~~] division shall:
- 8778 (a) keep [~~an active alphabetical index of all persons filing the certificates provided for in]~~
 8779 a record of each D.B.A. registered under this chapter; and
- 8780 (b) collect the required [~~indexing and~~] filing fees.
- 8781 (2) A copy of [~~any such~~] each D.B.A. certificate [~~certified by~~] the [~~Division of Corporations~~
 8782 ~~and Commercial Code shall be~~] division certifies is presumptive evidence of the facts
 8783 contained in the certificate.

8784 Section 289. Section **42-2-104**, which is renumbered from Section 42-2-9 is renumbered
 8785 and amended to read:

8786 **[42-2-9] 42-2-104 . Corporate names, limited liability company names, and**
 8787 **trademark, service mark, and trade name rights not affected.**

- 8788 (1) This chapter does not affect or apply to [~~any~~] a corporation organized under the laws of
 8789 any state if [it] the corporation does business under [its] the corporation's true [corporate-]
 8790 name.
- 8791 (2)(a) This chapter does not affect the statutory or common law trademark, service mark,

or trade name rights granted by state or federal statute.

(b) An act listed in Subsection (2)(c) of itself does not authorize the use in this state of [~~an assumed name~~] a D.B.A. in violation of the rights of another as established under:

(i) this chapter;

(ii) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service Marks Act;

(iii) the state law relating to names of corporations, partnerships, and other legal business entities;

(iv) the federal Trademark Act of 1946, 15 U.S.C. Section 1051 et seq.; or

(v) the common law, including rights in a trade name.

(c) Subsection (2)(b) applies to:

(i) a filing under this chapter;

(ii) an approval by the [~~Division of Corporations and Commercial Code pursuant to~~] division in accordance with this chapter; or

(iii) the use of [~~an assumed name~~] a D.B.A. name.

(3) This chapter does not affect or apply to any limited liability company doing business in this state under [its] the limited liability company's true name.

Section 290. Section **42-2-105**, which is renumbered from Section 42-2-6.6 is renumbered and amended to read:

[42-2-6.6] 42-2-105 . D.B.A. name.

(1) [~~The assumed~~] A D.B.A. name:

(a) may not contain:

(i) a word or phrase that indicates or implies that the business is organized for a purpose other than a purpose contained in the business's application;[~~or~~]

(ii) for [~~an assumed~~] a D.B.A. name that is changed or approved on or after May 4, 2022, the number sequence "911";

(iii) without the consent of the Department of Financial Institutions, the words described in Section 7-1-701;

(iv) the term or abbreviation:

(A) "limited liability company";

(B) "LLC"; or

(C) "L.L.C."; or

(v) a term or abbreviation that is of similar import to a term or abbreviation described in Subsection (1)(a)(iv);

- 8826 (b) shall be distinguishable from ~~[any]~~ a registered name or trademark of record in the
 8827 offices of the ~~[Division of Corporations and Commercial Code]~~ division,~~[-as defined~~
 8828 ~~in Subsection 16-10a-401(5),]~~ in accordance with Section 16-1a-302 except as [
 8829 authorized by]the ~~[Division of Corporations and Commercial Code]~~ division
 8830 authorizes under Subsection (2);
- 8831 (c) without the written consent of the United States Olympic Committee, may not
 8832 contain the words:
- 8833 (i) "Olympic";
 8834 (ii) "Olympiad"; or
 8835 (iii) "Citius Altius Fortius"; and
- 8836 (d) ~~[an assumed name]~~ authorized for use in this state on or after May 1, 2000, may not
 8837 contain the ~~[words]~~ terms:
- 8838 (i) unless the person that owns the D.B.A. is a corporation registered in this state:
 8839 ~~[(i)]~~ (A) "incorporated";
 8840 ~~[(ii)]~~ (B) "inc."; or
 8841 ~~[(iii)]~~ (C) a variation of "incorporated" or "inc."; or
 8842 (ii) unless the person that owns the D.B.A. is a limited liability company registered in
 8843 this state:
 8844 (A) "limited liability company";
 8845 (B) "LLC";
 8846 (C) "L.L.C."; or
 8847 (D) a variation of "limited liability company", "LLC", or "L.L.C."
- 8848 ~~[(2) Notwithstanding Subsection (1)(d), an assumed name may contain a word listed in~~
 8849 ~~Subsection (1)(d) if the Division of Corporations and Commercial Code authorizes the~~
 8850 ~~use of the name by a corporation as defined in:]~~
 8851 ~~[(a) Subsection 16-6a-102(27);]~~
 8852 ~~[(b) Subsection 16-6a-102(36);]~~
 8853 ~~[(c) Subsection 16-10a-102(11); or]~~
 8854 ~~[(d) Subsection 16-10a-102(20).]~~
- 8855 ~~[(3)]~~ (2) The ~~[Division of Corporations and Commercial Code]~~ division shall authorize [the]
 8856 an applicant's use of the D.B.A. name [applied for] if:
- 8857 (a) the name is distinguishable from one or more of the names and trademarks ~~[that are]~~
 8858 on the division's records; or
 8859 (b) the applicant delivers to the division a certified copy of the final judgment of a court [

8860 of competent] with jurisdiction establishing the applicant's right to use the D.B.A.
8861 name [applied for] in this state.

8862 [(4)] (3) [The assumed] Before the day on which the division records the name of a D.B.A.,
8863 the applicant shall translate into English or transliterate into letters of the English
8864 alphabet the D.B.A. name,~~[for purposes of recordation, shall be either translated into~~
8865 ~~English or transliterated into letters of the English alphabet]~~if the [assumed] D.B.A.
8866 name is not in English.

8867 [(5)] (4) The ~~[Division of Corporations and Commercial Code]~~ division may not approve an
8868 application for ~~[an-assumed]~~ a D.B.A. name to a person ~~[violating]~~ that violates this
8869 section.

8870 [(6)] (5) The director [of the Division of Corporations and Commercial Code shall have the
8871 power and authority reasonably necessary to-] shall:

8872 (a) interpret and efficiently administer this section; and

8873 (b) [to]perform the duties imposed on the division by this section.

8874 [(7)] (6) [A] The division may not approve for filing a D.B.A. name that implies by a word
8875 in the name that the business is an agency of the state or a political subdivision of the
8876 state, if the business is not [actually such a legally established agency, may not be
8877 approved for filing by the Division of Corporations and Commercial Code] an agency of
8878 the state or a political subdivision of the state.

8879 ~~[(8)]~~ (7) Section 16-10a-403 applies to this chapter.

8880 [(9)] (8)(a) The requirements of Subsection (1)(d) do not apply to a person [who] that
8881 filed a certificate of assumed and of true name with the [~~Division of Corporations and~~
8882 ~~Commercial Code~~] division on or before May 4, 1998, until December 31, 1998.

8883 (b) On or after January 1, 1999, a person ~~[who]~~ that carries on, conducts, or transacts
8884 business in this state under ~~[an assumed name]~~ a D.B.A. shall comply with the
8885 requirements of Subsection (1)(d).

8886 Section 291. Section **42-2-201** is enacted to read:

8887 **Part 2. Registration, Filings, and Penalties**

8888 **42-2-201 . Registration as a D.B.A.**

8889 (1) To register as a D.B.A., a person shall file a D.B.A. certificate that complies with
8890 Subsection (2) with the division no later than 30 days after the day on which the entity
8891 begins to carry out, conduct, or transact the entity's business.

8892 (2) A D.B.A. certificate shall:

8893 (a) state:

- 8894 (i) the name of the D.B.A. that complies with Section 42-2-105;
 8895 (ii) the principal address under which the D.B.A. does business or will carry out,
 8896 conduct, or transact business; and
 8897 (iii) the true name and street address of each person that owns the D.B.A.; and
 8898 (b) designate and maintain a registered agent in this state in accordance with Title 16,
 8899 Chapter 1a, Part 4, Registered Agent of an Entity; and
 8900 (c) be signed by:
 8901 (i) each owner of the D.B.A.; or
 8902 (ii) an authorized representative for an owner of the D.B.A.
 8903 (3) To register a general partnership as a D.B.A. if the general partnership is not registered
 8904 with the division, the general partnership's partners shall each register as a D.B.A. in
 8905 accordance with Subsection (1).
 8906 (4) A person filing a D.B.A. certificate in accordance with Subsection (1) shall include in a
 8907 conspicuous place on the face of the D.B.A. certificate a notice that states: NOTICE -
 8908 THE FILING OF THIS APPLICATION AND THIS APPLICATION'S APPROVAL
 8909 BY THE DIVISION OF CORPORATIONS AND COMMERCIAL CODE DOES NOT
 8910 AUTHORIZE THE USE IN THE STATE OF UTAH OF AN ASSUMED NAME IN
 8911 VIOLATION OF THE RIGHTS OF ANOTHER FEDERAL STATUTE, STATE
 8912 STATUTE, OR COMMON LAW. (SEE UTAH CODE ANN. 42-2-201).
 8913 (5) A registration statement filed in accordance with Subsection (1) is considered effective
 8914 on the day on which the division:
 8915 (a) receives and approves, as to form, the registration statement; and
 8916 (b) marks on the face of the registration statement a stamp or seal that indicates:
 8917 (i) the time and date of approval;
 8918 (ii) the name of the division; and
 8919 (iii)(A) the director's signature and division seal; or
 8920 (B) a facsimile of the director's signature and division seal.
 8921 Section 292. Section **42-2-202** is enacted to read:
 8922 **42-2-202 . Amending a D.B.A. certificate.**
 8923 (1) A D.B.A. may amend a D.B.A. certificate only while the D.B.A. is actively registered
 8924 with the division as a D.B.A.
 8925 (2) A D.B.A. may not amend an expired or canceled D.B.A. certificate.
 8926 (3) A D.B.A. may amend any information contained in the D.B.A. certificate.
 8927 (4) To amend a D.B.A. certificate, a D.B.A. shall file with the division an amendment that

- 8928 states:
- 8929 (a) the D.B.A. name; and
- 8930 (b) the requested changes to the D.B.A. certificate.
- 8931 (5) The person or authorized representative of the D.B.A. shall sign the amendment
- 8932 described in Subsection (4).

8933 Section 293. Section **42-2-203** is enacted to read:

8934 **42-2-203 . Transfer of ownership of a D.B.A.**

- 8935 (1) A D.B.A. may transfer ownership only while the D.B.A. is actively registered with the
- 8936 division as a D.B.A.
- 8937 (2) To transfer ownership of a D.B.A., the D.B.A. shall file a letter of transfer with the
- 8938 division that states:
- 8939 (a) the D.B.A. name;
- 8940 (b) the true name and address of each current owner of the D.B.A.;
- 8941 (c) the true name and address of each new owner of the D.B.A.; and
- 8942 (d) the principal address of the D.B.A.'s place of business.
- 8943 (3) Except as otherwise provided in Section 16-1a-302, each current owner and each new
- 8944 owner shall sign the letter of transfer described in Subsection (2).

8945 Section 294. Section **42-2-204** is enacted to read:

8946 **42-2-204 . Expiration, renewal, and cancellation of registration.**

- 8947 (1)(a) A D.B.A registration is effective for three years after the day on which a person
- 8948 registers as a D.B.A.
- 8949 (b) A D.B.A. may renew a D.B.A. registration beginning 60 days before the day on
- 8950 which the period described in Subsection (1)(a) expires.
- 8951 (c) If a D.B.A. does not renew a D.B.A. registration before the end of the period
- 8952 described in Subsection (1)(a), the division shall send notice to the D.B.A.'s
- 8953 registered agent that the registration is expired.
- 8954 (d) If the D.B.A. does not renew the D.B.A. registration within 30 days after the day on
- 8955 which the division sends the notice described in Subsection (1)(c):
- 8956 (i) the D.B.A. registration is permanently expired; and
- 8957 (ii) a person may immediately claim the D.B.A.'s name.
- 8958 (2) A D.B.A. may renew a D.B.A. registration by filing a statement of renewal that an
- 8959 authorized representative of the D.B.A. signs.
- 8960 (3)(a) A D.B.A. may update information contained in the D.B.A. certificate when
- 8961 renewing a D.B.A. registration.

8962 (b) An update to a D.B.A. registration that a D.B.A. makes during renewal is considered
8963 an amendment.

8964 (c) A D.B.A. shall comply with the requirements of Section 42-2-202 when making an
8965 update in accordance with this Subsection (3).

8966 (4) To cancel an active D.B.A. registration, the D.B.A. shall file a letter of cancellation with
8967 the division that:

8968 (a) states:

8969 (i) the D.B.A. name;

8970 (ii) the effective date of the cancellation;

8971 (iii) the mailing address for service of process after the cancellation; and

8972 (b) an authorized representative of the D.B.A. signs.

8973 Section 295. Section **42-2-205** is enacted to read:

8974 **42-2-205 . Penalties.**

8975 (1) A person that carries on, conducts, or transacts business as a D.B.A. without complying
8976 with the provisions of this chapter may not bring an action in a court of this state as a
8977 D.B.A. until the person complies with the provisions of this chapter.

8978 (2) The director may impose a late filing fee that the director determines in an amount not
8979 to exceed three times the fee described in Section 42-2-103 in accordance with Section
8980 63J-1-504.

8981 Section 296. **Repealer.**

8982 This bill repeals:

8983 Section **16-6a-105, Filing requirements.**

8984 Section **16-6a-106, Forms.**

8985 Section **16-6a-108, Effective time and date of filed documents.**

8986 Section **16-6a-109, Correcting filed documents.**

8987 Section **16-6a-110, Filing duty of division.**

8988 Section **16-6a-401, Corporate name.**

8989 Section **16-6a-402, Reserved name.**

8990 Section **16-6a-1101, Merger.**

8991 Section **16-6a-1102, Action on plan of merger.**

8992 Section **16-6a-1103, Articles of merger.**

8993 Section **16-6a-1104, Effect of merger.**

8994 Section **16-6a-1105, Merger with foreign nonprofit corporation.**

8995 Section **16-6a-1410, Grounds for administrative dissolution.**

- 8996 Section **16-6a-1411, Procedure for and effect of administrative dissolution.**
- 8997 Section **16-6a-1412, Reinstatement following administrative dissolution -- Reinstatement**
- 8998 **after voluntary dissolution.**
- 8999 Section **16-6a-1413, Appeal from denial of reinstatement.**
- 9000 Section **16-6a-1501, Authority to conduct affairs required.**
- 9001 Section **16-6a-1502, Consequences of conducting affairs without authority.**
- 9002 Section **16-6a-1503, Application for authority to conduct affairs.**
- 9003 Section **16-6a-1504, Amended application for authority to conduct affairs.**
- 9004 Section **16-6a-1505, Effect of filing an application for authority to conduct affairs.**
- 9005 Section **16-6a-1506, Corporate name and assumed corporate name of foreign nonprofit**
- 9006 **corporation.**
- 9007 Section **16-6a-1507, Registered name of foreign nonprofit corporation.**
- 9008 Section **16-6a-1510, Resignation of registered agent of foreign nonprofit corporation.**
- 9009 Section **16-6a-1511, Service on foreign nonprofit corporation.**
- 9010 Section **16-6a-1512, Merger of foreign nonprofit corporations authorized to conduct**
- 9011 **affairs in this state.**
- 9012 Section **16-6a-1513, Withdrawal of foreign nonprofit corporation.**
- 9013 Section **16-6a-1514, Service on withdrawn foreign nonprofit corporation.**
- 9014 Section **16-6a-1515, Grounds for revocation.**
- 9015 Section **16-6a-1516, Procedure for and effect of revocation.**
- 9016 Section **16-6a-1517, Appeal from revocation.**
- 9017 Section **16-6a-1518, Domestication of foreign nonprofit corporations.**
- 9018 Section **16-6a-1607, Annual report for division.**
- 9019 Section **16-7-13, Merger and consolidation.**
- 9020 Section **16-10a-120, Filing requirements.**
- 9021 Section **16-10a-121, Forms.**
- 9022 Section **16-10a-123, Effective time and date of filed documents.**
- 9023 Section **16-10a-124, Correcting filed documents.**
- 9024 Section **16-10a-125, Filing duty of division.**
- 9025 Section **16-10a-126, Petition for review of division's refusal to file document.**
- 9026 Section **16-10a-401, Corporate name.**
- 9027 Section **16-10a-402, Reserved name.**
- 9028 Section **16-10a-1101, Merger.**
- 9029 Section **16-10a-1102, Share exchange.**

9030 Section **16-10a-1106, Effect of merger or share exchange.**
9031 Section **16-10a-1107, Merger or share exchange with foreign corporations.**
9032 Section **16-10a-1420, Grounds for administrative dissolution.**
9033 Section **16-10a-1421, Procedure for and effect of administrative dissolution.**
9034 Section **16-10a-1422, Reinstatement following dissolution.**
9035 Section **16-10a-1423, Appeal from denial of reinstatement.**
9036 Section **16-10a-1501, Authority to transact business required.**
9037 Section **16-10a-1502, Consequences of transacting business without authority.**
9038 Section **16-10a-1503, Application for authority to transact business.**
9039 Section **16-10a-1504, Amended application for authority to transact business.**
9040 Section **16-10a-1505, Effect of filing an application for authority to transact business.**
9041 Section **16-10a-1506, Corporate name and assumed corporate name of foreign**
9042 **corporation.**
9043 Section **16-10a-1507, Registered name of foreign corporation.**
9044 Section **16-10a-1510, Resignation of registered agent of foreign corporation.**
9045 Section **16-10a-1511, Service on foreign corporation.**
9046 Section **16-10a-1520, Withdrawal of foreign corporation.**
9047 Section **16-10a-1521, Service on withdrawn foreign corporation.**
9048 Section **16-10a-1530, Grounds for revocation.**
9049 Section **16-10a-1531, Procedure for and effect of revocation.**
9050 Section **16-10a-1532, Appeal from revocation.**
9051 Section **16-10a-1533, Domestication of foreign corporations.**
9052 Section **16-10a-1607, Annual report for division.**
9053 Section **16-11-16, Corporate name.**
9054 Section **16-15-103, Name.**
9055 Section **16-15-105, Filing of certificate -- Fees.**
9056 Section **16-15-109, Registered agent.**
9057 Section **16-16-111, Name.**
9058 Section **16-16-112, Reservation of name.**
9059 Section **16-16-201, Signing of records delivered for filing to division.**
9060 Section **16-16-203, Delivery to and filing of records by division -- Effective time and**
9061 **date.**
9062 Section **16-16-207, Annual report for division.**
9063 Section **16-16-208, Filing fees.**

9064 Section **16-16-1212, Reinstatement following administrative dissolution.**
9065 Section **16-16-1601, Definitions.**
9066 Section **16-16-1602, Conversion.**
9067 Section **16-16-1603, Action on plan of conversion by converting limited cooperative**
9068 **association.**
9069 Section **16-16-1604, Filings required for conversion -- Effective date.**
9070 Section **16-16-1605, Effect of conversion.**
9071 Section **16-16-1606, Merger.**
9072 Section **16-16-1607, Notice and action on plan of merger by constituent limited**
9073 **cooperative association.**
9074 Section **16-16-1608, Approval or abandonment of merger by members.**
9075 Section **16-16-1609, Filings required for merger -- Effective date.**
9076 Section **16-16-1610, Effect of merger.**
9077 Section **16-16-1611, Consolidation.**
9078 Section **16-16-1612, Part not exclusive.**
9079 Section **16-17-101, Title.**
9080 Section **16-17-102, Definitions.**
9081 Section **16-17-201, Fees.**
9082 Section **16-17-202, Addresses in filings.**
9083 Section **16-17-203, Appointment of registered agent.**
9084 Section **16-17-204, Listing of commercial registered agent.**
9085 Section **16-17-205, Termination of listing of commercial registered agent.**
9086 Section **16-17-206, Change of registered agent by entity.**
9087 Section **16-17-207, Change of name or address by noncommercial registered agent.**
9088 Section **16-17-208, Change of name, address, or type of organization by commercial**
9089 **registered agent.**
9090 Section **16-17-209, Resignation of registered agent.**
9091 Section **16-17-210, Appointment of agent by nonfiling or nonqualified foreign entity.**
9092 Section **16-17-301, Service of process on entities.**
9093 Section **16-17-302, Duties of registered agent.**
9094 Section **16-17-401, Jurisdiction and venue.**
9095 Section **16-17-402, Consistency of application.**
9096 Section **16-17-403, Relation to Electronic Signatures in Global and National Commerce**
9097 **Act.**

9098 Section **16-17-404, Savings clause.**

9099 Section **42-2-5, Certificate of assumed and of true name -- Contents -- Execution --**

9100 **Filing -- Notice.**

9101 Section **42-2-6, Change in persons transacting business under assumed name.**

9102 Section **42-2-8, Expiration of filing -- Notice -- Removal from active index.**

9103 Section **42-2-10, Penalties.**

9104 Section **48-1c-101, Title.**

9105 Section **48-1d-101, Title.**

9106 Section **48-1d-109, Delivery of record.**

9107 Section **48-1d-110, Signing of records to be delivered for filing to division.**

9108 Section **48-1d-111, Signing and filing pursuant to judicial order.**

9109 Section **48-1d-112, Filing requirements.**

9110 Section **48-1d-113, Effective time and date.**

9111 Section **48-1d-114, Withdrawal of filed record before effectiveness.**

9112 Section **48-1d-115, Correcting filed record.**

9113 Section **48-1d-116, Duty of division to file -- Review of refusal to file -- Transmission of**

9114 **information by division.**

9115 Section **48-1d-117, Liability for inaccurate information in filed record.**

9116 Section **48-1d-1001, Definitions.**

9117 Section **48-1d-1002, Relationship of part to other laws.**

9118 Section **48-1d-1003, Required notice or approval.**

9119 Section **48-1d-1004, Status of filings.**

9120 Section **48-1d-1005, Nonexclusivity.**

9121 Section **48-1d-1006, Reference to external facts.**

9122 Section **48-1d-1007, Alternative means of approval of transactions.**

9123 Section **48-1d-1008, Appraisal rights.**

9124 Section **48-1d-1021, Merger authorized.**

9125 Section **48-1d-1022, Plan of merger.**

9126 Section **48-1d-1023, Approval of merger.**

9127 Section **48-1d-1024, Amendment or abandonment of plan of merger.**

9128 Section **48-1d-1025, Statement of merger.**

9129 Section **48-1d-1026, Effect of merger.**

9130 Section **48-1d-1031, Interest exchange authorized.**

9131 Section **48-1d-1032, Plan of interest exchange.**

- 9132 Section **48-1d-1033, Approval of interest exchange.**
- 9133 Section **48-1d-1034, Amendment or abandonment of plan of interest exchange.**
- 9134 Section **48-1d-1035, Statement of interest exchange.**
- 9135 Section **48-1d-1036, Effect of interest exchange.**
- 9136 Section **48-1d-1041, Conversion authorized.**
- 9137 Section **48-1d-1042, Plan of conversion.**
- 9138 Section **48-1d-1043, Approval of conversion.**
- 9139 Section **48-1d-1044, Amendment or abandonment of plan of conversion.**
- 9140 Section **48-1d-1045, Statement of conversion.**
- 9141 Section **48-1d-1046, Effect of conversion.**
- 9142 Section **48-1d-1051, Domestication authorized.**
- 9143 Section **48-1d-1052, Plan of domestication.**
- 9144 Section **48-1d-1053, Approval of domestication.**
- 9145 Section **48-1d-1054, Amendment or abandonment of plan of domestication.**
- 9146 Section **48-1d-1055, Statement of domestication.**
- 9147 Section **48-1d-1056, Effect of domestication.**
- 9148 Section **48-1d-1103, Reinstatement.**
- 9149 Section **48-1d-1104, Judicial review of denial of reinstatement.**
- 9150 Section **48-1d-1105, Permitted names.**
- 9151 Section **48-1d-1106, Reservation of name.**
- 9152 Section **48-1d-1107, Registration of name.**
- 9153 Section **48-1d-1108, Registered agent.**
- 9154 Section **48-1d-1109, Annual report for division.**
- 9155 Section **48-1d-1201, Governing law.**
- 9156 Section **48-1d-1202, Registration to do business in this state.**
- 9157 Section **48-1d-1203, Foreign registration statement.**
- 9158 Section **48-1d-1204, Amendment of foreign registration statement.**
- 9159 Section **48-1d-1205, Activities not constituting doing business.**
- 9160 Section **48-1d-1206, Noncomplying name of foreign limited liability partnership.**
- 9161 Section **48-1d-1207, Withdrawal deemed on conversion to domestic filing entity or**
- 9162 **domestic limited liability partnership.**
- 9163 Section **48-1d-1208, Withdrawal on dissolution or conversion to nonfiling entity other**
- 9164 **than limited liability partnership.**
- 9165 Section **48-1d-1209, Transfer of registration.**

9166 Section **48-1d-1210, Termination of registration.**
9167 Section **48-1d-1303, Name limitations.**
9168 Section **48-2e-108, Permitted names.**
9169 Section **48-2e-109, Reservation of name.**
9170 Section **48-2e-110, Registration of name.**
9171 Section **48-2e-111, Registered agent.**
9172 Section **48-2e-203, Signing of records to be delivered for filing to division.**
9173 Section **48-2e-204, Signing and filing pursuant to judicial order.**
9174 Section **48-2e-205, Filing requirements.**
9175 Section **48-2e-206, Effective time and date.**
9176 Section **48-2e-207, Withdrawal of filed record before effectiveness.**
9177 Section **48-2e-208, Correcting filed record.**
9178 Section **48-2e-209, Duty of division to file -- Review of refusal to file -- Transmission of**
9179 **information by the division.**
9180 Section **48-2e-210, Liability for inaccurate information in filed record.**
9181 Section **48-2e-211, Certificate of existence or registration.**
9182 Section **48-2e-212, Annual report for division.**
9183 Section **48-2e-811, Reinstatement.**
9184 Section **48-2e-812, Judicial review of denial of reinstatement.**
9185 Section **48-2e-901, Governing law.**
9186 Section **48-2e-902, Registration to do business in this state.**
9187 Section **48-2e-903, Foreign registration statement.**
9188 Section **48-2e-904, Amendment of foreign registration.**
9189 Section **48-2e-905, Activities not constituting doing business.**
9190 Section **48-2e-906, Noncomplying name of foreign limited partnership.**
9191 Section **48-2e-907, Withdrawal deemed on conversion to domestic filing entity or**
9192 **domestic limited liability partnership.**
9193 Section **48-2e-908, Withdrawal on dissolution or conversion to nonfiling entity other**
9194 **than limited liability partnership.**
9195 Section **48-2e-909, Transfer of registration.**
9196 Section **48-2e-910, Termination of registration.**
9197 Section **48-2e-1101, Definitions.**
9198 Section **48-2e-1102, Relationship of part to other laws.**
9199 Section **48-2e-1103, Required notice or approval.**

9200 Section **48-2e-1104, Status of filings.**
9201 Section **48-2e-1105, Nonexclusivity.**
9202 Section **48-2e-1106, Reference to external facts.**
9203 Section **48-2e-1107, Alternative means of approval of transactions.**
9204 Section **48-2e-1108, Appraisal rights.**
9205 Section **48-2e-1121, Merger authorized.**
9206 Section **48-2e-1122, Plan of merger.**
9207 Section **48-2e-1123, Approval of merger.**
9208 Section **48-2e-1124, Amendment or abandonment of plan of merger.**
9209 Section **48-2e-1125, Statement of merger.**
9210 Section **48-2e-1126, Effect of merger.**
9211 Section **48-2e-1131, Interest exchange authorized.**
9212 Section **48-2e-1132, Plan of interest exchange.**
9213 Section **48-2e-1133, Approval of interest exchange.**
9214 Section **48-2e-1134, Amendment or abandonment of plan of interest exchange.**
9215 Section **48-2e-1135, Statement of interest exchange.**
9216 Section **48-2e-1136, Effect of interest exchange.**
9217 Section **48-2e-1141, Conversion authorized.**
9218 Section **48-2e-1142, Plan of conversion.**
9219 Section **48-2e-1143, Approval of conversion.**
9220 Section **48-2e-1144, Amendment or abandonment of plan of conversion.**
9221 Section **48-2e-1145, Statement of conversion.**
9222 Section **48-2e-1146, Effect of conversion.**
9223 Section **48-2e-1151, Domestication authorized.**
9224 Section **48-2e-1152, Plan of domestication.**
9225 Section **48-2e-1153, Approval of domestication.**
9226 Section **48-2e-1154, Amendment or abandonment of plan of domestication.**
9227 Section **48-2e-1155, Statement of domestication.**
9228 Section **48-2e-1156, Effect of domestication.**
9229 Section **48-3a-108, Permitted names.**
9230 Section **48-3a-109, Reservation of name.**
9231 Section **48-3a-110, Registration of name.**
9232 Section **48-3a-111, Registered agent.**
9233 Section **48-3a-203, Signing of records to be delivered for filing to division.**

- 9234 Section **48-3a-204, Signing and filing pursuant to judicial order.**
- 9235 Section **48-3a-205, Filing requirements.**
- 9236 Section **48-3a-206, Effective time and date.**
- 9237 Section **48-3a-207, Withdrawal of filed record before effectiveness.**
- 9238 Section **48-3a-208, Correcting filed record.**
- 9239 Section **48-3a-209, Duty of division to file -- Review of refusal to file -- Transmission of**
- 9240 **information by division.**
- 9241 Section **48-3a-210, Liability for inaccurate information in filed record.**
- 9242 Section **48-3a-211, Certificate of existence or registration.**
- 9243 Section **48-3a-212, Annual report for division.**
- 9244 Section **48-3a-708, Administrative dissolution.**
- 9245 Section **48-3a-709, Reinstatement.**
- 9246 Section **48-3a-710, Judicial review of denial of reinstatement.**
- 9247 Section **48-3a-901, Governing law.**
- 9248 Section **48-3a-902, Registration to do business in this state.**
- 9249 Section **48-3a-903, Foreign registration statement.**
- 9250 Section **48-3a-904, Amendment of foreign registration statement.**
- 9251 Section **48-3a-905, Activities not constituting doing business.**
- 9252 Section **48-3a-906, Noncomplying name of foreign limited liability company.**
- 9253 Section **48-3a-907, Withdrawal deemed on conversion to domestic filing entity or**
- 9254 **domestic limited liability partnership.**
- 9255 Section **48-3a-908, Withdrawal on dissolution or conversion to nonfiling entity other**
- 9256 **than limited liability partnership.**
- 9257 Section **48-3a-909, Transfer of registration.**
- 9258 Section **48-3a-910, Termination of registration.**
- 9259 Section **48-3a-911, Withdrawal of registration of registered foreign limited liability**
- 9260 **company.**
- 9261 Section **48-3a-912, Action by attorney general.**
- 9262 Section **48-3a-1001, Definitions.**
- 9263 Section **48-3a-1002, Relationship of part to other laws.**
- 9264 Section **48-3a-1003, Required notice or approval.**
- 9265 Section **48-3a-1004, Status of filings.**
- 9266 Section **48-3a-1005, Nonexclusivity.**
- 9267 Section **48-3a-1006, References to external facts.**

9268 Section **48-3a-1007, Alternative means of approval of transactions.**
9269 Section **48-3a-1008, Appraisal rights.**
9270 Section **48-3a-1021, Merger authorized.**
9271 Section **48-3a-1022, Plan of merger.**
9272 Section **48-3a-1023, Approval of merger.**
9273 Section **48-3a-1024, Amendment or abandonment of plan of merger.**
9274 Section **48-3a-1025, Statement of merger.**
9275 Section **48-3a-1026, Effect of merger.**
9276 Section **48-3a-1031, Interest exchange authorized.**
9277 Section **48-3a-1032, Plan of interest exchange.**
9278 Section **48-3a-1033, Approval of interest exchange.**
9279 Section **48-3a-1034, Amendment or abandonment of plan of interest exchange.**
9280 Section **48-3a-1035, Statement of interest exchange.**
9281 Section **48-3a-1036, Effect of interest exchange.**
9282 Section **48-3a-1041, Conversion authorized.**
9283 Section **48-3a-1042, Plan of conversion.**
9284 Section **48-3a-1043, Approval of conversion.**
9285 Section **48-3a-1044, Amendment or abandonment of plan of conversion.**
9286 Section **48-3a-1045, Statement of conversion.**
9287 Section **48-3a-1046, Effect of conversion.**
9288 Section **48-3a-1051, Domestication authorized.**
9289 Section **48-3a-1052, Plan of domestication.**
9290 Section **48-3a-1053, Approval of domestication.**
9291 Section **48-3a-1054, Amendment or abandonment of plan of domestication.**
9292 Section **48-3a-1055, Statement of domestication.**
9293 Section **48-3a-1056, Effect of domestication.**
9294 Section **48-4-105, Benefit company name.**
9295 Section **48-5-105, Permitted names.**
9296 Section **48-5-107, Fees.**
9297 Section **48-5-108, Certificates issued by the division.**
9298 Section **48-5-204, Annual report to the division.**
9299 Section **297. Effective Date.**
9300 This bill takes effect on October 1, 2026.