

**Business Entity Technical Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Evan J. Vickers**

House Sponsor: David Shallenberger

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**LONG TITLE****Committee Note:**

The Business and Labor Interim Committee recommended this bill.

Legislative Vote: 15 voting for 0 voting against 5 absent

**General Description:**

This bill amends provisions relating to business entities.

**Highlighted Provisions:**

This bill:

- renumbers Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act, to Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act;
- renumbers Title 48, Chapter 4, Benefit Limited Liability Company Act, to Title 16, Chapter 21, Benefit Limited Liability Company Act;
- renumbers Title 48, Chapter 5, Decentralized Autonomous Organization Act, to Title 16, Chapter 22, Decentralized Autonomous Organization Act;
- updates cross references for provisions enacted by this bill and Business Entity Amendments; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**3-1-44**, as last amended by Laws of Utah 2008, Chapter 364**7-1-810**, as last amended by Laws of Utah 2018, Chapter 281**7-3-10**, as last amended by Laws of Utah 2018, Chapter 281**7-8-3**, as last amended by Laws of Utah 2018, Chapter 281**7-23-201**, as last amended by Laws of Utah 2020, Chapter 121

31       **13-1-2**, as last amended by Laws of Utah 2023, Chapter 26  
32       **13-11-6**, as last amended by Laws of Utah 2025, Chapter 442  
33       **16-6a-102**, as last amended by Laws of Utah 2025, First Special Session, Chapter 9  
34       **16-6a-118**, as last amended by Laws of Utah 2006, Chapter 21  
35       **16-6a-202**, as last amended by Laws of Utah 2010, Chapter 43  
36       **16-6a-203**, as last amended by Laws of Utah 2024, Chapter 102  
37       **16-6a-402**, as enacted by Laws of Utah 2000, Chapter 300  
38       **16-6a-704**, as last amended by Laws of Utah 2009, Chapter 388  
39       **16-6a-1002**, as last amended by Laws of Utah 2015, Chapter 240  
40       **16-6a-1006**, as last amended by Laws of Utah 2015, Chapter 240  
41       **16-6a-1008.7**, as last amended by Laws of Utah 2020, Chapter 354  
42       **16-6a-1404**, as enacted by Laws of Utah 2000, Chapter 300  
43       **16-6a-1412**, as last amended by Laws of Utah 2024, Chapter 232  
44       **16-6a-1503**, as last amended by Laws of Utah 2024, Chapter 102  
45       **16-6a-1504**, as last amended by Laws of Utah 2008, Chapter 364  
46       **16-6a-1506**, as last amended by Laws of Utah 2002, Chapter 197  
47       **16-6a-1507**, as last amended by Laws of Utah 2002, Chapter 197  
48       **16-6a-1518**, as enacted by Laws of Utah 2000, Chapter 300  
49       **16-6a-1607**, as last amended by Laws of Utah 2008, Chapter 364  
50       **16-7-15**, as last amended by Laws of Utah 2008, Chapter 364  
51       **16-10a-102**, as last amended by Laws of Utah 2008, Chapter 249  
52       **16-10a-202**, as last amended by Laws of Utah 2010, Chapters 43, 378  
53       **16-10a-203**, as enacted by Laws of Utah 1992, Chapter 277  
54       **16-10a-1002**, as last amended by Laws of Utah 2008, Chapter 364  
55       **16-10a-1007**, as last amended by Laws of Utah 2010, Chapter 378  
56       **16-10a-1008.7**, as last amended by Laws of Utah 2021, Chapter 64  
57       **16-10a-1104**, as last amended by Laws of Utah 1993, Chapter 184  
58       **16-10a-1302**, as last amended by Laws of Utah 2025, Chapter 302  
59       **16-10a-1404**, as last amended by Laws of Utah 2010, Chapter 378  
60       **16-10a-1421**, as last amended by Laws of Utah 2009, Chapter 386  
61       **16-10a-1422**, as last amended by Laws of Utah 2024, Chapter 232  
62       **16-10a-1503**, as last amended by Laws of Utah 2010, Chapter 43  
63       **16-10a-1504**, as last amended by Laws of Utah 2008, Chapter 364  
64       **16-10a-1506**, as last amended by Laws of Utah 2010, Chapter 378

65       **16-10a-1507**, as last amended by Laws of Utah 2010, Chapter 378  
66       **16-10a-1533**, as last amended by Laws of Utah 2010, Chapter 378  
67       **16-10a-1607**, as last amended by Laws of Utah 2010, Chapter 378  
68       **16-15-103**, as enacted by Laws of Utah 1995, Chapter 310  
69       **16-15-104**, as last amended by Laws of Utah 2008, Chapter 364  
70       **16-15-108**, as last amended by Laws of Utah 2009, Chapter 183  
71       **16-16-113**, as last amended by Laws of Utah 2014, Chapter 189  
72       **16-16-118**, as last amended by Laws of Utah 2010, Chapter 378  
73       **16-16-302**, as last amended by Laws of Utah 2010, Chapter 378  
74       **16-16-407**, as last amended by Laws of Utah 2010, Chapter 378  
75       **16-16-502**, as enacted by Laws of Utah 2008, Chapter 363  
76       **16-16-1101**, as enacted by Laws of Utah 2008, Chapter 363  
77       **16-16-1102**, as enacted by Laws of Utah 2008, Chapter 363  
78       **16-16-1212**, as last amended by Laws of Utah 2024, Chapter 232  
79       **16-16-1402**, as last amended by Laws of Utah 2018, Chapter 149  
80       **16-16-1405**, as last amended by Laws of Utah 2010, Chapter 378  
81       **16-16-1407**, as last amended by Laws of Utah 2010, Chapter 378  
82       **31A-5-201**, as last amended by Laws of Utah 1995, Chapter 344  
83       **31A-5-203**, as last amended by Laws of Utah 2008, Chapter 364  
84       **31A-5-401**, as last amended by Laws of Utah 2008, Chapter 364  
85       **31A-7-201**, as last amended by Laws of Utah 2004, Chapter 90  
86       **31A-8-202**, as last amended by Laws of Utah 2008, Chapter 364  
87       **31A-11-111**, as last amended by Laws of Utah 1992, Chapter 277  
88       **31A-14-204**, as last amended by Laws of Utah 2008, Chapter 364  
89       **31A-37-301**, as last amended by Laws of Utah 2025, Chapter 175  
90       **46-4-503**, as last amended by Laws of Utah 2021, Chapter 344  
91       **53-2a-1203**, as enacted by Laws of Utah 2014, Chapter 376  
92       **53-9-115**, as last amended by Laws of Utah 2025, Chapter 359  
93       **53C-1-201**, as last amended by Laws of Utah 2021, Chapter 344  
94       **57-8-55**, as enacted by Laws of Utah 2013, Chapter 152  
95       **57-8a-601**, as enacted by Laws of Utah 2013, Chapter 152  
96       **58-28-606**, as last amended by Laws of Utah 2020, Chapter 354  
97       **58-55-102**, as last amended by Laws of Utah 2025, Chapters 176, 268  
98       **58-63-102**, as last amended by Laws of Utah 2023, Chapter 223

99       **61-2c-201**, as last amended by Laws of Utah 2019, Chapter 337

100       **61-2f-401**, as last amended by Laws of Utah 2025, Chapter 263

101       **61-2g-103**, as last amended by Laws of Utah 2018, Chapter 281

102       **75B-2-1011**, as renumbered and amended by Laws of Utah 2025, Chapter 310

103       **76-5c-304**, as renumbered and amended by Laws of Utah 2025, Chapter 173

104       **78A-5a-101**, as last amended by Laws of Utah 2024, Chapter 158

105       **78B-3-204**, as last amended by Laws of Utah 2010, Chapter 43

106       **78B-6-2601**, as enacted by Laws of Utah 2024, Chapter 166

107       RENUMBERS AND AMENDS:

108       **16-20-1001**, (Renumbered from 48-3a-1101, as last amended by Laws of Utah 2019,  
109       Chapter 349)

110       **16-20-1002**, (Renumbered from 48-3a-1102, as enacted by Laws of Utah 2013,  
111       Chapter 412)

112       **16-20-1003**, (Renumbered from 48-3a-1103, as enacted by Laws of Utah 2013,  
113       Chapter 412)

114       **16-20-1004**, (Renumbered from 48-3a-1104, as enacted by Laws of Utah 2013,  
115       Chapter 412)

116       **16-20-1005**, (Renumbered from 48-3a-1105, as enacted by Laws of Utah 2013,  
117       Chapter 412)

118       **16-20-1006**, (Renumbered from 48-3a-1106, as enacted by Laws of Utah 2013,  
119       Chapter 412)

120       **16-20-1007**, (Renumbered from 48-3a-1107, as enacted by Laws of Utah 2013,  
121       Chapter 412)

122       **16-20-1008**, (Renumbered from 48-3a-1108, as enacted by Laws of Utah 2013,  
123       Chapter 412)

124       **16-20-1009**, (Renumbered from 48-3a-1109, as enacted by Laws of Utah 2013,  
125       Chapter 412)

126       **16-20-1010**, (Renumbered from 48-3a-1110, as enacted by Laws of Utah 2013,  
127       Chapter 412)

128       **16-20-1011**, (Renumbered from 48-3a-1111, as last amended by Laws of Utah 2023,  
129       Chapter 401)

130       **16-20-1012**, (Renumbered from 48-3a-1112, as enacted by Laws of Utah 2013,  
131       Chapter 412)

132       **16-20-1101**, (Renumbered from 48-3a-1201, as enacted by Laws of Utah 2013,

133 Chapter 412)  
134 **16-20-1102**, (Renumbered from 48-3a-1202, as last amended by Laws of Utah 2015,  
135 Chapter 227)  
136 **16-20-1103**, (Renumbered from 48-3a-1203, as enacted by Laws of Utah 2013,  
137 Chapter 412)  
138 **16-20-1104**, (Renumbered from 48-3a-1204, as enacted by Laws of Utah 2013,  
139 Chapter 412)  
140 **16-20-1105**, (Renumbered from 48-3a-1205, as enacted by Laws of Utah 2013,  
141 Chapter 412)  
142 **16-20-1106**, (Renumbered from 48-3a-1206, as enacted by Laws of Utah 2013,  
143 Chapter 412)  
144 **16-20-1107**, (Renumbered from 48-3a-1207, as enacted by Laws of Utah 2013,  
145 Chapter 412)  
146 **16-20-1108**, (Renumbered from 48-3a-1208, as enacted by Laws of Utah 2013,  
147 Chapter 412)  
148 **16-20-1109**, (Renumbered from 48-3a-1209, as enacted by Laws of Utah 2013,  
149 Chapter 412)  
150 **16-20-1201**, (Renumbered from 48-3a-1301, as enacted by Laws of Utah 2013,  
151 Chapter 412)  
152 **16-20-1202**, (Renumbered from 48-3a-1302, as enacted by Laws of Utah 2013,  
153 Chapter 412)  
154 **16-20-1203**, (Renumbered from 48-3a-1303, as enacted by Laws of Utah 2013,  
155 Chapter 412)  
156 **16-20-1204**, (Renumbered from 48-3a-1304, as enacted by Laws of Utah 2013,  
157 Chapter 412)  
158 **16-20-1301**, (Renumbered from 48-3a-1401, as enacted by Laws of Utah 2013,  
159 Chapter 412)  
160 **16-20-1302**, (Renumbered from 48-3a-1402, as enacted by Laws of Utah 2013,  
161 Chapter 412)  
162 **16-20-1303**, (Renumbered from 48-3a-1403, as enacted by Laws of Utah 2013,  
163 Chapter 412)  
164 **16-20-1304**, (Renumbered from 48-3a-1404, as enacted by Laws of Utah 2013,  
165 Chapter 412)  
166 **16-20-1305**, (Renumbered from 48-3a-1405, as last amended by Laws of Utah 2024,

167 Chapter 165)  
168 **16-21-101**, (Renumbered from 48-4-102, as last amended by Laws of Utah 2019,  
169 Chapter 136)  
170 **16-21-102**, (Renumbered from 48-4-103, as enacted by Laws of Utah 2018, Chapter  
171 201)  
172 **16-21-103**, (Renumbered from 48-4-104, as enacted by Laws of Utah 2018, Chapter  
173 201)  
174 **16-21-201**, (Renumbered from 48-4-201, as enacted by Laws of Utah 2018, Chapter  
175 201)  
176 **16-21-301**, (Renumbered from 48-4-301, as last amended by Laws of Utah 2019,  
177 Chapter 136)  
178 **16-21-302**, (Renumbered from 48-4-302, as enacted by Laws of Utah 2018, Chapter  
179 201)  
180 **16-21-303**, (Renumbered from 48-4-303, as enacted by Laws of Utah 2018, Chapter  
181 201)  
182 **16-21-401**, (Renumbered from 48-4-401, as enacted by Laws of Utah 2018, Chapter  
183 201)  
184 **16-21-402**, (Renumbered from 48-4-402, as enacted by Laws of Utah 2018, Chapter  
185 201)  
186 **16-22-101**, (Renumbered from 48-5-101, as enacted by Laws of Utah 2023, Chapter  
187 85)  
188 **16-22-102**, (Renumbered from 48-5-102, as enacted by Laws of Utah 2023, Chapter  
189 85)  
190 **16-22-103**, (Renumbered from 48-5-103, as last amended by Laws of Utah 2024,  
191 Chapter 161)  
192 **16-22-104**, (Renumbered from 48-5-104, as enacted by Laws of Utah 2023, Chapter  
193 85)  
194 **16-22-105**, (Renumbered from 48-5-106, as enacted by Laws of Utah 2023, Chapter  
195 85)  
196 **16-22-106**, (Renumbered from 48-5-107, as enacted by Laws of Utah 2023, Chapter  
197 85)  
198 **16-22-107**, (Renumbered from 48-5-108, as enacted by Laws of Utah 2023, Chapter  
199 85)  
200 **16-22-108**, (Renumbered from 48-5-109, as enacted by Laws of Utah 2023, Chapter

201 85)  
202 **16-22-201**, (Renumbered from 48-5-201, as last amended by Laws of Utah 2024,  
203 Chapter 161)  
204 **16-22-202**, (Renumbered from 48-5-202, as enacted by Laws of Utah 2023, Chapter  
205 85)  
206 **16-22-203**, (Renumbered from 48-5-203, as enacted by Laws of Utah 2023, Chapter  
207 85)  
208 **16-22-204**, (Renumbered from 48-5-204, as enacted by Laws of Utah 2023, Chapter  
209 85)  
210 **16-22-301**, (Renumbered from 48-5-301, as enacted by Laws of Utah 2023, Chapter  
211 85)  
212 **16-22-302**, (Renumbered from 48-5-302, as enacted by Laws of Utah 2023, Chapter  
213 85)  
214 **16-22-303**, (Renumbered from 48-5-303, as enacted by Laws of Utah 2023, Chapter  
215 85)  
216 **16-22-304**, (Renumbered from 48-5-304, as enacted by Laws of Utah 2023, Chapter  
217 85)  
218 **16-22-305**, (Renumbered from 48-5-305, as enacted by Laws of Utah 2023, Chapter  
219 85)  
220 **16-22-306**, (Renumbered from 48-5-306, as enacted by Laws of Utah 2023, Chapter  
221 85)  
222 **16-22-307**, (Renumbered from 48-5-307, as enacted by Laws of Utah 2023, Chapter  
223 85)  
224 **16-22-401**, (Renumbered from 48-5-401, as enacted by Laws of Utah 2023, Chapter  
225 85)  
226 **16-22-402**, (Renumbered from 48-5-402, as enacted by Laws of Utah 2023, Chapter  
227 85)  
228 **16-22-403**, (Renumbered from 48-5-403, as enacted by Laws of Utah 2023, Chapter  
229 85)  
230 **16-22-404**, (Renumbered from 48-5-404, as enacted by Laws of Utah 2023, Chapter  
231 85)  
232 **16-22-405**, (Renumbered from 48-5-405, as enacted by Laws of Utah 2023, Chapter  
233 85)  
234 **16-22-406**, (Renumbered from 48-5-406, as enacted by Laws of Utah 2023, Chapter

235 85)

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

238 Section 1. Section **3-1-44** is amended to read:

239 **3-1-44 . Registered office and agent.**

240 (1) An association shall continuously maintain a registered office in this state. The  
241 registered office may be the principal place of business of the association.

242 (2)(a) An association shall designate a registered agent.

243 (b) The registered agent may be a person residing in this state, a domestic corporation,  
244 or a foreign corporation authorized to transact business in this state.

245 (c) The registered agent's address shall be the same as that of the registered office.

246 (3)(a) An association shall file a statement with the Division of Corporations and  
247 Commercial Code designating or changing its registered office, its registered agent,  
248 or both.

249 (b) The statement in Subsection (3)(a) shall set forth:

250 (i) the name of the association;

251 (ii) the address of the association's registered office;

252 (iii) the name of the association's registered agent and the registered agent's address;  
253 and

254 (iv) a statement that the designation or change was authorized by a resolution of the  
255 board of directors.

256 (4)(a) A registered agent of an association may resign by filing with the division a  
257 signed written notice of resignation, including a statement that a signed copy of the  
258 notice has been given to the association at its principal place of business.

259 (b) The appointment of the agent terminates 30 days after notice is filed with the  
260 division.

261 (5) Service of process, notice, or any demand upon an association shall be made as  
262 provided in [~~Title 16, Chapter 17, Model Registered Agents Act~~] Title 16, Chapter 1a,  
263 Part 4, Registered Agent of an Entity.

264 Section 2. Section **7-1-810** is amended to read:

265 **7-1-810 . Limited liability companies.**

266 (1) Notwithstanding any other provision of this title and subject to Subsection (8), if the  
267 conditions of this section are met, the following may be organized as or convert to a  
268 limited liability company under [~~Title 48, Chapter 3a, Utah Revised Uniform Limited~~



~~Liability Company Act]~~ Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act:

- (a) an industrial bank chartered under Chapter 8, Industrial Banks;
- (b) an industrial loan company as defined in Section 7-8-21; or
- (c) any of the following if the institution is an S Corporation, as defined in Section 1361, Internal Revenue Code, immediately before becoming a limited liability company:
  - (i) a bank chartered under Chapter 3, Banks; or
  - (ii) a depository institution holding company.

(2)(a) Before an institution described in Subsection (1) may organize as or convert to a limited liability company, the institution shall obtain approval of the commissioner.

(b)(i) To obtain the approval under this section from the commissioner, the institution shall file a request for approval with the commissioner at least 30 days before the day on which the institution becomes a limited liability company.

(ii) If the commissioner does not disapprove the request for approval within 30 days from the day on which the commissioner receives the request, the request is considered approved.

(iii) When taking action on a request for approval filed under this section, the commissioner may:

(A) approve the request;

(B) approve the request subject to terms and conditions the commissioner considers necessary; or

(C) disapprove the request.

(3) To approve a request for approval, the commissioner shall find:

(a) for an institution described in Subsection (1) that is required to be insured by a federal deposit insurance agency, that the institution:

(i) will operate in a safe and sound manner;

(ii) has the following characteristics:

(A) the institution is not subject to automatic termination, dissolution, or suspension upon the happening of some event other than the passage of time;

(B) the exclusive authority to manage the institution is vested in a board of managers or directors that:

(I) is elected or appointed by the owners;

(II) is not required to have owners of the institution included on the board;

(III) possesses adequate independence and authority to supervise the operation

- 303 of the institution; and
- 304 (IV) operates with substantially the same rights, powers, privileges, duties, and
- 305 responsibilities as the board of directors of a corporation;
- 306 (C) neither state law, nor the institution's operating agreement, bylaws, or other
- 307 organizational documents provide that an owner of the institution is liable for
- 308 the debts, liabilities, and obligations of the institution in excess of the amount
- 309 of the owner's investment; and
- 310 (D)(I) neither state law, nor the institution's operating agreement, bylaws, or
- 311 other organizational documents require the consent of any other owner of
- 312 the institution in order for an owner to transfer an ownership interest in the
- 313 institution, including voting rights; and
- 314 (II) the institution is able to obtain new investment funding if needed to
- 315 maintain adequate capital; and
- 316 (iii) is able to comply with all legal and regulatory requirements for an insured
- 317 depository institution under applicable federal and state law; and
- 318 (b) for an institution described in Subsection (1) that is not required to be insured by a
- 319 federal deposit insurance agency, that the institution will operate in a safe and sound
- 320 manner.
- 321 (4) An institution described in Subsection (3)(a) that is organized as a limited liability
- 322 company shall maintain the characteristics listed in Subsection (3)(a)(ii) during such
- 323 time as it is authorized to conduct business under this title as a limited liability company.
- 324 (5)(a) All rights, privileges, powers, duties, and obligations of an institution described in
- 325 Subsection (1) that is organized as a limited liability company and its members and
- 326 managers shall be governed by [~~Title 48, Chapter 3a, Utah Revised Uniform Limited~~
- 327 ~~Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited
- 328 Liability Company Act, except:
- 329 (i) the following do not apply to an institution that is described in Subsection (3)(a):
- 330 (A) Section [~~48-3a-111~~] 16-1a-402;
- 331 (B) Section [~~48-3a-113~~] 16-20-108;
- 332 (C) Section [~~48-3a-201~~] 16-20-201;
- 333 (D) Section [~~48-3a-401~~] 16-20-401;
- 334 (E) Subsections [~~48-3a-407(1)~~] 16-20-407(1) and (3)(c);
- 335 (F) Section [~~48-3a-410~~] 16-20-410;
- 336 (G) Subsection [~~48-3a-502(1)(c)~~] 16-20-502(1)(c);

- 337 (H) [~~Title 48, Chapter 3a, Part 6, Dissociation~~] Title 16, Chapter 20, Part 6,  
338 Dissociation;
- 339 (I) Section [~~48-3a-701~~] 16-20-701; and
- 340 (J) [~~Title 48, Chapter 3a, Part 9, Foreign Limited Liability Companies~~] Title 16,  
341 Chapter 20, Part 9, Foreign Limited Liability Companies; and
- 342 (ii) as otherwise provided in this title.
- 343 (b) Notwithstanding Subsection (5)(a), for an institution that is described in Subsection  
344 (3)(a):
- 345 (i) for purposes of transferring a member's interests in the institution, a member's  
346 interest in the institution shall be treated like a share of stock in a corporation; and
- 347 (ii) if a member's interest in the institution is transferred voluntarily or involuntarily  
348 to another person, the person who receives the member's interest shall obtain the  
349 member's entire rights associated with the member's interest in the institution  
350 including:
- 351 (A) all economic rights; and
- 352 (B) all voting rights.
- 353 (c) An institution described in Subsection (3)(a) may not by agreement or otherwise  
354 change the application of Subsection (5)(a) to the institution.
- 355 (6) Unless the context requires otherwise, for the purpose of applying this title to an  
356 institution described in Subsection (1) that is organized as a limited liability company:
- 357 (a) a citation to Title 16, Chapter 10a, Utah Revised Business Corporation Act, includes  
358 the equivalent citation to [~~Title 48, Chapter 3a, Utah Revised Uniform Limited~~  
359 ~~Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited  
360 Liability Company Act;
- 361 (b) "articles of incorporation" includes a limited liability company's certificate of  
362 organization as that term is used in Section [~~48-3a-201~~] 16-20-201;
- 363 (c) "board of directors" includes one or more persons who have, with respect to an  
364 institution described in Subsection (1), authority substantially similar to that of a  
365 board of directors of a corporation;
- 366 (d) "bylaws" includes a limited liability company's operating agreement as that term is  
367 defined in Section [~~48-3a-201~~] 16-20-201;
- 368 (e) "corporation" includes a limited liability company organized under [~~Title 48, Chapter~~  
369 ~~3a, Utah Revised Uniform Limited Liability Company Act~~] Title 16, Chapter 20, Utah  
370 Revised Uniform Limited Liability Company Act;

- 371 (f) "director" includes any of the following of a limited liability company:
- 372 (i) a manager;
- 373 (ii) a director; or
- 374 (iii) other person who has with respect to the institution described in Subsection (1),
- 375 authority substantially similar to that of a director of a corporation;
- 376 (g) "dividend" includes distributions made by a limited liability company under [~~Title~~
- 377 ~~48, Chapter 3a, Part 4, Relations of Members to Each Other and to Limited Liability~~
- 378 ~~Company]~~ Title 16, Chapter 20, Part 4, Relations of Members to Each Other and to a
- 379 Limited Liability Company;
- 380 (h) "incorporator" includes an organizer of a limited liability company as provided in [~~Title~~
- 381 ~~48, Chapter 3a, Part 2, Formation -- Certificate of Organization and Other~~
- 382 ~~Filings]~~ Title 16, Chapter 20, Part 2, Formation -- Certificate of Organization and
- 383 Other Filings;
- 384 (i) "officer" includes any of the following of an institution described in Subsection (1):
- 385 (i) an officer; or
- 386 (ii) other person who has with respect to the institution described in Subsection (1)
- 387 authority substantially similar to that of an officer of a corporation;
- 388 (j) "security," "shares," or "stock" of a corporation includes:
- 389 (i) a membership interest in a limited liability company as provided in [~~Title 48,~~
- 390 ~~Chapter 3a, Part 4, Relations of Members to Each Other and to Limited Liability~~
- 391 ~~Company]~~ Title 16, Chapter 20, Part 4, Relations of Members to Each Other and to
- 392 a Limited Liability Company; and
- 393 (ii) a certificate or other evidence of an ownership interest in a limited liability
- 394 company; and
- 395 (k) "shareholder" or "stockholder" includes an owner of an interest in an institution
- 396 described in Subsection (1) including a member as provided in [~~Title 48, Chapter 3a,~~
- 397 ~~Part 4, Relations of Members to Each Other and to Limited Liability Company]~~ Title
- 398 16, Chapter 20, Part 4, Relations of Members to Each Other and to Limited Liability
- 399 Company.
- 400 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 401 commissioner shall make rules governing the form of a request for approval filed under
- 402 this section.
- 403 (8) A depository institution organized under the laws of this state may not be organized as
- 404 or converted to a series of transferable interests in a limited liability company as

provided in [~~Title 48, Chapter 3a, Part 12, Series Limited Liability Companies~~] Title 16, Chapter 20, Part 11, Series Limited Liability Companies.

Section 3. Section **7-3-10** is amended to read:

**7-3-10 . Organization -- Powers, rights, and privileges of banking corporation -- Other business activities.**

(1) A bank chartered under this chapter shall be:

- (a) a domestic corporation under Title 16, Chapter 10a, Utah Revised Business Corporation Act; or
- (b) subject to Section 7-1-810, including the requirement that the bank be an S Corporation immediately before becoming a limited liability company, a limited liability company created under [~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act.

(2) A bank has all the rights, privileges, and powers necessary or incidental to carrying on the business of banking in addition to the powers granted:

- (a) if the bank is a corporation, under Title 16, Chapter 10a, Utah Revised Business Corporation Act; or
- (b) subject to Section 7-1-810, if the bank is a limited liability company, under [~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act.

(3) The commissioner may, by rule or order, determine that necessary or incidental rights, privileges, and powers include:

- (a) the rights, privileges, and powers held by national banks; or
- (b) other business activities so long as the commissioner's determination is not inconsistent with the rules, regulations, or other actions of the board of governors of the Federal Reserve System under Section 4(c)(8) of the Bank Holding Company Act of 1956, 12 U.S.C. Sec. 1843(c)(8).

(4) The commissioner shall implement this section in a manner consistent with the purposes set forth in Section 7-1-102.

Section 4. Section **7-8-3** is amended to read:

**7-8-3 . Organization -- Authorization to conduct business -- Deposit insurance.**

(1) Subject to Subsection (4), the commissioner may authorize a person described in Subsection (2) to conduct business as an industrial bank.

(2)(a) Each person organized to conduct the business of an industrial bank in this state

shall be organized under:

(i) Title 16, Chapter 10a, Utah Revised Business Corporation Act; or

(ii) in accordance with Section 7-1-810 or [~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act.

(b) A person may not conduct business as an industrial bank authorized under this chapter to conduct business as an industrial bank in any form of entity other than those provided in Subsection (2)(a).

(3)(a) All rights, privileges, powers, duties, and obligations of a corporation authorized to conduct business as an industrial bank and its officers, directors, and stockholders shall be governed by Title 16, Chapter 10a, Utah Revised Business Corporation Act, except as otherwise provided in this title.

(b) All rights, privileges, powers, duties, and obligations of a limited liability company authorized to conduct business as an industrial bank and its members and managers shall be governed by [~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act, except as otherwise provided in this title.

(4)(a) An industrial bank is authorized to receive and hold deposits.

(b) An industrial bank may not conduct business under this chapter as an industrial bank unless the industrial bank obtains insurance from the Federal Deposit Insurance Corporation or a successor federal deposit insurance entity for any deposits received or held by the industrial bank.

Section 5. Section **7-23-201** is amended to read:

**7-23-201 . Registration -- Rulemaking.**

(1)(a) It is unlawful for a person to engage in the business of cashing checks or the business of deferred deposit lending in Utah or with a Utah resident unless the person:

(i) registers with the department in accordance with this chapter; and

(ii) maintains a valid registration.

(b) It is unlawful for a person to operate a mobile facility in this state to engage in the business of:

(i) cashing checks; or

(ii) deferred deposit lending.

(c) An officer or employee of a person required to register under Subsection (1)(a) is not required to register if the person for whom the individual is an officer or employee is

473 registered.

474 (2)(a) A registration and a renewal of a registration expires on December 31 of each year  
475 unless on or before that date the person renews the registration.

476 (b) To register under this section, a person shall:

477 (i) pay an original registration fee established under Subsection 7-1-401(8);

478 (ii) submit a registration statement containing the information described in  
479 Subsection (2)(d);

480 (iii) submit evidence satisfactory to the commissioner that the person is authorized to  
481 conduct business in this state as a domestic or foreign entity pursuant to filings  
482 with the Division of Corporations and Commercial Code under [~~Title 16,~~  
483 ~~Corporations, or Title 48, Unincorporated Business Entity Act~~] Title 16, Business  
484 Entities; and

485 (iv) if the person engages in the business of deferred deposit lending, submit  
486 evidence satisfactory to the commissioner that the person is registered with the  
487 nationwide database.

488 (c) To renew a registration under this section, a person shall:

489 (i) pay the annual fee established under Subsection 7-1-401(5);

490 (ii) submit a renewal statement containing the information described in Subsection  
491 (2)(d);

492 (iii) submit evidence satisfactory to the commissioner that the person is authorized to  
493 conduct business in this state as a domestic or foreign entity pursuant to filings  
494 with the Division of Corporations and Commercial Code under [~~Title 16,~~  
495 ~~Corporations, or Title 48, Unincorporated Business Entity Act~~] Title 16, Business  
496 Entities;

497 (iv) if the person engages in the business of deferred deposit lending, submit  
498 evidence satisfactory to the commissioner that the person is registered with the  
499 nationwide database; and

500 (v) if the person engages in the business of deferred deposit lending, submit an  
501 operations statement containing the information described in Subsections (2)(e)  
502 and (f).

503 (d) A registration or renewal statement shall state:

504 (i) the name of the person;

505 (ii) the name in which the business will be transacted if different from that required in  
506 Subsection (2)(d)(i);

- 507 (iii) the address of the person's principal business office, which may be outside this  
508 state;
- 509 (iv) the addresses of all offices in this state at which the person conducts the business  
510 of:
- 511 (A) cashing checks; or  
512 (B) deferred deposit lending;
- 513 (v) if the person conducts the business of cashing checks or the business of deferred  
514 deposit lending in this state but does not maintain an office in this state, a brief  
515 description of the manner in which the business is conducted;
- 516 (vi) the name and address in this state of a designated agent upon whom service of  
517 process may be made;
- 518 (vii) whether there is a conviction of a crime:
- 519 (A) involving an act of fraud, dishonesty, breach of trust, or money laundering;  
520 and  
521 (B) with respect to that person, an officer, director, manager, operator, or principal  
522 of that person, or an employee of that person engaged in the business described  
523 in this chapter; and
- 524 (viii) any other information required by the rules of the department.
- 525 (e) An operations statement required for a deferred deposit lender to renew a registration  
526 shall state for the immediately preceding calendar year:
- 527 (i) the average principal amount of the deferred deposit loans extended by the  
528 deferred deposit lender;
- 529 (ii) for deferred deposit loans paid in full, the average number of days a deferred  
530 deposit loan is outstanding for the duration of time that interest is charged;
- 531 (iii) the total number of deferred deposit loans rescinded by the deferred deposit  
532 lender at the request of the customer pursuant to Subsection 7-23-401(3)(b);
- 533 (iv) of the persons to whom the deferred deposit lender extended a deferred deposit  
534 loan, the percentage that entered into an extended payment plan under Section  
535 7-23-403;
- 536 (v) the total dollar amount of deferred deposit loans rescinded by the deferred deposit  
537 lender at the request of the customer pursuant to Subsection 7-23-401(3)(b);
- 538 (vi) the average annual percentage rate charged on deferred deposit loans;
- 539 (vii) the range of annual percentage rates charged on deferred deposit loans;
- 540 (viii) the average dollar amount of extended payment plans entered into under



- 541 Section 7-23-403 by the deferred deposit lender;
- 542 (ix) the number of deferred deposit loans carried to the maximum 10 weeks after the
- 543 day on which the deferred deposit loan is extended;
- 544 (x) the total dollar amount of deferred deposit loans carried to the maximum 10
- 545 weeks after the day on which the deferred deposit loan is extended;
- 546 (xi) the number of deferred deposit loans not paid in full at the end of 10 weeks after
- 547 the day on which the deferred deposit loan is extended;
- 548 (xii) the total dollar amount of deferred deposit loans not paid in full at the end of 10
- 549 weeks after the day on which the deferred deposit loan is extended;
- 550 (xiii) the percentage of deferred deposit loans against which the deferred deposit
- 551 lender initiates civil action to collect on the deferred deposit loan; and
- 552 (xiv) for the civil actions described in Subsection (2)(e)(xiii), the percentage of those
- 553 civil actions whose deferred deposit loans have the following payment history:
- 554 (A) no payments;
- 555 (B) one payment;
- 556 (C) two payments;
- 557 (D) three payments;
- 558 (E) four payments;
- 559 (F) five payments;
- 560 (G) six payments;
- 561 (H) seven payments;
- 562 (I) eight payments;
- 563 (J) nine payments; and
- 564 (K) 10 or more payments.
- 565 (f) In addition to the information in Subsection (2)(e), an operations statement required
- 566 for a deferred deposit lender to renew a registration shall state for the immediately
- 567 preceding calendar year:
- 568 (i) the total number of deferred deposit loans extended by the deferred deposit lender;
- 569 (ii) the total dollar amount of deferred deposit loans extended by the deferred deposit
- 570 lender;
- 571 (iii) the total number of individuals to whom the deferred deposit lender extended a
- 572 deferred deposit loan; and
- 573 (iv) the percentage of deferred deposit loans not repaid according to the terms of the
- 574 loan.

(g) The commissioner may by rule, made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, provide for the transition of persons registering with the nationwide database.

(3)(a) Information provided by a deferred deposit lender under Subsections (2)(e) and (f) is:

(i) confidential in accordance with Section 7-1-802; and

(ii) not subject to Title 63G, Chapter 2, Government Records Access and Management Act.

(b) The department shall:

(i) only use information a deferred deposit lender provides to the department under Subsection (2)(f) to determine compliance with this chapter; and

(ii) delete or otherwise destroy information a deferred deposit lender provides to the department under Subsection (2)(f) within two years after the day on which the deferred deposit lender provides the information.

(4)(a) The commissioner may impose an administrative fine determined under Subsection (4)(b) on a person if:

(i) the person is required to be registered under this chapter;

(ii) the person fails to register or renew a registration in accordance with this chapter;

(iii) the department notifies the person that the person is in violation of this chapter for failure to be registered; and

(iv) the person fails to register within 30 days after the day on which the person receives the notice described in Subsection (4)(a)(iii).

(b) Subject to Subsection (4)(c), the administrative fine imposed under this section is:

(i) \$500 if the person:

(A) has no office in this state at which the person conducts the business of:

(I) cashing checks; or

(II) deferred deposit lending; or

(B) has one office in this state at which the person conducts the business of:

(I) cashing checks; or

(II) deferred deposit lending; or

(ii) if the person has two or more offices in this state at which the person conducts the business of cashing checks or the business of deferred deposit lending, \$500 for each office at which the person conducts the business of:

(A) cashing checks; or

- 609 (B) deferred deposit lending.
- 610 (c) The commissioner may reduce or waive a fine imposed under this Subsection (4) if
- 611 the person shows good cause.
- 612 (5) If the information in a registration, renewal, or operations statement required under
- 613 Subsection (2) becomes inaccurate after filing, a person is not required to notify the
- 614 department until:
- 615 (a) that person is required to renew the registration; or
- 616 (b) the department specifically requests earlier notification.
- 617 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 618 department may make rules consistent with this section providing for:
- 619 (a) the form, content, and filing of a registration and renewal statement described in
- 620 Subsection (2)(d); and
- 621 (b) the form and filing of an operations statement described in Subsection (2)(e).
- 622 (7) A deferred deposit loan that is made by a person who is required to be registered under
- 623 this chapter but who is not registered is void, and the person may not collect, receive, or
- 624 retain any principal or other interest or fees in connection with the deferred deposit loan.
- 625 (8)(a) At the time a person registers under this section, the person shall disclose a
- 626 conviction of a crime described in Subsection (2)(d)(vii) that is:
- 627 (i) known to the person; or
- 628 (ii) included in:
- 629 (A) a Utah Bureau of Criminal Identification report; or
- 630 (B) a background check acceptable to the department that provides information
- 631 similar to a Utah Bureau of Criminal Identification report.
- 632 (b) To comply with Subsection (8)(a), a person registered under this chapter shall, for
- 633 each individual described in Subsection (2)(d)(vii):
- 634 (i) obtain a Utah Bureau of Criminal Identification report; or
- 635 (ii) conduct a background check acceptable to the commissioner that provides
- 636 information similar to a Utah Bureau of Criminal Identification report.
- 637 (c) A person registered under this section shall keep a record of the information
- 638 described in Subsection (8)(b) for the time period required by the department by rule
- 639 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

640 Section 6. Section **13-1-2** is amended to read:

641 **13-1-2 . Creation and functions of department -- Divisions created -- Fees --**  
642 **Commerce Service Account.**

- 643 (1)(a) There is created the Department of Commerce.
- 644 (b) The department shall:
- 645 (i) execute and administer state laws regulating business activities and occupations
- 646 affecting the public interest; and
- 647 (ii) ensure that any training or certification required of a public official or public
- 648 employee, as those terms are defined in Section 63G-22-102, complies with Title
- 649 63G, Chapter 22, State Training and Certification Requirements, if the training or
- 650 certification is required:
- 651 (A) under this title;
- 652 (B) by the department; or
- 653 (C) by an agency or division within the department.
- 654 (2) Within the department the following divisions are created:
- 655 (a) the Division of Professional Licensing;
- 656 (b) the Division of Real Estate;
- 657 (c) the Division of Securities;
- 658 (d) the Division of Public Utilities;
- 659 (e) the Division of Consumer Protection; and
- 660 (f) the Division of Corporations and Commercial Code.
- 661 (3)(a) Unless otherwise provided by statute, the department may adopt a schedule of fees
- 662 assessed for services provided by the department by following the procedures and
- 663 requirements of Section 63J-1-504.
- 664 (b) The department shall submit each fee established in this manner to the Legislature
- 665 for the Legislature's approval as part of the department's annual appropriations
- 666 request.
- 667 (c)(i) There is created a restricted account within the General Fund known as the
- 668 "Commerce Service Account."
- 669 (ii) The restricted account created in Subsection (3)(c)(i) consists of fees collected by
- 670 each division and by the department.
- 671 (iii) The undesignated account balance may not exceed \$1,000,000 at the end of each
- 672 fiscal year.
- 673 (iv) At the end of each fiscal year, the director of the Division of Finance shall
- 674 transfer into the General Fund any undesignated funds in the account that exceed
- 675 the amount necessary to maintain the undesignated account balance at \$1,000,000.
- 676 (d) The department may not charge or collect a fee or expend money from the restricted

account without approval by the Legislature.

(4)(a) As used in this Subsection (4):

- (i) "Business entity" means a sole proprietorship, partnership, limited partnership, limited liability company, corporation, or other entity or association used to carry on a business for profit.
- (ii) "Fund" means the Single Sign-On Expendable Special Revenue Fund, created in Subsection (4)(c).
- (iii) "Renewal fee" means a fee that the Division of Corporations and Commercial Code, established in Section ~~[13-1a-1]~~ 13-1a-102, is authorized or required to charge a business entity in connection with the business entity's periodic renewal of the business entity's status with the Division of Corporations and Commercial Code.
- (iv) "Single sign-on fee" means a fee described in Subsection (4)(b) to pay for the establishment and maintenance of the single sign-on business portal.
- (v) "Single sign-on business portal" means the same as that term is defined in Section 63A-16-802.

(b)(i) The schedule of fees adopted by the department under Subsection (3) shall include a single sign-on fee, not to exceed \$5, as part of a renewal fee.

(ii) The department shall deposit all single sign-on fee revenue into the fund.

(c)(i) There is created the Single Sign-On Expendable Special Revenue Fund.

(ii) The fund consists of:

(A) money that the department collects from the single sign-on fee; and

(B) money that the Legislature appropriates to the fund.

(d) The department shall use the money in the fund to pay for costs:

(i) to design, create, operate, and maintain the single sign-on business portal; and

(ii) incurred by:

(A) the Department of Technology Services, created in Section 63A-16-103; or

(B) a third-party vendor working under a contract with the Department of Technology Services.

(e) The department shall report on fund revenues and expenditures to the Public Utilities, Energy, and Technology Interim Committee of the Legislature annually and at any other time requested by the committee.

(5)(a) As used in this Subsection (5):

(i) "Costs of electronic payments" means:

- 711 (A) any charge, discount fee, or processing fee that a credit card company or  
712 processing agent charges to process an electronic payment; or  
713 (B) the costs associated with the purchase of equipment necessary for processing  
714 electronic payments.
- 715 (ii) "Electronic payment" means any form of payment processed through electronic  
716 means, including a credit card, debit card, or automatic clearinghouse transaction.  
717 (iii) "Electronic payment fee" means the fee the department adopts in accordance  
718 with this Subsection (5) to defray the costs of electronic payments.
- 719 (b) As part of the schedule of fees described in Subsection (3)(a), the department shall  
720 establish an electronic payment fee.
- 721 (c) The department:
- 722 (i) may collect an electronic payment fee from each person who applies for or renews  
723 a license or registration issued by the department or a division of the department;  
724 and
- 725 (ii) shall deposit into the Commerce Electronic Payment Fee Restricted Account  
726 created in Section 13-1-17 each electronic payment fee the department collects.
- 727 (d) The electronic payment fee described in this Subsection (5) is not subject to  
728 Subsection 63J-1-105(3) or (4).
- 729 (e)(i) If the department imposes an electronic payment fee, the department shall  
730 collect the electronic payment fee from each person described in Subsection  
731 (5)(c)(i) regardless of whether the person makes an electronic payment.  
732 (ii) The department is not required to separately identify an electronic payment  
733 charged to a person described in Subsection (5)(c)(i).

734 Section 7. Section **13-11-6** is amended to read:

735 **13-11-6 . Service of process.**

- 736 (1) In addition to any other method provided by rule or statute, personal jurisdiction over a  
737 supplier may be acquired in a civil action or proceeding instituted in a court with  
738 jurisdiction by the service of process as provided in Subsection (3).
- 739 (2)(a) A supplier that engages in any act or practice in this state governed by this  
740 chapter, or engages in a consumer transaction subject to this chapter, may designate  
741 an agent upon whom service of process may be made in the state.
- 742 (b) A supplier shall make a designation of an agent under Subsection (2)(a) in writing  
743 and file the designation with the Division of Corporations and Commercial Code.
- 744 (c) An agent designated under this Subsection (2) shall be a resident of or a corporation

authorized to do business in the state.

(3)(a) Subject to Subsection (3)(b), process upon a supplier may be served as provided in Section [~~16-17-301~~] 16-1a-412 if:

(i) a designation is not made and filed under Subsection (2); or

(ii) process cannot be served in the state upon the designated agent.

(b) Service upon a supplier is not effective unless the plaintiff promptly mails a copy of the process and pleadings by registered or certified mail to the supplier at the supplier's last reasonably ascertainable address.

(c) The plaintiff shall file an affidavit of compliance with this section:

(i) with the clerk of the court; and

(ii) on or before the return day of the process, if any, or within any future time the court allows.

Section 8. Section **16-6a-102** is amended to read:

**16-6a-102 . Definitions.**

As used in this chapter:

(1)(a) "Address" means a location where mail can be delivered by the United States Postal Service.

(b) "Address" includes:

(i) a post office box number;

(ii) a rural free delivery route number; and

(iii) a street name and number.

(2) "Affiliate" means a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the person specified.

(3) "Articles of incorporation" include:

(a) amended articles of incorporation;

(b) restated articles of incorporation;

(c) articles of merger; and

(d) a document of a similar import to the documents described in Subsections (3)(a) through (c).

(4) "Assumed corporate name" means a name assumed for use in this state:

(a) by a:

(i) foreign corporation as described in Section 16-10a-1506; or

(ii) a foreign nonprofit corporation as described in Section 16-6a-1506; and

(b) because the corporate name of the foreign corporation described in Subsection (4)(a)

779 is not available for use in this state.

780 (5)(a) Except as provided in Subsection (5)(b), "board of directors" means the body  
781 authorized to manage the affairs of a domestic or foreign nonprofit corporation.

782 (b) Notwithstanding Subsection (5)(a), a person may not be considered a member of the  
783 board of directors because of a power delegated to that person under Subsection  
784 16-6a-801(2).

785 (6)(a) "Bylaws" means the one or more codes of rules, other than the articles of  
786 incorporation, adopted under this chapter for the regulation or management of the  
787 affairs of a domestic or foreign nonprofit corporation irrespective of the one or more  
788 names by which the codes of rules are designated.

789 (b) "Bylaws" includes:

790 (i) amended bylaws; and

791 (ii) restated bylaws.

792 (7)(a) "Cash" or "money" means:

793 (i) legal tender;

794 (ii) a negotiable instrument; or

795 (iii) other cash equivalent readily convertible into legal tender.

796 (b) "Cash" and "money" are used interchangeably in this chapter.

797 (8) "Charitable organization" means the same as that term is defined in Section 13-22-2.

798 (9)(a) "Class" means a group of memberships that has the same right with respect to  
799 voting, dissolution, redemption, transfer, or other characteristics.

800 (b) For purposes of Subsection (9)(a), a right is considered the same if it is determined  
801 by a formula applied uniformly to a group of memberships.

802 (10)(a) "Conspicuous" means so written that a reasonable person against whom the  
803 writing is to operate should have noticed the writing.

804 (b) "Conspicuous" includes printing or typing in:

805 (i) italics;

806 (ii) boldface;

807 (iii) contrasting color;

808 (iv) capitals; or

809 (v) underlining.

810 (11) "Control" or a "controlling interest" means the direct or indirect possession of the  
811 power to direct or cause the direction of the management and policies of an entity by:

812 (a) the ownership of voting shares;



- 813 (b) contract; or
- 814 (c) a means other than those specified in Subsection (11)(a) or (b).
- 815 (12) Subject to Section 16-6a-207, "cooperative nonprofit corporation" or "cooperative"
- 816 means a nonprofit corporation organized or existing under this chapter.
- 817 (13) "Corporate name" means:
- 818 (a) the name of a domestic corporation as stated in the domestic corporation's articles of
- 819 incorporation;
- 820 (b) the name of a domestic nonprofit corporation as stated in the domestic nonprofit
- 821 corporation's articles of incorporation;
- 822 (c) the name of a foreign corporation as stated in the foreign corporation's:
- 823 (i) articles of incorporation; or
- 824 (ii) document of similar import to articles of incorporation; or
- 825 (d) the name of a foreign nonprofit corporation as stated in the foreign nonprofit
- 826 corporation's:
- 827 (i) articles of incorporation; or
- 828 (ii) document of similar import to articles of incorporation.
- 829 (14)(a) "Corporate records" means the records described in Section 16-6a-1601.
- 830 (b) "Corporate records" does not include correspondence, communications, notes, or
- 831 other similar information, regardless of format or method of storage, that are not an
- 832 official decision, published document, or record of the corporation.
- 833 (15) "Corporation" or "domestic corporation" means a corporation for profit that:
- 834 (a) is not a foreign corporation; and
- 835 (b) is incorporated under or subject to Chapter 10a, Utah Revised Business Corporation
- 836 Act.
- 837 (16) "Delegate" means a person elected or appointed to vote in a representative assembly:
- 838 (a) for the election of a director; or
- 839 (b) on matters other than the election of a director.
- 840 (17) "Deliver" includes delivery by mail or another means of transmission authorized by
- 841 Section 16-6a-103, except that delivery to the division means actual receipt by the
- 842 division.
- 843 (18) "Director" means a member of the board of directors.
- 844 (19)(a) "Distribution" means the payment of a dividend or any part of the income or
- 845 profit of a nonprofit corporation to the nonprofit corporation's:
- 846 (i) members;

- 847 (ii) directors; or  
848 (iii) officers.
- 849 (b) "Distribution" does not include a fair-value payment for:  
850 (i) a good sold; or  
851 (ii) a service received.
- 852 (20) "Division" means the Division of Corporations and Commercial Code.
- 853 (21) "Effective date," when referring to a document filed by the division, means the time  
854 and date determined in accordance with Section [~~16-6a-108~~] 16-1a-204.
- 855 (22) "Effective date of notice" means the date notice is effective as provided in Section  
856 16-6a-103.
- 857 (23) "Electronic transmission" or "electronically transmitted" means a process of  
858 communication not directly involving the physical transfer of paper that is suitable for  
859 the receipt, retention, retrieval, and reproduction of information by the recipient,  
860 whether by email, texting, facsimile, or otherwise.
- 861 (24)(a) "Employee" includes an officer of a nonprofit corporation.
- 862 (b)(i) Except as provided in Subsection (24)(b)(ii), "employee" does not include a  
863 director of a nonprofit corporation.
- 864 (ii) Notwithstanding Subsection (24)(b)(i), a director may accept one or more duties  
865 that make that director an employee of a nonprofit corporation.
- 866 (25) "Entity" includes:  
867 (a) a domestic or foreign corporation;  
868 (b) a domestic or foreign nonprofit corporation;  
869 (c) a limited liability company;  
870 (d) a profit or nonprofit unincorporated association;  
871 (e) a business trust;  
872 (f) an estate;  
873 (g) a partnership;  
874 (h) a trust;  
875 (i) two or more persons having a joint or common economic interest;  
876 (j) a state;  
877 (k) the United States; or  
878 (l) a foreign government.
- 879 (26) "Executive director" means the executive director of the Department of Commerce.
- 880 (27) "Foreign corporation" means a corporation for profit incorporated under a law other

881 than the laws of this state.

882 (28) "Foreign nonprofit corporation" means an entity:

883 (a) incorporated under a law other than the laws of this state; and

884 (b) that would be a nonprofit corporation if formed under the laws of this state.

885 (29) "Governmental entity" means:

886 (a)(i) the executive branch of the state;

887 (ii) the judicial branch of the state;

888 (iii) the legislative branch of the state;

889 (iv) an independent entity, as defined in Section 63E-1-102;

890 (v) a political subdivision of the state;

891 (vi) an institution of higher education, as defined in Section 53H-1-101;

892 (vii) an entity within the state system of public education; or

893 (viii) the National Guard; or

894 (b) any of the following that is established or controlled by a governmental entity listed  
895 in Subsection (29)(a) to carry out the public's business:

896 (i) an office;

897 (ii) a division;

898 (iii) an agency;

899 (iv) a board;

900 (v) a bureau;

901 (vi) a committee;

902 (vii) a department;

903 (viii) an advisory board;

904 (ix) an administrative unit; or

905 (x) a commission.

906 (30) "Governmental subdivision" means:

907 (a) a county;

908 (b) a city;

909 (c) a town; or

910 (d) another type of governmental subdivision authorized by the laws of this state.

911 (31) "Individual" means:

912 (a) a natural person;

913 (b) the estate of an incompetent individual; or

914 (c) the estate of a deceased individual.

- 915 (32) "Internal Revenue Code" means the federal "Internal Revenue Code of 1986," as  
916 amended from time to time, or to corresponding provisions of subsequent internal  
917 revenue laws of the United States of America.
- 918 (33)(a) "Mail," "mailed," or "mailing" means deposit, deposited, or depositing in the  
919 United States mail, properly addressed, first-class postage prepaid.
- 920 (b) "Mail," "mailed," or "mailing" includes registered or certified mail for which the  
921 proper fee is paid.
- 922 (34)(a) "Member" means one or more persons identified or otherwise appointed as a  
923 member of a domestic or foreign nonprofit corporation as provided:
- 924 (i) in the articles of incorporation;  
925 (ii) in the bylaws;  
926 (iii) by a resolution of the board of directors; or  
927 (iv) by a resolution of the members of the nonprofit corporation.
- 928 (b) "Member" includes:
- 929 (i) "voting member"; and  
930 (ii) a shareholder in a water company.
- 931 (35) "Membership" refers to the rights and obligations of a member or members.
- 932 (36) "Mutual benefit corporation" means a nonprofit corporation:
- 933 (a) that issues shares of stock to its members evidencing a right to receive distribution of  
934 water or otherwise representing property rights; or
- 935 (b) all of whose assets are contributed or acquired by or for the members of the nonprofit  
936 corporation or the members' predecessors in interest to serve the mutual purposes of  
937 the members.
- 938 (37) "Nonprofit corporation" or "domestic nonprofit corporation" means an entity that:
- 939 (a) is not a foreign nonprofit corporation; and  
940 (b) is incorporated under or subject to this chapter.
- 941 (38) "Notice" means the same as that term is defined in Section 16-6a-103.
- 942 (39) "Party related to a director" means:
- 943 (a) the spouse of the director;  
944 (b) a child of the director;  
945 (c) a grandchild of the director;  
946 (d) a sibling of the director;  
947 (e) a parent of the director;  
948 (f) the spouse of an individual described in Subsections (39)(b) through (e);

- 949 (g) an individual having the same home as the director;
- 950 (h) a trust or estate of which the director or another individual specified in this
- 951 Subsection (39) is a substantial beneficiary; or
- 952 (i) any of the following of which the director is a fiduciary:
- 953 (i) a trust;
- 954 (ii) an estate;
- 955 (iii) an incompetent;
- 956 (iv) a conservatee; or
- 957 (v) a minor.
- 958 (40) "Person" means an:
- 959 (a) individual; or
- 960 (b) entity.
- 961 (41) "Principal office" means:
- 962 (a) the office, in or out of this state, designated by a domestic or foreign nonprofit
- 963 corporation as its principal office in the most recent document on file with the
- 964 division providing that information, including:
- 965 (i) an annual report;
- 966 (ii) an application for a certificate of authority; or
- 967 (iii) a notice of change of principal office; or
- 968 (b) if no principal office can be determined, a domestic or foreign nonprofit
- 969 corporation's registered office.
- 970 (42) "Proceeding" includes:
- 971 (a) a civil suit;
- 972 (b) arbitration;
- 973 (c) mediation;
- 974 (d) a criminal action;
- 975 (e) an administrative action; or
- 976 (f) an investigatory action.
- 977 (43) "Receive," when used in reference to receipt of a writing or other document by a
- 978 domestic or foreign nonprofit corporation, means the writing or other document is
- 979 actually received:
- 980 (a) by the domestic or foreign nonprofit corporation at:
- 981 (i) its registered office in this state; or
- 982 (ii) its principal office;

(b) by the secretary of the domestic or foreign nonprofit corporation, wherever the secretary is found; or

(c) by another person authorized by the bylaws or the board of directors to receive the writing or other document, wherever that person is found.

(44)(a) "Record date" means the date established under Part 6, Members, or Part 7, Member Meetings and Voting, on which a nonprofit corporation determines the identity of the nonprofit corporation's members.

(b) The determination described in Subsection (44)(a) shall be made as of the close of business on the record date unless another time for doing so is specified when the record date is fixed.

(45) "Registered agent" means the registered agent of:

(a) a domestic nonprofit corporation; or

(b) a foreign nonprofit corporation.

(46) "Registered office" means the office within this state designated by a domestic or foreign nonprofit corporation as its registered office in the most recent document on file with the division providing that information, including:

(a) articles of incorporation;

(b) an application for a certificate of authority; or

(c) a notice of change of registered office.

(47) "Secretary" means the corporate officer to whom the bylaws or the board of directors delegates responsibility under Subsection 16-6a-818(3) for:

(a) the preparation and maintenance of:

(i) minutes of the meetings of:

(A) the board of directors; or

(B) the members; and

(ii) the other records and information required to be kept by the nonprofit corporation as described in Section 16-6a-1601; and

(b) authenticating records of the nonprofit corporation.

(48) "Share" means a unit of interest in a nonprofit corporation.

(49) "Shareholder" means a person in whose name a share is registered in the records of a nonprofit corporation.

(50) "State," when referring to a part of the United States, includes:

(a) a state;

(b) a commonwealth;

- 1017 (c) the District of Columbia;
- 1018 (d) an agency or governmental and political subdivision of a state, commonwealth, or
- 1019 District of Columbia;
- 1020 (e) territory or insular possession of the United States; or
- 1021 (f) an agency or governmental and political subdivision of a territory or insular
- 1022 possession of the United States.
- 1023 (51) "Street address" means:
- 1024 (a)(i) street name and number;
- 1025 (ii) city or town; and
- 1026 (iii) United States post office zip code designation; or
- 1027 (b) if, by reason of rural location or otherwise, a street name, number, city, or town does
- 1028 not exist, an appropriate description other than that described in Subsection (51)(a)
- 1029 fixing as nearly as possible the actual physical location, but only if the information
- 1030 includes:
- 1031 (i) the rural free delivery route;
- 1032 (ii) the county; and
- 1033 (iii) the United States post office zip code designation.
- 1034 (52) "Tribal nonprofit corporation" means a nonprofit corporation:
- 1035 (a) incorporated under the law of a tribe; and
- 1036 (b) that is at least 51% owned or controlled by the tribe.
- 1037 (53) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
- 1038 Indians, including an Alaska Native village, that is legally recognized as eligible for and
- 1039 is consistent with a special program, service, or entitlement provided by the United
- 1040 States to Indians because of the tribe's status as Indians.
- 1041 (54) "United States" includes a district, authority, office, bureau, commission, department,
- 1042 and another agency of the United States of America.
- 1043 (55) "Vote" includes authorization by:
- 1044 (a) written ballot; and
- 1045 (b) written consent.
- 1046 (56)(a) "Voting group" means all the members of one or more classes of members or
- 1047 directors that, under this chapter, the articles of incorporation, or the bylaws, are
- 1048 entitled to vote and be counted together collectively on a matter.
- 1049 (b) All members or directors entitled by this chapter, the articles of incorporation, or the
- 1050 bylaws to vote generally on a matter are for that purpose a single voting group.

(57)(a) "Voting member" means a person entitled to vote for all matters required or permitted under this chapter to be submitted to a vote of the members, except as otherwise provided in the articles of incorporation or bylaws.

(b) A person is not a voting member solely because of:

(i) a right the person has as a delegate;

(ii) a right the person has to designate a director; or

(iii) a right the person has as a director.

(c) Except as the bylaws may otherwise provide, "voting member" includes a "shareholder" if the nonprofit corporation has shareholders.

(58) "Water company" means:

(a) the same as that term is defined in Subsection 16-4-102(5); or

(b) a mutual benefit corporation, when the stock in the mutual benefit corporation represents a right to receive a distribution of water for beneficial use.

Section 9. Section **16-6a-118** is amended to read:

**16-6a-118 . Electronic documents.**

(1) Notwithstanding the other requirements of this chapter except subject to Section [ ~~16-6a-106~~ ] 16-1a-203, the division may by rule permit a writing required or permitted to be filed with the division under this chapter:

(a) to be delivered, mailed, or filed:

(i) in an electronic medium; or

(ii) by electronic transmission; or

(b) to be signed by photographic, electronic, or other means prescribed by rule, except that a writing signed in an electronic medium shall be signed by electronic signature in accordance with Title 46, Chapter 4, Uniform Electronic Transactions Act.

(2) The division may by rule provide for any writing required or permitted to be prepared, delivered, or mailed by the division under this chapter to be prepared, delivered, or mailed:

(a) in an electronic medium; or

(b) by electronic transmission.

Section 10. Section **16-6a-202** is amended to read:

**16-6a-202 . Articles of incorporation.**

(1) The articles of incorporation shall set forth:

(a) one or more purposes for which the nonprofit corporation is organized;

(b) a corporate name for the nonprofit corporation that satisfies the requirements of



- 1085           Section ~~[16-6a-401]~~ 16-1a-302;
- 1086           (c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404;
- 1087           (d) the name and address of each incorporator;
- 1088           (e) whether or not the nonprofit corporation will have voting members;
- 1089           (f) if the nonprofit corporation is to issue shares of stock evidencing membership in the
- 1090                nonprofit corporation or interests in water or other property rights:
- 1091                (i) the aggregate number of shares that the nonprofit corporation has authority to
- 1092                    issue; and
- 1093                (ii) if the shares are to be divided into classes:
- 1094                    (A) the number of shares of each class;
- 1095                    (B) the designation of each class; and
- 1096                    (C) a statement of the preferences, limitations, and relative rights of the shares of
- 1097                    each class; and
- 1098           (g) provisions not inconsistent with law regarding the distribution of assets on
- 1099                dissolution.
- 1100       (2) The articles of incorporation may but need not set forth:
- 1101           (a) the names and addresses of the individuals who are to serve as the initial directors;
- 1102           (b) provisions not inconsistent with law regarding:
- 1103                (i) managing the business and regulating the affairs of the nonprofit corporation;
- 1104                (ii) defining, limiting, and regulating the powers of:
- 1105                    (A) the nonprofit corporation;
- 1106                    (B) the board of directors of the nonprofit corporation; and
- 1107                    (C) the members of the nonprofit corporation or any class of members;
- 1108                (iii) whether cumulative voting will be permitted; and
- 1109                (iv) the characteristics, qualifications, rights, limitations, and obligations attaching to
- 1110                    each or any class of members; and
- 1111           (c) any provision that under this chapter is permitted to be in the articles of incorporation
- 1112                or required or permitted to be set forth in the bylaws, including elective provisions
- 1113                that in accordance with this chapter shall be included in the articles of incorporation
- 1114                to be effective.
- 1115       (3)(a) It is sufficient under Subsection (1)(a) to state, either alone or with other purposes,
- 1116           that the purpose of the nonprofit corporation is to engage in any lawful act for which
- 1117           a nonprofit corporation may be organized under this chapter.
- 1118           (b) If the articles of incorporation include the statement described in Subsection (3)(a),

1119 all lawful acts and activities shall be within the purposes of the nonprofit corporation,  
1120 except for express limitations, if any.

1121 (4) The articles of incorporation need not set forth any corporate power enumerated in this  
1122 chapter.

1123 (5) The articles of incorporation shall:

1124 (a) be signed by each incorporator; and

1125 (b) meet the filing requirements of Section ~~[16-6a-105]~~ 16-1a-202.

1126 (6)(a) If this chapter conditions any matter upon the presence of a provision in the  
1127 bylaws, the condition is satisfied if the provision is present either in:

1128 (i) the articles of incorporation; or

1129 (ii) the bylaws.

1130 (b) If this chapter conditions any matter upon the absence of a provision in the bylaws,  
1131 the condition is satisfied only if the provision is absent from both:

1132 (i) the articles of incorporation; and

1133 (ii) the bylaws.

1134 Section 11. Section **16-6a-203** is amended to read:

1135 **16-6a-203 . Incorporation -- Required filings.**

1136 (1) A nonprofit corporation is incorporated, and its corporate existence begins:

1137 (a) when the articles of incorporation are filed by the division; or

1138 (b) if a delayed effective date is specified as described in ~~[Subsection 16-6a-108(2)]~~

1139 Section 16-1a-204, on the delayed effective date, unless a certificate of withdrawal is  
1140 filed prior to the delayed effective date.

1141 (2) Notwithstanding ~~[Subsection 16-6a-110(4)]~~ Section 16-1a-207, the filing of the articles  
1142 of incorporation by the division is conclusive proof that all conditions precedent to  
1143 incorporation have been satisfied, except in a proceeding by the state to:

1144 (a) cancel or revoke the incorporation; or

1145 (b) involuntarily dissolve the nonprofit corporation.

1146 (3) Beginning January 1, 2025, a nonprofit corporation that is a charitable organization,  
1147 unless exempted by Section 13-22-15, shall file with the division the information  
1148 described by Section 13-22-15 in the form described in Section 13-22-15.

1149 Section 12. Section **16-6a-402** is amended to read:

1150 **16-6a-402 . Reserved name.**

1151 (1)(a) Any person may apply for the reservation of the exclusive use of a corporate name  
1152 by delivering an application for reservation of name to the division for filing, setting

1153 forth:

1154 (i) the name and address of the applicant; and

1155 (ii) the name proposed to be reserved.

1156 (b)(i) If the division finds that the name applied for would be available for corporate  
1157 use, the division shall reserve the name for the applicant's exclusive use for 120  
1158 days from the day the division receives the application under Subsection (1)(a).

1159 (ii) A reservation may be renewed.

1160 (2) The owner of a reserved corporate name may transfer the reservation to any other  
1161 person by delivery to the division for filing of a notice of the transfer that has been  
1162 executed by the owner and states:

1163 (a) the reserved name;

1164 (b) the name of the owner; and

1165 (c) the name and address of the transferee.

1166 (3)(a) The corporate name set forth in a document described in Subsection (3)(b) is  
1167 reserved until the document:

1168 (i) becomes effective pursuant to [~~Subsection 16-6a-108(2)~~] Section 16a-1a-204; or

1169 (ii) is withdrawn under [~~Subsection 16-6a-108(3)~~] Section 16-1a-205.

1170 (b) Subsection (3)(a) applies to a document that:

1171 (i) is one of the following:

1172 (A) articles of incorporation;

1173 (B) articles of amendment to articles of incorporation;

1174 (C) restated articles of incorporation; or

1175 (D) articles of merger;

1176 (ii) specifies a delayed effective date [~~pursuant to Subsection 16-6a-108(2)~~] in  
1177 accordance with Section 16-1a-204;

1178 (iii) sets forth a new corporate name; and

1179 (iv) is filed by the division.

1180 Section 13. Section **16-6a-704** is amended to read:

1181 **16-6a-704 . Notice of meeting.**

1182 (1) A nonprofit corporation shall give to each member entitled to vote at the meeting notice  
1183 consistent with its bylaws of meetings of members in a fair and reasonable manner.

1184 (2) Any notice that conforms to the requirements of Subsection (3) is fair and reasonable,  
1185 but other means of giving notice may also be fair and reasonable when all the  
1186 circumstances are considered.

- 1187 (3) Notice is fair and reasonable if:
- 1188 (a) the nonprofit corporation notifies its members of the place, date, and time of each
- 1189 annual, regular, and special meeting of members:
- 1190 (i) no fewer than 10 days before the meeting;
- 1191 (ii) if notice is mailed by other than first-class or registered mail, no fewer than 30
- 1192 days, nor more than 60 days before the meeting date; and
- 1193 (iii) if notice is given:
- 1194 (A) by newspaper as provided in Subsection 16-6a-103(2)(b)(i)(A), by publication
- 1195 three separate times with:
- 1196 (I) the first of the publications no more than 60 days before the meeting date;
- 1197 and
- 1198 (II) the last of the publications no fewer than 10 days before the meeting date;
- 1199 and
- 1200 (B)(I) by publication in accordance with Section 45-1-101; and
- 1201 (II) as provided in Subsection 16-6a-103(2)(b)(i)(B), for 60 days before the
- 1202 meeting date;
- 1203 (b) the notice of an annual or regular meeting includes a description of any matter or
- 1204 matters that:
- 1205 (i) must be approved by the members; or
- 1206 (ii) for which the members' approval is sought under Sections 16-1a-703, 16-6a-825,
- 1207 16-6a-910, 16-6a-1003, 16-6a-1010, [~~16-6a-1102~~], 16-6a-1202, and 16-6a-1402;
- 1208 and
- 1209 (c) unless otherwise provided by this chapter or the bylaws, the notice of a special
- 1210 meeting includes a description of the purpose or purposes for which the meeting is
- 1211 called.
- 1212 (4)(a) Unless otherwise provided by the bylaws, if an annual, regular, or special meeting
- 1213 of members is adjourned to a different date, time, or place, notice need not be given
- 1214 of the new date, time, or place, if the new date, time, or place is announced at the
- 1215 meeting before adjournment.
- 1216 (b) Notwithstanding Subsection (4)(a), if a new record date for the adjourned meeting is
- 1217 or shall be fixed under Section 16-6a-706, notice of the adjourned meeting shall be
- 1218 given under this section to the members of record as of the new record date.
- 1219 (5) When giving notice of an annual, regular, or special meeting of members, a nonprofit
- 1220 corporation shall give notice of a matter a member intends to raise at the meeting if:

- 1221 (a) requested in writing to do so by a person entitled to call a special meeting; and  
1222 (b) the request is received by the secretary or president of the nonprofit corporation at  
1223 least 10 days before the nonprofit corporation gives notice of the meeting.

1224 Section 14. Section **16-6a-1002** is amended to read:

1225 **16-6a-1002 . Amendment of articles of incorporation by board of directors or**  
1226 **incorporators.**

- 1227 (1) Unless otherwise provided in the articles of incorporation, the board of directors may  
1228 adopt, without member approval, one or more amendments to the articles of  
1229 incorporation to:
- 1230 (a) delete the names and addresses of the initial directors;
  - 1231 (b) change the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404, but  
1232 an amendment is not required to change the information;
  - 1233 (c) change the corporate name by:
    - 1234 (i) substituting the word "corporation," "incorporated," "company," "limited," or an  
1235 abbreviation of any such word for a similar word or abbreviation in the name; or
    - 1236 (ii) adding, deleting, or changing a geographical attribution; or
  - 1237 (d) make any other change expressly permitted by this chapter to be made without  
1238 member action.
- 1239 (2) The board of directors may adopt, without member action, one or more amendments to  
1240 the articles of incorporation to change the corporate name, if necessary, in connection  
1241 with the reinstatement of a nonprofit corporation pursuant to Section 16-6a-1412.
- 1242 (3)(a) Subject to any approval required pursuant to Section 16-6a-1013, if a nonprofit  
1243 corporation has no members, no members entitled to vote on amendments, or no  
1244 members yet admitted to membership, one or more amendments to the nonprofit  
1245 corporation's articles of incorporation may be adopted by:
- 1246 (i) its incorporators until directors have been chosen; or
  - 1247 (ii) its directors after the directors have been chosen.
- 1248 (b) A nonprofit corporation described in Subsection (3)(a) shall provide notice of any  
1249 meeting at which an amendment is to be voted upon.
- 1250 (c) The notice required by Subsection (3)(b) shall:
- 1251 (i) be in accordance with Section 16-6a-814;
  - 1252 (ii) state that the purpose, or one of the purposes, of the meeting is to consider a  
1253 proposed amendment to the articles of incorporation; and
  - 1254 (iii)(A) contain or be accompanied by a copy or summary of the amendment; or

(B) state the general nature of the amendment.

(d) An amendment described in Subsection (3)(a) shall be approved:

(i) by a majority of the incorporators, until directors have been chosen; or

(ii) after directors are chosen by a majority of the directors in office at the time the amendment is adopted or such greater number as is set forth in the bylaws.

Section 15. Section **16-6a-1006** is amended to read:

**16-6a-1006 . Restated articles of incorporation.**

(1)(a) The board of directors may restate the articles of incorporation at any time with or without member action.

(b) The incorporators of a nonprofit corporation may restate the articles of incorporation at any time if the nonprofit corporation:

(i) has no members; and

(ii) no directors have been chosen.

(2)(a) The restatement may include one or more amendments to the articles of incorporation.

(b) Notwithstanding Subsection (1), if the restatement includes an amendment requiring member approval, it shall be adopted as provided in Section 16-6a-1003.

(3)(a) If the board of directors submits a restatement for member action, the nonprofit corporation shall give notice, in accordance with Section 16-6a-704, to each member entitled to vote on the restatement of the members' meeting at which the restatement will be voted upon.

(b) The notice required by Subsection (3)(a) shall:

(i) state that the purpose, or one of the purposes, of the meeting is to consider the restatement; and

(ii) contain or be accompanied by a copy of the restatement that identifies any amendment or other change it would make in the articles of incorporation.

(4) A nonprofit corporation restating its articles of incorporation shall deliver to the division for filing articles of restatement setting forth:

(a) the name of the nonprofit corporation;

(b) the text of the restated articles of incorporation;

(c) if the restatement contains an amendment to the articles of incorporation that was adopted by the members, the information required by Subsection 16-6a-1005(5);

(d) if the restatement was adopted by the board of directors or incorporators without member action, a statement to that effect and that member action was not required;

and

(e) the restatement does not need to contain the name or address of the incorporator or incorporators that were included in the articles of incorporation when originally filed.

(5) Upon filing by the division or at any later effective date determined pursuant to Section [ ~~16-6a-108~~] 16-1a-204, restated articles of incorporation supersede the original articles of incorporation and all prior amendments to the original articles of incorporation.

Section 16. Section **~~16-6a-1008.7~~** is amended to read:

**~~16-6a-1008.7~~ . Conversion to or from a domestic limited liability company.**

(1)(a) A domestic nonprofit corporation may convert to a domestic limited liability company subject to [~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~] Chapter 20, Utah Revised Uniform Limited Liability Company Act, pursuant to Section [~~48-3a-1405~~] 16-20-1305, by complying with:

(i) this Subsection (1); and

(ii) Section [~~48-3a-1041~~] 16-1a-902.

(b) If a domestic nonprofit corporation converts to a domestic limited liability company in accordance with this Subsection (1), the articles of conversion or statement of conversion, as applicable, shall:

(i) comply with Sections [~~48-3a-1042~~] 16-1a-903 and [~~48-3a-1045~~] 16-1a-906; and

(ii) if the corporation has any members, provide for:

(A) the cancellation of any membership; or

(B) the conversion of any membership in the domestic nonprofit corporation to a membership interest in the domestic limited liability company.

(c) Before articles of conversion or statement of conversion may be filed with the division, the conversion shall be approved:

(i) in the manner provided for the articles of incorporation or bylaws of the domestic nonprofit corporation; or

(ii) if the articles of incorporation or bylaws of the domestic nonprofit corporation do not provide the method for approval:

(A) if the domestic nonprofit corporation has voting members, by all of the members of the domestic nonprofit corporation regardless of limitations or restrictions on the voting rights of the members; or

(B) if the nonprofit domestic corporation does not have voting members, by a majority of:

(I) the directors in office at the time the conversion is approved by the board of

1323 directors; or

1324 (II) if directors have not been appointed or elected, the incorporators.

1325 (2) A domestic limited liability company may convert to a domestic nonprofit corporation  
1326 subject to this chapter by:

1327 (a) filing articles of incorporation in accordance with this chapter; and

1328 (b) complying with Section [~~48-3a-1041~~] 16-1a-902, pursuant to Section [~~48-3a-1405~~]  
1329 16-20-1305.

1330 (3) Any conversion under this section may not result in a violation, directly or indirectly, of:

1331 (a) Section 16-6a-1301; or

1332 (b) any other provision of this chapter.

1333 Section 17. Section **16-6a-1404** is amended to read:

1334 **16-6a-1404 . Revocation of dissolution.**

1335 (1) A nonprofit corporation may revoke its dissolution within 120 days after the effective  
1336 date of the dissolution.

1337 (2)(a) Except as provided in Subsection (2)(b), revocation of dissolution shall be  
1338 authorized in the same manner as the dissolution was authorized.

1339 (b) The board of directors may revoke the dissolution without member action if:

1340 (i) the dissolution is authorized pursuant to Section 16-6a-1402; and

1341 (ii) the authorization permitted revocation by action of the board of directors alone.

1342 (3)(a) After the revocation of dissolution is authorized, the nonprofit corporation may  
1343 revoke the dissolution by delivering to the division for filing, within 120 days after  
1344 the effective date of dissolution:

1345 (i) articles of revocation of dissolution; and

1346 (ii) a copy of its articles of dissolution.

1347 (b) The articles of revocation of dissolution shall set forth:

1348 (i) the name of the nonprofit corporation;

1349 (ii) the effective date of the dissolution that was revoked;

1350 (iii) the date that the revocation of dissolution was authorized;

1351 (iv) if, pursuant to Subsection (2), the directors or the incorporators revoked a

1352 dissolution authorized under Section 16-6a-1401, a statement that the revocation

1353 of dissolution was authorized by the directors or the incorporators, as the case may  
1354 be;

1355 (v) if, pursuant to Subsection (2), the directors revoked a dissolution approved by the  
1356 members, a statement that the revocation was permitted by action of the directors



pursuant to that approval; and

- (vi) if the revocation of dissolution was approved pursuant to Subsection (2) by the members, a statement that the number of votes cast for revocation of dissolution by each voting group entitled to vote separately on the proposal to dissolve was sufficient for approval by that voting group.

(4)(a) Revocation of dissolution is effective as provided in [~~Subsection 16-6a-108(1)~~] Section 16-1a-205.

(b) A delayed effective date may not be specified pursuant to [~~Subsection 16-6a-108(2)~~] Section 16-1a-204.

(5) When the revocation of dissolution is effective:

- (a) the revocation relates back to and takes effect as of the effective date of the dissolution; and
- (b) the nonprofit corporation may carry on its activities and use its corporate name as if dissolution had never occurred.

Section 18. Section **16-6a-1412** is amended to read:

**16-6a-1412 . Reinstatement following administrative dissolution -- Reinstatement after voluntary dissolution.**

(1) A nonprofit corporation administratively dissolved under Section 16-6a-1411 may apply to the division for reinstatement under the nonprofit corporation's same name at any time after the effective date of dissolution if the nonprofit corporation's name is available and the nonprofit corporation delivers to the division for filing an application for reinstatement that:

(a) states:

- (i) the effective date of the nonprofit corporation's administrative dissolution and the nonprofit corporation's corporate name on the effective date of dissolution;
- (ii) that the ground or grounds for dissolution:
- (A) did not exist; or
- (B) have been eliminated;
- (iii) the corporate name under which the nonprofit corporation is being reinstated;
- (iv) the corporate name that satisfies the requirements of Section [~~16-6a-401~~] 16-1a-302;
- (v) that the nonprofit corporation has paid all fees or penalties imposed under this chapter or other applicable state law;
- (vi) that the nonprofit corporation:

- 1391 (A) has paid any taxes, fees, or penalties owed to the State Tax Commission; or  
1392 (B) is current on a payment plan with the State Tax Commission for any taxes,  
1393 fees, or penalties owed to the State Tax Commission;
- 1394 (vii) the address of the nonprofit corporation's registered office;  
1395 (viii) the name of the nonprofit corporation's registered agent at the office stated in  
1396 Subsection (1)(a)(vii);
- 1397 (ix) the federal employer identification number of the nonprofit corporation; and  
1398 (x) any additional information the division determines is necessary or appropriate; and  
1399 (b) includes the written consent to appointment by the designated registered agent.
- 1400 (2) A nonprofit corporation administratively dissolved under Section 16-6a-1411 on or after  
1401 May 1, 2019, but before May 1, 2024, may apply for reinstatement under the nonprofit  
1402 corporation's same corporate name if the nonprofit corporation's name is available and  
1403 the nonprofit corporation delivers to the division for filing an application for  
1404 reinstatement that satisfies the requirements of Subsections (1)(a)(i), (1)(a)(iii) through  
1405 (x), and (1)(b).
- 1406 (3) A nonprofit corporation administratively dissolved under Section 16-6a-1411 retains the  
1407 nonprofit corporation's corporate name and ~~[assumed name]~~ D.B.A., as described in  
1408 Section ~~[42-2-6.6]~~ 42-2-105, for five years after the day on which the dissolution is  
1409 effective.
- 1410 (4)(a) After receiving a nonprofit corporation's application for reinstatement, the  
1411 division shall:
- 1412 (i) provide the State Tax Commission with the nonprofit corporation's federal  
1413 employer identification number; and  
1414 (ii) request that the State Tax Commission certify that the nonprofit corporation is in  
1415 good standing.
- 1416 (b) The State Tax Commission shall certify that a nonprofit corporation is in good  
1417 standing if the nonprofit corporation:
- 1418 (i) has paid all taxes, fees, and penalties the nonprofit corporation owed to the State  
1419 Tax Commission; or  
1420 (ii) is current on a payment plan with the State Tax Commission for all taxes, fees,  
1421 and penalties the nonprofit corporation owes to the State Tax Commission.
- 1422 (c) If a nonprofit corporation is not in good standing as described in Subsection (4)(b),  
1423 the State Tax Commission shall:
- 1424 (i) notify the division, stating that the nonprofit corporation is not in good standing;

1425 and

1426 (ii) notify the nonprofit corporation, explaining in detail why the nonprofit  
1427 corporation is not in good standing.

1428 (5)(a) The division shall revoke the administrative dissolution if:

1429 (i) the division determines that the application for reinstatement contains the  
1430 information required under Subsection (1) or (2);

1431 (ii) the division determines that the information in the application is correct; and

1432 (iii) the State Tax Commission certifies that the nonprofit corporation is in good  
1433 standing as described in Subsection (4)(b).

1434 (b) The division shall mail written notice of the revocation to the nonprofit corporation  
1435 in the manner provided in Subsection 16-6a-1411(5) stating the effective date of the  
1436 dissolution.

1437 (6) When the reinstatement is effective:

1438 (a) the reinstatement relates back to and takes effect as of the effective date of the  
1439 administrative dissolution;

1440 (b) the nonprofit corporation may carry on the nonprofit corporation's activities, under  
1441 the name provided in the application for reinstatement, as if the administrative  
1442 dissolution had never occurred; and

1443 (c) an act of the nonprofit corporation during the period of dissolution is effective and  
1444 enforceable as if the administrative dissolution had never occurred.

1445 (7)(a) The division may make rules for the reinstatement of a nonprofit corporation  
1446 voluntarily dissolved.

1447 (b) The rules made under Subsection (7)(a) shall be substantially similar to the  
1448 requirements of this section for reinstatement of a nonprofit corporation that is  
1449 administratively dissolved.

1450 Section 19. Section **16-6a-1503** is amended to read:

1451 **16-6a-1503 . Application for authority to conduct affairs.**

1452 (1) A foreign nonprofit corporation may apply for authority to conduct affairs in this state  
1453 by delivering to the division for filing an application for authority to conduct affairs  
1454 setting forth:

1455 (a) its corporate name and its assumed corporate name, if any;

1456 (b) the name of the state or country under whose law it is incorporated;

1457 (c) its date of incorporation;

1458 (d) its period of duration;

- (e) the street address of its principal office;
- (f) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404;
- (g) the names and usual business addresses of its current directors and officers;
- (h) the date it commenced or expects to commence conducting affairs in this state; and
- (i) the additional information the division determines is necessary or appropriate to determine whether the application for authority to conduct affairs should be filed.
- (2) With the completed application required by Subsection (1) the foreign nonprofit corporation shall deliver to the division for a certificate of existence, or a document of similar import that is:
- (a) authenticated by the division or other official having custody of corporate records in the state or country under whose law it is incorporated; and
- (b) dated within 90 days before the day on which the application for authority to conduct affairs is filed.
- (3) The foreign nonprofit corporation shall include in the application for authority to conduct affairs, or in an accompanying document, written consent to appointment by its designated registered agent.
- (4) Beginning January 1, 2025, a foreign nonprofit corporation that is a charitable organization, unless exempted by Section 13-22-15, shall file the information described in Section 13-22-15 in the form described in Section 13-22-15.
- (5)(a) The division may permit a tribal nonprofit corporation to apply for authority to conduct affairs in this state in the same manner as a nonprofit corporation incorporated in another state.
- (b) If a tribal nonprofit corporation elects to apply for authority to conduct affairs in this state, for purposes of this chapter, the tribal nonprofit corporation shall be treated in the same manner as a foreign nonprofit corporation incorporated under the laws of another state.

Section 20. Section **16-6a-1504** is amended to read:

**16-6a-1504 . Amended application for authority to conduct affairs.**

- (1) A foreign nonprofit corporation authorized to conduct affairs in this state shall deliver an amended application for authority to conduct affairs to the division for filing if the foreign nonprofit corporation changes:
- (a) its corporate name;
- (b) its assumed corporate name;
- (c) the period of its duration;

(d) the state or country of its incorporation; or

(e) any of the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404.

- (2) The requirements of Section 16-6a-1503 for filing an original application for authority to conduct affairs apply to filing an amended application for authority to conduct affairs under this section.

Section 21. Section **16-6a-1506** is amended to read:

**16-6a-1506 . Corporate name and assumed corporate name of foreign nonprofit corporation.**

- (1)(a) Except as provided in Subsection (2), if the corporate name of a foreign nonprofit corporation does not satisfy the requirements of Section [~~16-6a-401~~] 16-1a-302, to obtain authority to conduct affairs in this state, the foreign nonprofit corporation shall assume for use in this state a name that satisfies the requirements of Section [~~16-6a-401~~] 16-1a-302.

(b) Section [~~16-6a-401~~] 16-1a-302 applies to a domestic nonprofit corporation.

- (2) A foreign nonprofit corporation may obtain authority to conduct affairs in this state with a name that does not meet the requirements of Subsection (1) because it is not distinguishable as required under [~~Subsection 16-6a-401(2)~~] Section 16-1a-302, if the foreign nonprofit corporation delivers to the division for filing either:

- (a)(i) a written consent to the foreign nonprofit corporation's use of the name, given and signed by the other person entitled to the use of the name; and  
(ii) a written undertaking by the other person, in a form satisfactory to the division, to change its name to a name that is distinguishable from the name of the applicant;  
or

(b) a certified copy of a final judgment of a court of competent jurisdiction establishing the prior right of the foreign nonprofit corporation to use the requested name in this state.

- (3) A foreign nonprofit corporation may use in this state the name, including the fictitious name, of another domestic or foreign nonprofit corporation that is used or registered in this state if:

(a) the other corporation is incorporated or authorized to conduct affairs in this state; and

(b) the foreign nonprofit corporation:

(i) has merged with the other corporation; or

(ii) has been formed by reorganization of the other corporation.

- (4) If a foreign nonprofit corporation authorized to conduct affairs in this state, whether

under its corporate name or an assumed corporate name, changes its corporate name to one that does not satisfy the requirements of Subsections (1) through (3), or the requirements of Section ~~[16-6a-401]~~ 16-1a-302, the foreign nonprofit corporation:

- (a) may not conduct affairs in this state under the changed name;
- (b) shall use an assumed corporate name that does meet the requirements of this section; and
- (c) shall deliver to the division for filing an amended application for authority to conduct affairs pursuant to Section 16-6a-1504.

Section 22. Section **16-6a-1507** is amended to read:

**16-6a-1507 . Registered name of foreign nonprofit corporation.**

- (1)(a) A foreign nonprofit corporation may register its corporate name as provided in this section if the name would be available for use as a corporate name for a domestic nonprofit corporation under Section ~~[16-6a-401]~~ 16-1a-302.
- (b) If the foreign nonprofit corporation's corporate name would not be available for use as a corporate name for a domestic nonprofit corporation, the foreign nonprofit corporation may register its corporate name modified by the addition of any of the following words or abbreviations, if the modified name would be available for use under Section ~~[16-6a-401]~~ 16-1a-302:
  - (i) "corporation";
  - (ii) "incorporated";
  - (iii) "company";
  - (iv) "corp.";
  - (v) "inc."; or
  - (vi) "co."
- (2) A foreign nonprofit corporation registers its corporate name, or its corporate name with any addition permitted by Subsection (1), by delivering to the division for filing an application for registration:
  - (a) setting forth:
    - (i) its corporate name;
    - (ii) the name to be registered that shall meet the requirements of Section ~~[16-6a-401]~~ 16-1a-302 that apply to domestic nonprofit corporations;
    - (iii) the state or country and date of incorporation; and
    - (iv) a brief description of the nature of the business in which it is engaged; and
  - (b) accompanied by a certificate of existence, or a document of similar import from the

state or country of incorporation as evidence that the foreign nonprofit corporation is in existence or has authority to conduct affairs under the laws of the state or country in which it is organized.

(3)(a) A name is registered for the applicant upon the effective date of the application.

(b) An initial registration is effective for one year.

(4)(a) A foreign nonprofit corporation that has in effect a registration of its corporate name as permitted by Subsection (1) may renew the registration by delivering to the division for filing a renewal application for registration, that complies with the requirements of Subsection (2).

(b) When filed, the renewal application for registration renews the registration for the year following filing.

(5)(a) A foreign nonprofit corporation that has in effect registration of its corporate name may:

(i) apply for authority to conduct affairs in this state under the registered name in accordance with the procedure set forth in this part; or

(ii) assign the registration to another foreign nonprofit corporation by delivering to the division for filing an assignment of the registration that states:

(A) the registered name;

(B) the name of the assigning foreign nonprofit corporation;

(C) the name of the assignee; and

(D) the assignee's application for registration of the name.

(b) The assignee's application for registration of the name required by Subsection (5)(a) shall meet the requirements of this part.

(6)(a) A foreign nonprofit corporation that has in effect registration of its corporate name may terminate the registration at any time by delivering to the division for filing a statement of termination:

(i) setting forth the corporate name; and

(ii) stating that the registration is terminated.

(b) A registration automatically terminates upon the filing of an application for authority to conduct affairs in this state under the registered name.

(7) The registration of a corporate name under Subsection (1) constitutes authority by the division to file an application meeting the requirements of this part for authority to conduct affairs in this state under the registered name, but the authorization is subject to the limitations applicable to corporate names as set forth in Section 16-6a-403.

Section 23. Section **16-6a-1518** is amended to read:

**16-6a-1518 . Domestication of foreign nonprofit corporations.**

- (1)(a) Any foreign nonprofit corporation may become a domestic nonprofit corporation:
- (i) by delivering to the division for filing articles of domestication meeting the requirements of Subsection (2);
  - (ii) if the board of directors of the foreign nonprofit corporation adopts the articles of domestication; and
  - (iii) ~~[its-]~~ if the foreign nonprofit corporation's members, if any, approve the domestication.
- (b) The adoption and approval of the domestication shall be in accordance with the consent requirements of Section 16-6a-1003 for amending articles of incorporation.
- (2)(a) The articles of domestication shall meet the requirements applicable to articles of incorporation set forth in Sections ~~[16-6a-105]~~ 16-1a-202 and 16-6a-202, except that:
- (i) the articles of domestication need not name, or be signed by, the incorporators of the foreign nonprofit corporation; and
  - (ii) any reference to the foreign nonprofit corporation's registered office, registered agent, or directors shall be to:
    - (A) the registered office and agent in Utah; and
    - (B) the directors in office at the time of filing the articles of domestication.
- (b) The articles of domestication shall set forth:
- (i) the date on which and jurisdiction where the foreign nonprofit corporation was first formed, incorporated, or otherwise came into being;
  - (ii) the name of the foreign nonprofit corporation immediately prior to the filing of the articles of domestication;
  - (iii) any jurisdiction that constituted the seat, location of incorporation, principal place of business, or central administration of the foreign nonprofit corporation immediately prior to the filing of the articles of domestication; and
  - (iv) a statement that the articles of domestication were:
    - (A) adopted by the foreign nonprofit corporation's board of directors; and
    - (B) approved by its members, if any.
- (3)(a) Upon the filing of articles of domestication with the division, the foreign nonprofit corporation shall:
- (i) be domesticated in this state;
  - (ii) be subject to all of the provisions of this chapter after the date of filing the articles



of domestication; and

(iii) continue as if it had been incorporated under this chapter.

(b) Notwithstanding any other provisions of this chapter, the existence of the foreign nonprofit corporation shall be considered to have commenced on the date the foreign nonprofit corporation commenced its existence in the jurisdiction in which the foreign nonprofit corporation was first formed, incorporated, or otherwise came into being.

(4) The articles of domestication, upon filing with the division, shall:

(a) become the articles of incorporation of the foreign nonprofit corporation; and

(b) be subject to amendments or restatement the same as any other articles of incorporation under this chapter.

(5) The domestication of any foreign nonprofit corporation in this state may not be considered to affect any obligation or liability of the foreign nonprofit corporation incurred prior to its domestication.

(6) The filing of the articles of domestication may not affect the choice of law applicable to the foreign nonprofit corporation, except that from the date the articles of domestication are filed, the law of Utah, including the provisions of this chapter, shall apply to the foreign nonprofit corporation to the same extent as if the foreign nonprofit corporation had been incorporated as a domestic nonprofit corporation of this state on that date.

Section 24. Section **16-6a-1607** is amended to read:

**16-6a-1607 . Annual report for division.**

(1) Each domestic nonprofit corporation, and each foreign nonprofit corporation authorized to conduct affairs in this state, shall deliver to the division for filing an annual report on a form provided by the division that sets forth:

(a)(i) the corporate name of the domestic or foreign nonprofit corporation; and

(ii) any assumed corporate name of the foreign nonprofit corporation;

(b) the jurisdiction under whose law it is incorporated;

(c) the information required by Subsection [~~16-17-203(1)~~] 16-1a-404(1);

(d) the street address of its principal office, wherever located; and

(e) the names and addresses of its directors and principal officers.

(2) The division shall deliver a copy of the prescribed form of annual report to each domestic nonprofit corporation and each foreign nonprofit corporation authorized to conduct affairs in this state.

(3) Information in the annual report shall be current as of the date the annual report is

executed on behalf of the nonprofit corporation.

- (4)(a) The annual report of a domestic or foreign nonprofit corporation shall be delivered annually to the division no later than 60 days past the date the report was mailed by the division.
- (b) Proof to the satisfaction of the division that the nonprofit corporation has mailed an annual report form is considered in compliance with this Subsection (4).
- (5)(a) If an annual report contains the information required by this section, the division shall file it.
- (b) If an annual report does not contain the information required by this section, the division shall promptly notify the reporting domestic or foreign nonprofit corporation in writing and return the annual report to it for correction.
- (c) If an annual report that is rejected under Subsection (5)(b) was otherwise timely filed and is corrected to contain the information required by this section and delivered to the division within 30 days after the effective date of the notice of rejection, the annual report is considered to be timely filed.
- (6) 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 nonprofit corporation.
- (7) The annual report form provided by the division may be designed to provide a simplified certification by the nonprofit corporation if no changes have been made in the required information from the last preceding report filed.
- (8) A domestic or foreign nonprofit corporation may, but may not be required to, deliver to the division for filing an amendment to its annual report reflecting any change in the information contained in its annual report as last amended.

Section 25. Section **16-7-15** is amended to read:

**16-7-15 . Official representative -- Registered office -- Registered agent.**

- (1)(a) A corporation sole altering, amending, or restating its articles of incorporation on or after May 3, 2004, shall continuously maintain with the Division of Corporations and Commercial Code the name, title, and Utah street address of an official representative for the corporation sole.
- (b) The official representative described in Subsection (1)(a) shall, on behalf of the corporation sole, receive communication, notices, or demands from:
- (i) the Division of Corporations and Commercial Code; or
  - (ii) any other state or federal authority, agency, or official.

(c) If a corporation sole appoints a registered agent pursuant to Subsection (2), that registered agent is the official representative of the corporation sole for purposes of this Subsection (1).

(2)(a) A corporation sole formed under this chapter may maintain a registered office and registered agent in Utah by complying with [~~Title 16, Chapter 17, Model Registered Agents Act~~] Chapter 1a, Part 4, Registered Agent of an Entity.

(b) A corporation sole maintaining registered agent may change the registered agent by complying with the requirements of [~~Title 16, Chapter 17, Model Registered Agents Act~~] Chapter 1a, Part 4, Registered Agent of an Entity.

(c) A registered agent of a corporation sole may resign by complying with the requirements imposed on a registered agent under [~~Title 16, Chapter 17, Model Registered Agents Act~~] Chapter 1a, Part 4, Registered Agent of an Entity.

(d) A registered agent described in this Subsection (2) is the agent of the corporation sole for service of:

(i) process;

(ii) notice;

(iii) demand; or

(iv) any type required or permitted by law to be served on the corporation sole.

Section 26. Section **16-10a-102** is amended to read:

**16-10a-102 . Definitions.**

As used in this chapter:

(1)(a) "Address" means a location where mail can be delivered by the United States Postal Service.

(b) "Address" includes:

(i) a post office box number;

(ii) a rural free delivery route number; and

(iii) a street name and number.

(2) "Affiliate" means a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the person specified.

(3) "Assumed corporate name" means a name assumed for use in this state by a foreign corporation pursuant to Section 16-10a-1506 because its corporate name is not available for use in this state.

(4) "Articles of incorporation" include:

(a) amended and restated articles of incorporation;

- 1731 (b) articles of merger; and
- 1732 (c) a document of a similar import to those described in Subsections (4)(a) and (b).
- 1733 (5) "Authorized shares" means the shares of all classes a domestic or foreign corporation is
- 1734 authorized to issue.
- 1735 (6) "Bylaws" includes amended bylaws and restated bylaws.
- 1736 (7) "Cash" and "money" are used interchangeably in this chapter and mean:
- 1737 (a) legal tender;
- 1738 (b) a negotiable instrument; and
- 1739 (c) a cash equivalent readily convertible into legal tender.
- 1740 (8) "Conspicuous" means so written that a reasonable person against whom the writing is to
- 1741 operate should have noticed it, including printing or typing in:
- 1742 (a) italics;
- 1743 (b) boldface;
- 1744 (c) contrasting color;
- 1745 (d) capitals; or
- 1746 (e) underlining.
- 1747 (9) "Control" or a "controlling interest" means the direct or indirect possession of the power
- 1748 to direct or cause the direction of the management and policies of an entity, whether
- 1749 through the ownership of voting shares, by contract, or otherwise.
- 1750 (10) "Corporate name" means:
- 1751 (a) the name of a domestic corporation or a domestic nonprofit corporation as stated in
- 1752 its articles of incorporation; or
- 1753 (b) the name of a foreign corporation or a foreign nonprofit corporation as stated in its
- 1754 articles of incorporation or document of similar import.
- 1755 (11) "Corporation" or "domestic corporation" means a corporation for profit that:
- 1756 (a) is not a foreign corporation; and
- 1757 (b) is incorporated under or subject to this chapter.
- 1758 (12) "Deliver" includes delivery by mail or another means of transmission authorized by
- 1759 Section 16-10a-103, except that delivery to the division means actual receipt by the
- 1760 division.
- 1761 (13)(a) "Distribution" means the following by a corporation to or for the benefit of its
- 1762 shareholders in respect of any of the corporation's shares:
- 1763 (i) a direct or indirect transfer of money or other property, other than a corporation's
- 1764 own shares; or

- 1765 (ii) incurrence of indebtedness by the corporation.
- 1766 (b) A distribution may be in the form of:
- 1767 (i) a declaration or payment of a dividend;
- 1768 (ii) a purchase, redemption, or other acquisition of shares;
- 1769 (iii) distribution of indebtedness; or
- 1770 (iv) another form.
- 1771 (14) "Division" means the Division of Corporations and Commercial Code.
- 1772 (15) "Effective date," when referring to a document filed by the division, means the time
- 1773 and date determined in accordance with Section [~~16-10a-123~~] 16-1a-204.
- 1774 (16) "Effective date of notice" means the date notice is effective as provided in Section
- 1775 16-10a-103.
- 1776 (17) "Electronic transmission" or "electronically transmitted" means a process of
- 1777 communication not directly involving the physical transfer of paper that is suitable for
- 1778 the receipt, retention, retrieval, and reproduction of information by the recipient,
- 1779 whether by e-mail, facsimile, or otherwise.
- 1780 (18) "Employee" includes an officer but not a director, unless the director accepts a duty
- 1781 that makes that director also an employee.
- 1782 (19) "Entity" includes:
- 1783 (a) a domestic and foreign corporation;
- 1784 (b) a nonprofit corporation;
- 1785 (c) a limited liability company;
- 1786 (d) a profit or nonprofit unincorporated association;
- 1787 (e) a business trust;
- 1788 (f) an estate;
- 1789 (g) a partnership;
- 1790 (h) a trust;
- 1791 (i) two or more persons having a joint or common economic interest;
- 1792 (j) a state;
- 1793 (k) the United States; and
- 1794 (l) a foreign government.
- 1795 (20) "Foreign corporation" means a corporation for profit incorporated under a law other
- 1796 than the law of this state.
- 1797 (21) "Governmental subdivision" means:
- 1798 (a) county;

(b) municipality; or

(c) another type of governmental subdivision authorized by the laws of this state.

(22) "Individual" means:

(a) a natural person;

(b) the estate of an incompetent individual; or

(c) the estate of a deceased individual.

(23) "Mail," "mailed," or "mailing" means deposit, deposited, or depositing in the United States mail, properly addressed, first class postage prepaid, and includes registered or certified mail for which the proper fee is paid.

(24) "Notice" ~~[is as provided]~~ means the same as that term is defined in Section 16-10a-103.

(25) "Principal office" means the office, in or out of this state, designated by a domestic or foreign corporation as its principal office in the most recent document on file with the division providing the information, including:

(a) an annual report;

(b) an application for a certificate of authority; or

(c) a notice of change of principal office.

(26) "Proceeding" includes:

(a) a civil suit;

(b) arbitration or mediation; and

(c) a criminal, administrative, or investigatory action.

(27) "Qualified shares" means, with respect to a director's conflicting interest transaction pursuant to Section 16-10a-853, one or more shares entitled to vote on the transaction, except a share:

(a) that, to the knowledge, before the vote, of the secretary, other officer, or agent of the corporation authorized to tabulate votes, is beneficially owned; or

(b) the voting of which is controlled, by:

(i) a director who has a conflicting interest respecting the transaction;

(ii) a related person of that director; or

(iii) a person referred to in Subsections (27)(b)(i) and (ii).

(28) "Receive," when used in reference to receipt of a writing or other document by a domestic or foreign corporation, means the writing or other document is actually received by:

(a) the corporation at its:

(i) registered office in this state; or

- 1833 (ii) principal office;
- 1834 (b) the secretary of the corporation, wherever the secretary is found; or
- 1835 (c) another person authorized by the bylaws or the board of directors to receive the
- 1836 writing or other document, wherever that person is found.
- 1837 (29)(a) "Record date" means the date established under Part 6, Shares and Distributions,
- 1838 or Part 7, Shareholders, on which a corporation determines the identity of its
- 1839 shareholders.
- 1840 (b) The determination under Subsection (29)(a) shall be made as of the close of business
- 1841 on the record date unless another time for doing so is specified when the record date
- 1842 is fixed.
- 1843 (30) "Registered office" means the office within this state designated by a domestic or
- 1844 foreign corporation as its registered office in the most recent document on file with the
- 1845 division providing that information, including:
- 1846 (a) articles of incorporation;
- 1847 (b) an application for a certificate of authority; or
- 1848 (c) a notice of change of registered office.
- 1849 (31) "Related person" of a director means:
- 1850 (a) the spouse of the director;
- 1851 (b) a child, grandchild, sibling, or parent of the director;
- 1852 (c) the spouse of a child, grandchild, sibling, or parent of the director;
- 1853 (d) an individual having the same home as the director;
- 1854 (e) a trust or estate of which the director or any other individual specified in this
- 1855 Subsection (31) is a substantial beneficiary; or
- 1856 (f) a trust, estate, incompetent, conservatee, or minor of which the director is a fiduciary.
- 1857 (32) "Secretary" means the corporate officer to whom the bylaws or the board of directors
- 1858 delegates responsibility under Subsection 16-10a-830(3) for:
- 1859 (a) the preparation and maintenance of:
- 1860 (i) minutes of the meetings of the board of directors and of the shareholders; and
- 1861 (ii) the other records and information required to be kept by the corporation by
- 1862 Section 16-10a-830; and
- 1863 (b) authenticating records of the corporation.
- 1864 (33) " Share" means the unit into which the proprietary interests in a corporation are
- 1865 divided.
- 1866 (34)(a) "Shareholder" means:

- 1867 (i) the person in whose name a share is registered in the records of a corporation; or  
1868 (ii) the beneficial owner of a share to the extent recognized pursuant to Section  
1869 16-10a-723.
- 1870 (b) For purposes of this chapter:
- 1871 (i) the following, identified as a shareholder in a corporation's current record of  
1872 shareholders, constitute one shareholder:
- 1873 (A)(I) three or fewer coowners; or  
1874 (II) in the case of more than three coowners, each coowner in excess of the first  
1875 three is counted as a separate shareholder;
- 1876 (B) a corporation, limited liability company, partnership, trust, estate, or other  
1877 entity; and
- 1878 (C) the trustees, guardians, custodians, or other fiduciaries of a single trust, estate,  
1879 or account;
- 1880 (ii) shareholdings registered in substantially similar names constitute one shareholder  
1881 if it is reasonable to believe that the names represent the same person; and
- 1882 (iii) if the record of a shareholder is not maintained in accordance with accepted  
1883 practice, an additional person who would be identified as an owner on that record  
1884 if it had been maintained in accordance with accepted practice shall be included as  
1885 a holder of record.
- 1886 (35) "Subscriber" means a person who subscribes for shares in a corporation, whether  
1887 before or after incorporation.
- 1888 (36) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of  
1889 Indians, including an Alaska Native village, that is legally recognized as eligible for and  
1890 is consistent with a special program, service, or entitlement provided by the United  
1891 States to Indians because of their status as Indians.
- 1892 (37) "Tribal corporation" means a corporation:
- 1893 (a) incorporated under the law of a tribe; and  
1894 (b) that is at least 51% owned or controlled by the tribe.
- 1895 (38)(a) "Voting group" means all shares of one or more classes or series that under the  
1896 articles of incorporation or this chapter are entitled to vote and be counted together  
1897 collectively on a matter at a meeting of shareholders.
- 1898 (b) All shares entitled by the articles of incorporation or this chapter to vote generally on  
1899 the matter are for that purpose a single voting group.
- 1900 Section 27. Section **16-10a-202** is amended to read:



**16-10a-202 . Articles of incorporation.**

- (1) The articles of incorporation shall set forth:
- (a) the purpose or purposes for which the corporation is organized;
  - (b) a corporate name for the corporation that satisfies the requirements of Section [ ~~16-10a-401~~ ] 16-1a-302;
  - (c) the number of shares the corporation is authorized to issue;
  - (d) the information required by Section 16-10a-601 with respect to each class of shares the corporation is authorized to issue;
  - (e) the information required by [ ~~Subsection 16-17-203(1)~~ ] Section 16-1a-404; and
  - (f) the name and address of each incorporator.
- (2) The articles of incorporation may set forth:
- (a) the names and addresses of the individuals who are to serve as the initial directors;
  - (b) provisions not inconsistent with law regarding:
    - (i) managing the business and regulating the affairs of the corporation;
    - (ii) defining, limiting, and regulating the powers of the corporation, its board of directors, and its shareholders;
    - (iii) a par value for authorized shares or classes of shares; and
    - (iv) the imposition of personal liability on shareholders for the debts of the corporation to a specified extent and upon specified conditions; and
  - (c) any provision that under this chapter is permitted to be in the articles of incorporation or required or permitted to be set forth in the bylaws including elective provisions which, to be effective, shall be included in the articles of incorporation, as provided in this chapter.
- (3) It shall be sufficient under Subsection (1)(a) to state, either alone or with other purposes, that the purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under this chapter, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any.
- (4) The articles of incorporation need not set forth any of the corporate powers enumerated in this chapter.
- (5) The articles of incorporation shall be signed by each incorporator and meet the filing requirements of Section [ ~~16-10a-120~~ ] 16-1a-202.
- (6)(a) If this chapter conditions any matter upon the presence of a provision in the bylaws, the condition is satisfied if the provision is present either in the articles of

incorporation or the bylaws.

(b) If this chapter conditions any matter upon the absence of a provision in the bylaws, the condition is satisfied only if the provision is absent from both the articles of incorporation and the bylaws.

Section 28. Section **16-10a-203** is amended to read:

**16-10a-203 . Incorporation.**

- (1) A corporation is incorporated, and its corporate existence begins, when the articles of incorporation are filed by the division, unless a delayed effective date is specified pursuant to ~~[Subsection 16-10a-123(2)]~~ Section 16-1a-204, in which case the incorporation is effective, and the corporate existence begins, on the delayed effective date, unless a certificate of withdrawal is filed prior to the delayed effective date.
- (2) The filing of the articles of incorporation by the division is conclusive proof that all conditions precedent to incorporation have been satisfied, except in a proceeding by the state to cancel or revoke the incorporation or involuntarily dissolve the corporation.

Section 29. Section **16-10a-1002** is amended to read:

**16-10a-1002 . Amendment by board of directors.**

- (1) Unless otherwise provided in the articles of incorporation, a corporation's board of directors may adopt, without shareholder action, one or more amendments to the corporation's articles of incorporation to:
  - (a) delete the names and addresses of incorporators or initial directors or both from the articles of incorporation;
  - (b) change the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404, but an amendment is not required to change the information;
  - (c) change each issued and unissued authorized share of a class into a greater number of whole shares if the corporation has only shares of that class outstanding;
  - (d) change the corporate name by adding the word "corporation," "incorporated," or "company," or an abbreviation of these words, or by substituting any such word or abbreviation for a similar word or abbreviation in the name; or
  - (e) make any other change expressly permitted by this chapter to be made without shareholder action.
- (2) The board of directors may adopt, without shareholder action, one or more amendments to the articles of incorporation to change the corporate name, if necessary, in connection with the reinstatement of a corporation pursuant to Section 16-10a-1422.

Section 30. Section **16-10a-1007** is amended to read:

**16-10a-1007 . Restated articles of incorporation.**

- (1) A corporation's board of directors may restate its articles of incorporation at any time with or without shareholder action. A corporation's incorporators may restate its articles of incorporation at any time if the corporation has not issued shares and if no directors have been appointed.
- (2) The restatement may include one or more amendments to the articles of incorporation. If the restatement includes an amendment requiring shareholder approval, it must be adopted as provided in Section 16-10a-1003.
- (3) If the board of directors submits a restatement for shareholder action, the corporation shall give notice, in accordance with Section 16-10a-705, to each shareholder entitled to vote on the restatement, of the proposed shareholders' meeting at which the restatement will be voted upon. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed restatement and the notice shall contain or be accompanied by a copy of the restatement that identifies any amendment or other change it would make in the articles of incorporation.
- (4) A corporation restating its articles of incorporation shall deliver to the division for filing articles of restatement setting forth:
- (a) the name of the corporation;
  - (b) the text of the restated articles of incorporation;
  - (c) if the restatement contains an amendment to the articles of incorporation, the information required to be set forth in articles of amendment by Section 16-10a-1006;
  - (d) if the restatement does not contain an amendment to the articles of incorporation, a statement to that effect; and
  - (e) if the restatement was adopted by the board of directors or incorporators without shareholder action, a statement as to how the restatement was adopted and that shareholder action was not required.
- (5) Upon filing by the division or at any later effective date determined pursuant to Section [ ~~16-10a-123~~ ] 16-1a-204, restated articles of incorporation supersede the original articles of incorporation and all prior amendments to them.

Section 31. Section **16-10a-1008.7** is amended to read:

**16-10a-1008.7 . Conversion to or from a domestic limited liability company.**

- (1)(a) A corporation may convert to a domestic limited liability company subject to [ ~~Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~ ] Chapter 20, Utah Revised Uniform Limited Liability Company Act, as appropriate pursuant

to Section ~~[48-3a-1405]~~ 16-20-1305 by complying with:

(i) this Subsection (1); and

(ii) Section ~~[48-3a-1041]~~ 16-1a-902.

(b) If a corporation converts to a domestic limited liability company in accordance with this Subsection (1), the articles of conversion shall:

(i) comply with Sections ~~[48-3a-1045]~~ 16-1a-906 and ~~[48-3a-1046]~~ 16-1a-907; and

(ii) if the corporation has issued shares, provide for:

(A) the cancellation of any issued share; or

(B) the conversion of any issued share to a membership interest in the domestic limited liability company.

(c) Before a statement of conversion, in accordance with Section ~~[48-3a-1045]~~ 16-1a-906, may be filed with the division, the conversion shall be approved:

(i) in the manner provided for the articles of incorporation or bylaws of the corporation; or

(ii) if the articles of incorporation or bylaws of the corporation do not provide the method for approval:

(A) if the corporation has issued shares, by all of the outstanding shares of all classes of shares of the corporation regardless of limitations or restrictions on the voting rights of the shares; or

(B) if the corporation has not issued shares, by a majority of:

(I) the directors in office at the time that the conversion is approved by the board of directors; or

(II) if directors have not been appointed or elected, the incorporators.

(2) A domestic limited liability company may convert to a corporation subject to this chapter by:

(a) filing articles of incorporation in accordance with this chapter; and

(b) complying with Section ~~[48-3a-1041]~~ 16-1a-902, as appropriate pursuant to Section ~~[48-3a-1405]~~ 16-20-1305.

Section 32. Section **16-10a-1104** is amended to read:

**16-10a-1104 . Merger of parent and subsidiary.**

(1) By complying with the provision of this section, a parent corporation owning at least 90% of the outstanding shares of each class of a subsidiary corporation may either merge the subsidiary into itself or merge itself into the subsidiary.

(2) The board of directors of the parent shall adopt and its shareholders, if required by

Subsection (3), shall approve a plan of merger that sets forth:

- (a) the names of the parent and subsidiary and the name of the surviving entity;
- (b) the terms and conditions of the merger;
- (c) the manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving or any other corporation or into money or other property in whole or part;
- (d) any amendments to the articles of incorporation of the surviving corporation to be effected by the merger; and
- (e) any other provisions relating to the merger as may be determined to be necessary or desirable.

(3) A vote of the shareholders of the subsidiary is not required with respect to the merger. If the subsidiary will be the surviving corporation, the approval of the shareholders of the parent shall be sought in the manner provided in [~~Subsections 16-10a-1103(1) through (6)~~] Section 16-1a-704. If the parent will be the surviving corporation, no vote of its shareholders is required if all of the provisions of [~~Subsection 16-10a-1103(7)~~] Section 16-1a-704 are met with respect to the merger. If all the provisions are not met, the approval of the shareholders of the parent shall be sought in the manner provided in [~~Subsections 16-10a-1103(1) through (6)~~] Section 16-1a-704.

(4) The parent shall mail a copy or summary of the plan of merger to each shareholder of the subsidiary (other than the parent) who does not waive this mailing requirement in writing.

(5) The effective date of the merger may not be earlier than the date on which all shareholders of the subsidiary waived the mailing requirement of Subsection (4) or 10 days after the date the parent mailed a copy or summary of the plan of merger to each shareholder of the subsidiary who did not waive the mailing requirement.

Section 33. Section **16-10a-1302** is amended to read:

**16-10a-1302 . Right to dissent.**

(1) A shareholder, whether or not entitled to vote, is entitled to dissent from, and obtain payment of the fair value of shares held by the shareholder in the event of, any of the following corporate actions:

- (a) consummation of a plan of merger to which the corporation is a party if:
  - (i) shareholder approval is required for the merger by Section [~~16-10a-1103~~] 16-1a-703 or the articles of incorporation; or
  - (ii) the corporation is a subsidiary that is merged with its parent under Section

2071 16-10a-1104;

2072 (b) consummation of a plan of share exchange to which the corporation is a party as the  
2073 corporation whose shares will be acquired;

2074 (c) consummation of a sale, lease, exchange, or other disposition of all, or substantially  
2075 all, of the property of the corporation for which a shareholder vote is required under  
2076 Subsection 16-10a-1202(1), but not including a sale for cash pursuant to a plan by  
2077 which all or substantially all of the net proceeds of the sale will be distributed to the  
2078 shareholders within one year after the date of sale; and

2079 (d) consummation of a sale, lease, exchange, or other disposition of all, or substantially  
2080 all, of the property of an entity controlled by the corporation if the shareholders of the  
2081 corporation were entitled to vote upon the consent of the corporation to the  
2082 disposition pursuant to Subsection 16-10a-1202(2).

2083 (2) A shareholder is entitled to dissent and obtain payment of the fair value of the  
2084 shareholder's shares in the event of any other corporate action to the extent the articles of  
2085 incorporation, bylaws, or a resolution of the board of directors so provides.

2086 (3) Notwithstanding the other provisions of this part, except to the extent otherwise  
2087 provided in the articles of incorporation, bylaws, or a resolution of the board of  
2088 directors, and subject to the limitations set forth in Subsection (4), a shareholder is not  
2089 entitled to dissent and obtain payment under Subsection (1) of the fair value of the  
2090 shares of any class or series of shares which either were listed on a national securities  
2091 exchange registered under the federal Securities Exchange Act of 1934, as amended, or  
2092 on the National Market System of the National Association of Securities Dealers  
2093 Automated Quotation System, or were held of record by more than 2,000 shareholders,  
2094 at the time of:

2095 (a) the record date fixed under Section 16-10a-707 to determine the shareholders entitled  
2096 to receive notice of the shareholders' meeting at which the corporate action is  
2097 submitted to a vote;

2098 (b) the record date fixed under Section 16-10a-704 to determine shareholders entitled to  
2099 sign writings consenting to the proposed corporate action; or

2100 (c) the effective date of the corporate action if the corporate action is authorized other  
2101 than by a vote of shareholders.

2102 (4) The limitation set forth in Subsection (3) does not apply if the shareholder will receive  
2103 for the shareholder's shares, pursuant to the corporate action, anything except:

2104 (a) shares of the corporation surviving the consummation of the plan of merger or share

- 2105 exchange;
- 2106 (b) shares of a corporation which at the effective date of the plan of merger or share
- 2107 exchange either will be listed on a national securities exchange registered under the
- 2108 federal Securities Exchange Act of 1934, as amended, or on the National Market
- 2109 System of the National Association of Securities Dealers Automated Quotation
- 2110 System, or will be held of record by more than 2,000 shareholders;
- 2111 (c) cash in lieu of fractional shares; or
- 2112 (d) any combination of the shares described in Subsection (4), or cash in lieu of
- 2113 fractional shares.
- 2114 (5) A shareholder entitled to dissent and obtain payment for the shareholder's shares under
- 2115 this part may not challenge the corporate action creating the entitlement unless the
- 2116 action is unlawful or fraudulent with respect to the shareholder or to the corporation.
- 2117 Section 34. Section **16-10a-1404** is amended to read:
- 2118 **16-10a-1404 . Revocation of dissolution.**
- 2119 (1) A corporation may revoke its dissolution within 120 days after the effective date of the
- 2120 dissolution.
- 2121 (2) Revocation of dissolution shall be authorized in the same manner as the dissolution was
- 2122 authorized unless, in the case of authorization pursuant to Section 16-10a-1402, that
- 2123 authorization permitted revocation by action of the board of directors alone, in which
- 2124 event the board of directors may revoke the dissolution without shareholder action.
- 2125 (3) After the revocation of dissolution is authorized, the corporation may revoke the
- 2126 dissolution by delivering to the division for filing articles of revocation of dissolution,
- 2127 together with a copy of its articles of dissolution, that set forth:
- 2128 (a) the name of the corporation;
- 2129 (b) the effective date of the dissolution that was revoked;
- 2130 (c) the date that the revocation of dissolution was authorized;
- 2131 (d) if pursuant to Subsection (2) the corporation's board of directors or incorporators
- 2132 revoked the dissolution authorized under Section 16-10a-1401, a statement to that
- 2133 effect;
- 2134 (e) if pursuant to Subsection (2) the corporation's board of directors revoked a
- 2135 dissolution approved by the shareholders, a statement that the revocation was
- 2136 permitted by action by the board of directors alone pursuant to that authorization; and
- 2137 (f) if the revocation of dissolution was approved pursuant to Subsection (2) by the
- 2138 shareholders, the information required by Subsection 16-10a-1403(1)(e).

(4) Revocation of dissolution is effective as provided in ~~[Subsection 16-10a-123(1)]~~ Section 16-1a-204. A provision may not be made for a delayed effective date for revocation [ ~~pursuant to Subsection 16-10a-123(2)~~] in accordance with Section 16-1a-204.

(5) When the revocation of dissolution is effective, it relates back to and takes effect as of the effective date of the dissolution and the corporation may carry on its business as if dissolution had never occurred.

Section 35. Section **16-10a-1421** is amended to read:

**16-10a-1421 . Procedure for and effect of administrative dissolution.**

(1) If the division determines that one or more grounds exist under Section 16-10a-1420 for dissolving a corporation, it shall mail the corporation written notice of:

- (a) the division's determination that one or more grounds exist for dissolving; and
- (b) the grounds for dissolving the corporation.

(2)(a) If the corporation does not correct each ground for dissolution, or demonstrate to the reasonable satisfaction of the division that each ground does not exist, within 60 days after mailing the notice provided by Subsection (1), the division shall administratively dissolve the corporation.

(b) If a corporation is dissolved under Subsection (2)(a), the division shall mail written notice of the administrative dissolution to the dissolved corporation, stating the date of dissolution specified in Subsection (2)(d).

(c) The division shall mail a copy of the notice of administrative dissolution to:

- (i) the last registered agent of the dissolved corporation; or
- (ii) if there is no registered agent of record, at least one officer of the corporation.

(d) A corporation's date of dissolution is five days after the date the division mails the written notice of dissolution under Subsection (2)(b).

(e) On the date of dissolution, any assumed names filed on behalf of the dissolved corporation under ~~[Title 42, Chapter 2, Conducting Business Under Assumed Name]~~ Title 42, Chapter 2, Conducting Business as a D.B.A., are canceled.

(f) Notwithstanding Subsection (2)(e), the name of the corporation that is dissolved and any assumed names filed on its behalf are not available for two years from the date of dissolution for use by any other person:

- (i) transacting business in this state; or
- (ii) doing business under an assumed name under ~~[Title 42, Chapter 2, Conducting Business Under Assumed Name]~~ Title 42, Chapter 2, Conducting Business as a D.B.A.



2173 (g) Notwithstanding Subsection (2)(e), if the corporation that is dissolved is reinstated in  
2174 accordance with Section 16-10a-1422, the registration of the name of the corporation  
2175 and any assumed names filed on its behalf are reinstated back to the date of  
2176 dissolution.

2177 (3)(a) Except as provided in Subsection (3)(b), a corporation administratively dissolved  
2178 under this section continues its corporate existence, but may not carry on any  
2179 business except:

2180 (i) the business necessary to wind up and liquidate its business and affairs under  
2181 Section 16-10a-1405; and

2182 (ii) to give notice to claimants in the manner provided in Sections 16-10a-1406 and  
2183 16-10a-1407.

2184 (b) If the corporation is reinstated in accordance with Section 16-10a-1422, business  
2185 conducted by the corporation during a period of administrative dissolution is  
2186 unaffected by the dissolution.

2187 (4) The administrative dissolution of a corporation does not terminate the authority of its  
2188 registered agent.

2189 (5) A notice mailed under this section shall be:

2190 (a) mailed first-class, postage prepaid; and

2191 (b) addressed to the most current mailing address appearing on the records of the  
2192 division for:

2193 (i) the registered agent of the corporation, if the notice is required to be mailed to the  
2194 registered agent; or

2195 (ii) the officer of the corporation that is mailed the notice, if the notice is required to  
2196 be mailed to an officer of the corporation.

2197 Section 36. Section **16-10a-1422** is amended to read:

2198 **16-10a-1422 . Reinstatement following dissolution.**

2199 (1) A corporation dissolved under Section 16-10a-1403 or 16-10a-1421 may apply to the  
2200 division for reinstatement under the corporation's same corporate name at any time after  
2201 the effective date of dissolution if the corporation's corporate name is available and the  
2202 corporation delivers to the division for filing an application for reinstatement that:

2203 (a) states:

2204 (i) the effective date of the corporation's dissolution;

2205 (ii) the corporation's corporate name as of the effective date of dissolution;

2206 (iii) that the grounds for dissolution either did not exist or have been eliminated;

- 2207 (iv) the corporate name under which the corporation is being reinstated;  
2208 (v) that the name stated in Subsection (1)(a)(iv) satisfies the requirements of Section [  
2209 ~~16-10a-401~~] 16-1a-302;
- 2210 (vi) that the corporation has paid all fees or penalties imposed under this chapter or  
2211 other applicable state law;
- 2212 (vii) that the corporation:
- 2213 (A) has paid any taxes, fees, or penalties owed to the State Tax Commission; or  
2214 (B) is current on a payment plan with the State Tax Commission for any taxes,  
2215 fees, or penalties owed to the State Tax Commission;
- 2216 (viii) the address of the corporation's registered office in this state;
- 2217 (ix) the name of the corporation's registered agent at the office stated in Subsection  
2218 (1)(a)(viii);
- 2219 (x) the federal employer identification number of the corporation; and  
2220 (xi) any additional information the division determines to be necessary or  
2221 appropriate; and
- 2222 (b) includes the written consent to appointment by the designated registered agent.
- 2223 (2) A corporation administratively dissolved under Section 16-10a-1403 or 16-10a-1421 on  
2224 or after May 1, 2019, but before May 1, 2024, may apply for reinstatement under the  
2225 corporation's same corporate name if the corporation's name is available and the  
2226 corporation delivers to the division for filing an application for reinstatement that  
2227 satisfies the requirements of Subsections (1)(a)(i), (1)(a)(ii), (1)(a)(iv) through (xi), and  
2228 (1)(b).
- 2229 (3) A corporation administratively dissolved under Section 16-10a-1403 or 16-10a-1421  
2230 retains the corporation's corporate name and [~~assumed name~~] D.B.A., as described in  
2231 Section [~~42-2-6.6~~] 42-2-105, for five years after the day on which the dissolution is  
2232 effective.
- 2233 (4)(a) After receiving a corporation's application for reinstatement, the division shall:
- 2234 (i) provide the State Tax Commission with the corporation's federal employer  
2235 identification number; and
- 2236 (ii) request that the State Tax Commission certify that the corporation is in good  
2237 standing.
- 2238 (b) The State Tax Commission shall certify that a corporation is in good standing if the  
2239 corporation:
- 2240 (i) has paid all taxes, fees, and penalties the corporation owed to the State Tax

- 2241 Commission; or
- 2242 (ii) is current on a payment plan with the State Tax Commission for all taxes, fees,
- 2243 and penalties the corporation owes to the State Tax Commission.
- 2244 (c) If a corporation is not in good standing as described in Subsection (4)(b), the State
- 2245 Tax Commission shall:
- 2246 (i) notify the division, stating that the corporation is not in good standing; and
- 2247 (ii) notify the corporation, explaining in detail why the corporation is not in good
- 2248 standing.
- 2249 (5)(a) The division shall revoke the administrative dissolution if:
- 2250 (i) the division determines that the application for reinstatement contains the
- 2251 information required under Subsection (1) or (2);
- 2252 (ii) the division determines that the information in the application is correct; and
- 2253 (iii) the State Tax Commission certifies that the corporation is in good standing as
- 2254 described in Subsection (4)(b).
- 2255 (b) The division shall mail to the corporation in the manner provided in Subsection
- 2256 16-10a-1421(5) written notice of:
- 2257 (i) the revocation; and
- 2258 (ii) the effective date of the revocation.
- 2259 (6)(a) When the reinstatement is effective, the reinstatement relates back to the effective
- 2260 date of the administrative dissolution.
- 2261 (b) Upon reinstatement:
- 2262 (i) an act of the corporation during the period of dissolution is effective and
- 2263 enforceable as if the administrative dissolution had never occurred; and
- 2264 (ii) the corporation may carry on the corporation's business, under the name provided
- 2265 in the application for reinstatement, as if the administrative dissolution had never
- 2266 occurred.
- 2267 Section 37. Section **16-10a-1503** is amended to read:
- 2268 **16-10a-1503 . Application for authority to transact business.**
- 2269 (1) A foreign corporation may apply for authority to transact business in this state by
- 2270 delivering to the division for filing an application for authority to transact business
- 2271 setting forth:
- 2272 (a) its corporate name and its assumed name, if any;
- 2273 (b) the name of the state or country under whose law it is incorporated;
- 2274 (c) its date of incorporation and period of its corporate duration;

- (d) the street address of its principal office;
- (e) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404;
- (f) the names and usual business addresses of its current directors and officers;
- (g) the date it commenced or expects to commence transacting business in this state; and
- (h) any additional information the division may determine is necessary or appropriate to determine whether the application for authority to transact business should be filed.

(2) The foreign corporation shall deliver with the completed application for authority to transact business a certificate of existence, or a document of similar import, duly authorized by the lieutenant governor or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate of existence shall be dated within 90 days before the day on which the application for authority to transact business by the division is filed.

(3)(a) The division may permit a tribal corporation to apply for authority to transact business in this state in the same manner as a foreign corporation incorporated in another state.

(b) If a tribal corporation elects to apply for authority to transact business in this state, for purposes of this chapter, the tribal corporation shall be treated in the same manner as a foreign corporation incorporated under the laws of another state.

Section 38. Section **16-10a-1504** is amended to read:

**16-10a-1504 . Amended application for authority to transact business.**

(1) A foreign corporation authorized to transact business in this state shall deliver an amended application for authority to transact business to the division for filing if the foreign corporation changes:

- (a) its corporate name or its assumed corporate name;
- (b) the period of its duration;
- (c) the state or country of its incorporation; or
- (d) any of the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404.

(2) The requirements of Section 16-10a-1503 for obtaining an original application for authority to transact business apply to filing an amended application for authority to transact business under this section.

Section 39. Section **16-10a-1506** is amended to read:

**16-10a-1506 . Corporate name and assumed corporate name of foreign corporation.**

(1) Except as provided in Subsection (2), if the corporate name of a foreign corporation

does not satisfy the requirements of Section [~~16-10a-401~~] 16-1a-302, which applies to domestic corporations, the foreign corporation, in order to obtain authority to transact business in this state, shall assume for use in this state a name that satisfies the requirements of Section [~~16-10a-401~~] 16-1a-302.

(2) A foreign corporation may obtain authority to transact business in this state with a name that does not meet the requirements of Subsection (1) because it is not distinguishable as required under [~~Subsection 16-10a-401(2)~~] Section 16-1a-302, if the foreign corporation delivers to the division for filing either:

(a) a written consent to the foreign corporation's use of the name, given and signed by the other person entitled to the use of the name together with a written undertaking by the other person, in a form satisfactory to the division, to change its name to a name that is distinguishable from the name of the applicant; or

(b) a certified copy of a final judgment of a court of competent jurisdiction establishing the prior right of the foreign corporation to use the requested name in this state.

(3) A foreign corporation may use in this state the name, including the fictitious name, of another domestic or foreign corporation that is used or registered in this state if the other corporation is incorporated or authorized to transact business in this state and the foreign corporation:

(a) has merged with the other corporation; or

(b) has been formed by reorganization of the other corporation.

(4) If a foreign corporation authorized to transact business in this state, whether under its corporate name or an assumed corporate name, changes its corporate name to one that does not satisfy the requirements of Subsections (1) through (3), or the requirements of Section [~~16-10a-401~~] 16-1a-302, it may not transact business in this state under the changed name but shall use an assumed corporate name that does meet the requirements of this section and shall deliver to the division for filing an amended application for authority to transact business pursuant to Section 16-10a-1504.

Section 40. Section **16-10a-1507** is amended to read:

**16-10a-1507 . Registered name of foreign corporation.**

(1)(a) A foreign corporation may register its corporate name as provided in this section if the name would be available for use as a corporate name for a domestic corporation under Section [~~16-10a-401~~] 16-1a-302.

(b) [~~-~~]If the foreign corporation's corporate name would not be available for such use, then the foreign corporation may register [~~its~~] the foreign corporation's corporate

name modified by the addition of any of the following words or abbreviations, if the modified name would be available for use under Section ~~[16-10a-401]~~ 16-1a-302:

(i) ~~[-]"corporation[;]"~~;

(ii) ~~[-]"incorporated[;]"~~;

(iii) ~~[-]"company[;]"~~;

(iv) ~~[-]"corp.[;]"~~;

(v) ~~[-]"inc.[;]"~~ or

(vi) ~~[-]"co."~~

(2) A foreign corporation registers its corporate name, or its corporate name with any addition permitted by Subsection (1), by delivering to the division for filing an application for registration:

(a) setting forth its corporate name, the name to be registered which shall meet the requirements of Section ~~[16-10a-401]~~ 16-1a-302 that apply to domestic corporations, the state or country and date of incorporation, and a brief description of the nature of the business in which it is engaged; and

(b) accompanied by a certificate of existence, or a document of similar import from the state or country of incorporation as evidence that the foreign corporation is in existence or has authority to transact business under the laws of the state or country in which it is organized.

(3) The name is registered for the applicant upon the effective date of the application, and the initial registration is effective until the end of the calendar year in which it became effective.

(4) A foreign corporation that has in effect a registration of its corporate name as permitted by Subsection (1) may renew the registration for the following year by delivering to the division for filing a renewal application for registration, which complies with the requirements of Subsection (2), between October 1 and December 31 of the preceding year. When filed, the renewal application for registration renews the registration for the following calendar year.

(5) A foreign corporation that has in effect registration of its corporate name may apply for authority to transact business in this state under the registered name in accordance with the procedure set forth in this part or it may assign the registration to another foreign corporation by delivering to the division for filing an assignment of the registration that states the registered name, the name of the assigning foreign corporation, and the name of the assignee, concurrently with the delivery to the division for filing of the assignee's

2377 application for registration of the name. The assignee's application shall meet the  
2378 requirements of this part.

2379 (6)(a) A foreign corporation that has in effect registration of its corporate name may  
2380 terminate the registration at any time by delivering to the division for filing a  
2381 statement of termination setting forth the corporate name and stating that the  
2382 registration is terminated.

2383 (b) A registration automatically terminates upon the filing of an application for authority  
2384 to transact business in this state under the registered name.

2385 (7) The registration of a corporate name under Subsection (1) constitutes authority by the  
2386 division to file an application meeting the requirements of this part for authority to  
2387 transact business in this state under the registered name, but the authorization is subject  
2388 to the limitations applicable to corporate names as set forth in Section 16-10a-403.

2389 Section 41. Section **16-10a-1533** is amended to read:

2390 **16-10a-1533 . Domestication of foreign corporations.**

2391 (1)(a) Any foreign corporation may become a domestic corporation by delivering to the  
2392 division for filing articles of domestication meeting the requirements of Subsection  
2393 (2) if the board of directors of the corporation adopts, and its shareholders approve,  
2394 the domestication.

2395 (b) The adoption and approval of the domestication shall be in accordance with the  
2396 consent requirements of Section 16-10a-1003 for amending articles of incorporation.

2397 (2)(a) The articles of domestication shall meet the requirements applicable to articles of  
2398 incorporation set forth in Sections [~~16-10a-120~~] 16-1a-202 and 16-10a-202, except  
2399 that:

2400 (i) the articles of domestication need not name, or be signed by, the incorporators of  
2401 the foreign corporation; and

2402 (ii) any reference to the corporation's registered office, registered agent, or directors  
2403 shall be to the registered office and agent in Utah, and the directors then in office  
2404 at the time of filing the articles of domestication.

2405 (b) The articles of domestication shall set forth:

2406 (i) the date on which and jurisdiction where the corporation was first formed,  
2407 incorporated, or otherwise came into being;

2408 (ii) the name of the corporation immediately prior to the filing of the articles of  
2409 domestication;

2410 (iii) any jurisdiction that constituted the seat, location of incorporation, principal

place of business, or central administration of the corporation immediately prior to the filing of the articles of domestication; and

(iv) a statement that the articles of domestication were adopted by the corporation's board of directors and approved by its shareholders.

(3)(a) Upon the filing of articles of domestication with the division, the corporation shall be domesticated in this state, shall thereafter be subject to all of the provisions of this chapter, and shall continue as if it had been incorporated under this chapter.

(b) Notwithstanding any other provisions of this chapter, the existence of the corporation shall be considered to have commenced on the date the corporation commenced its existence in the jurisdiction in which the corporation was first formed, incorporated, or otherwise came into being.

(4) The articles of domestication, upon filing with the division, shall become the articles of incorporation of the corporation, and shall be subject to amendments or restatement the same as any other articles of incorporation under this chapter.

(5) The domestication of any corporation in this state may not be considered to affect any obligation or liability of the corporation incurred prior to its domestication.

(6) The filing of the articles of domestication does not affect the choice of law applicable to the corporation, except that from the date the articles of domestication are filed, the law of Utah, including the provisions of this chapter, shall apply to the corporation to the same extent as if the corporation had been incorporated as a corporation of this state on that date.

Section 42. Section **16-10a-1607** is amended to read:

**16-10a-1607 . Annual report for division.**

(1) Each domestic corporation, and each foreign corporation authorized to transact business in this state, shall deliver to the division for filing an annual report on a form provided by the division that sets forth:

- (a) the corporate name of the domestic or foreign corporation and any assumed corporate name of the foreign corporation;
- (b) the jurisdiction under whose law it is incorporated;
- (c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404;
- (d) the street address of its principal office, wherever located; and
- (e) the names of its principal officers.

(2) The division shall deliver a copy of the prescribed form of annual report to each domestic corporation and each foreign corporation authorized to transact business in this



2445 state.

- 2446 (3) Information in the annual report shall be current as of the date the annual report is  
2447 executed on behalf of the corporation.
- 2448 (4) The annual report of a domestic or foreign corporation shall be delivered annually to the  
2449 division no later than the end of the second calendar month following the calendar  
2450 month in which the report form is mailed by the division. Proof to the satisfaction of the  
2451 division that the corporation has mailed an annual report form is considered in  
2452 compliance with this subsection.
- 2453 (5) If an annual report contains the information required by this section, the division shall  
2454 file it. If a report does not contain the information required by this section, the division  
2455 shall promptly notify the reporting domestic or foreign corporation in writing and return  
2456 the report to it for correction. If the report was otherwise timely filed and is corrected to  
2457 contain the information required by this section and delivered to the division within 30  
2458 days after the effective date of the notice of rejection, the annual report is considered to  
2459 be timely filed.
- 2460 (6) The fact that an individual's name is signed on an annual report form is prima facie  
2461 evidence for division purposes that the individual is authorized to certify the report on  
2462 behalf of the corporation.
- 2463 (7) The annual report form provided by the division may be designed to provide a  
2464 simplified certification by the corporation if no changes have been made in the required  
2465 information from the last preceding report filed.
- 2466 (8) A domestic or foreign corporation may, but may not be required to, deliver to the  
2467 division for filing an amendment to its annual report reflecting any change in the  
2468 information contained in its annual report as last amended.

2469 Section 43. Section **16-15-103** is amended to read:

2470 **16-15-103 . Name.**

- 2471 (1) The words "business trust" shall be the last words of the name of every business trust  
2472 registered under this chapter. The name of a business trust registered under this chapter  
2473 shall be distinguishable, as provided in [~~Subsection 16-10a-401(5)~~] Section 16-1a-302,  
2474 on the records of the division from any corporation, partnership, or limited liability  
2475 company, and from any business name, or trademark of record with the division.
- 2476 (2) A person who participates in the omission of the words "business trust" in the  
2477 commercial use of the name of the business trust, or knowingly acquiesces in the  
2478 omission is liable for any indebtedness, damage, or liability resulting from the omission.

2479 Section 44. Section **16-15-104** is amended to read:

2480 **16-15-104 . Registration required -- Certificate of registration.**

- 2481 (1) A business trust shall register with the division before doing business in the state.
- 2482 (2) The certificate of registration of a business trust shall set forth:
- 2483 (a) the name of the business trust;
- 2484 (b) the period of its duration;
- 2485 (c) the business purpose for which the business trust is organized;
- 2486 (d) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404; and
- 2487 (e) the name, signature, and street address of all trustees of the business trust.

2488 Section 45. Section **16-15-108** is amended to read:

2489 **16-15-108 . When amendments are required.**

- 2490 (1) An amended certificate shall be filed with the division not later than 30 days after any
- 2491 change in:
- 2492 (a) any person acting as a trustee of the trust, or the address of any trustee;
- 2493 (b) the registered agent of the trust;
- 2494 (c) the registered office of the business trust; or
- 2495 (d) in any information required to be filed with the division under this chapter.
- 2496 (2) The amended certificate shall be signed by each trustee of the business trust and filed in
- 2497 the same manner as [~~a certificate of registration under Section 16-15-105~~] an entity filing
- 2498 under Section 16-1a-202.
- 2499 (3) The division may charge a fee in accordance with Section 63J-1-504 for amending a
- 2500 certificate of registration.

2501 Section 46. Section **16-16-113** is amended to read:

2502 **16-16-113 . Effect of organic rules.**

- 2503 (1) The relations between a limited cooperative association and its members are consensual.
- 2504 Unless required, limited, or prohibited by this chapter, the organic rules may provide for
- 2505 any matter concerning the relations among the members of the association and between
- 2506 the members and the association, the activities of the association, and the conduct of its
- 2507 activities.
- 2508 (2) The matters referred to in Subsections (2)(a) through (i) may be varied only in the
- 2509 articles of organization. The articles may:
- 2510 (a) state a term of existence for the association under Subsection 16-16-105(3);
- 2511 (b) limit or eliminate the acceptance of new or additional members by the initial board
- 2512 of directors under Subsection 16-16-303(2);

- (c) vary the limitations on the obligations and liability of members for association obligations under Section 16-16-504;
- (d) require a notice of an annual members meeting to state a purpose of the meeting under Subsection 16-16-508(2);
- (e) vary the board of directors meeting quorum under Subsection 16-16-815(1);
- (f) vary the matters the board of directors may consider in making a decision under Section 16-16-820;
- (g) specify causes of dissolution under Subsection 16-16-1202(1);
- (h) delegate amendment of the bylaws to the board of directors pursuant to Subsection 16-16-405(6);
- (i) provide for member approval of asset dispositions under Section 16-16-1501; and
- (j) provide for any matters that may be contained in the organic rules, including those under Subsection (3).
- (3) The matters referred to in Subsections (3)(a) through (y) may be varied only in the organic rules. The organic rules may:
- (a) require more information to be maintained under Section 16-16-114 or provided to members under Subsection 16-16-505(11);
- (b) provide restrictions on transactions between a member and an association under Section 16-16-115;
- (c) provide for the percentage and manner of voting on amendments to the organic rules by district, class, or voting group under Subsection 16-16-404(1);
- (d) provide for the percentage vote required to amend the bylaws concerning the admission of new members under Subsection 16-16-405(5)(e);
- (e) provide for terms and conditions to become a member under Section 16-16-502;
- (f) restrict the manner of conducting members meetings under Subsections 16-16-506(3) and 16-16-507(5);
- (g) designate the presiding officer of members meetings under Subsections 16-16-506(5) and 16-16-507(7);
- (h) require a statement of purposes in the annual meeting notice under Subsection 16-16-508(2);
- (i) increase quorum requirements for members meetings under Section 16-16-510 and board of directors meetings under Section 16-16-815;
- (j) allocate voting power among members, including patron members and investor members, and provide for the manner of member voting and action as permitted by

- 2547 Sections 16-16-511 through 16-16-517;
- 2548 (k) authorize investor members and expand or restrict the transferability of members'
- 2549 interests to the extent provided in Sections 16-16-602 through 16-16-604;
- 2550 (l) provide for enforcement of a marketing contract under Subsection 16-16-704(1);
- 2551 (m) provide for qualification, election, terms, removal, filling vacancies, and member
- 2552 approval for compensation of directors in accordance with Sections 16-16-803
- 2553 through 16-16-805, 16-16-807, 16-16-809, and 16-16-810;
- 2554 (n) restrict the manner of conducting board meetings and taking action without a
- 2555 meeting under Sections 16-16-811 and 16-16-812;
- 2556 (o) provide for frequency, location, notice and waivers of notice for board meetings
- 2557 under Sections 16-16-813 and 16-16-814;
- 2558 (p) increase the percentage of votes necessary for board action under Subsection
- 2559 16-16-816(2);
- 2560 (q) provide for the creation of committees of the board of directors and matters related to
- 2561 the committees in accordance with Section 16-16-817;
- 2562 (r) provide for officers and their appointment, designation, and authority under Section
- 2563 16-16-822;
- 2564 (s) provide for forms and values of contributions under Section 16-16-1002;
- 2565 (t) provide for remedies for failure to make a contribution under Subsection
- 2566 16-16-1003(2);
- 2567 (u) provide for the allocation of profits and losses of the association, distributions, and
- 2568 the redemption or repurchase of distributed property other than money in accordance
- 2569 with Sections 16-16-1004 through 16-16-1007;
- 2570 (v) specify when a member's dissociation is wrongful and the liability incurred by the
- 2571 dissociating member for damage to the association under Subsections 16-16-1101(2)
- 2572 and (3);
- 2573 (w) provide the personal representative, or other legal representative of, a deceased
- 2574 member or a member adjudged incompetent with additional rights under Section
- 2575 16-16-1103;
- 2576 (x) increase the percentage of votes required for board of director approval of:
- 2577 (i) a resolution to dissolve under Subsection 16-16-1205(1)(a);
- 2578 (ii) a proposed amendment to the organic rules under Subsection 16-16-402(1)(a);
- 2579 (iii) a plan of conversion under [~~Subsection 16-16-1603(1)~~] Section 16-1a-904;
- 2580 (iv) a plan of merger under [~~Subsection 16-16-1607(1)~~] Section 16-1a-704; and

- 2581 (v) a proposed disposition of assets under Subsection 16-16-1503(1); and  
2582 (y) vary the percentage of votes required for members' approval of:  
2583 (i) a resolution to dissolve under Section 16-16-1205;  
2584 (ii) an amendment to the organic rules under Section 16-16-405;  
2585 (iii) a plan of conversion under Section [~~16-16-1603~~] 16-1a-904;  
2586 (iv) a plan of merger under Section [~~16-16-1608~~] 16-1a-704; and  
2587 (v) a disposition of assets under Section 16-16-1504.
- 2588 (4) The organic rules shall address members' contributions pursuant to Section 16-16-1001.  
2589 Section 47. Section **16-16-118** is amended to read:  
2590 **16-16-118 . Change of designated office or agent for service of process.**
- 2591 (1) Except as otherwise provided in [~~Subsection 16-16-207(5)~~] Section 16-1a-407, to change  
2592 its designated office, its agent for service of process, or the street address or, if different,  
2593 mailing address of its principal office, a limited cooperative association shall deliver to  
2594 the division for filing a statement of change containing:  
2595 (a) the name of the limited cooperative association;  
2596 (b) the street address and, if different, mailing address of its designated office;  
2597 (c) if the designated office is to be changed, the street address and, if different, mailing  
2598 address of the new designated office;  
2599 (d) the name of its agent for service of process; and  
2600 (e) if the agent for service of process is to be changed, the name of the new agent.
- 2601 (2) Except as otherwise provided in [~~Subsection 16-16-207(5)~~] Section 16-1a-407, to change  
2602 its agent for service of process, the address of its designated office, or the street address  
2603 or, if different, mailing address of its principal office, a foreign cooperative shall deliver  
2604 to the division for filing a statement of change containing:  
2605 (a) the name of the foreign cooperative;  
2606 (b) the name, street address and, if different, mailing address of its designated office;  
2607 (c) if the current agent for service of process or an address of the designated office is to  
2608 be changed, the new information;  
2609 (d) the street address and, if different, mailing address of its principal office; and  
2610 (e) if the street address or, if different, the mailing address of its principal office is to be  
2611 changed, the street address and, if different, the mailing address of the new principal  
2612 office.
- 2613 (3) Except as otherwise provided in Section 16-16-204, a statement of change is effective  
2614 when filed by the division.

Section 48. Section **16-16-302** is amended to read:

**16-16-302 . Formation of limited cooperative association -- Articles of organization.**

- (1) To form a limited cooperative association, an organizer of the association shall deliver articles of organization to the division for filing. The articles shall state:
  - (a) the name of the association;
  - (b) the purposes for which the association is formed;
  - (c) the street address and, if different, mailing address of the association's initial designated office and the name of the association's initial agent for service of process at the designated office;
  - (d) the street address and, if different, mailing address of the initial principal office;
  - (e) the name and street address and, if different, mailing address of each organizer; and
  - (f) the term for which the association is to exist if other than perpetual.
- (2) Subject to Subsection 16-16-113(1), articles of organization may contain any other provisions in addition to those required by Subsection (1).
- (3) A limited cooperative association is formed after articles of organization that substantially comply with Subsection (1) are delivered to the division, are filed, and become effective under [~~Subsection 16-16-203(3)~~] Section 16-1a-204.
- (4) If articles of organization filed by the division state a delayed effective date, a limited cooperative association is not formed if, before the articles take effect, an organizer signs and delivers to the division for filing a statement of cancellation.

Section 49. Section **16-16-407** is amended to read:

**16-16-407 . Amendment or restatement of articles of organization -- Filing.**

- (1) To amend its articles of organization, a limited cooperative association shall deliver to the division for filing an amendment of the articles, or restated articles of organization or articles of conversion or merger pursuant to [~~Part 16, Conversion and Merger~~] Chapter 1a, Part 7, Merger, or Chapter 1a, Part 9, Conversion, which contain one or more amendments of the articles of organization, stating:
  - (a) the name of the association;
  - (b) the date of filing of the association's initial articles; and
  - (c) the changes the amendment makes to the articles as most recently amended or restated.
- (2) Before the beginning of the initial meeting of the board of directors, an organizer who knows that information in the filed articles of organization was inaccurate when the

articles were filed or has become inaccurate due to changed circumstances shall promptly:

(a) cause the articles to be amended; or

(b) if appropriate, deliver an amendment to the division for filing pursuant to Section [ ~~16-16-203~~] 16-1a-206.

(3) If restated articles of organization are adopted, the restated articles may be delivered to the division for filing in the same manner as an amendment.

(4) Upon filing, an amendment of the articles of organization or other record containing an amendment of the articles which has been properly adopted by the members is effective as provided in [~~Subsection 16-16-203(3)~~] Section 16-1a-206.

Section 50. Section **16-16-502** is amended to read:

**16-16-502 . Becoming a member.**

A person becomes a member:

(1) as provided in the organic rules;

(2) as the result of a merger or conversion under [~~Part 16, Conversion and Merger~~] Chapter 1a, Part 7, Merger, or Chapter 1a, Part 9, Conversion; or

(3) with the consent of all the members.

Section 51. Section **16-16-1101** is amended to read:

**16-16-1101 . Member's dissociation.**

(1) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by express will.

(2) Unless the organic rules otherwise provide, a member's dissociation from a limited cooperative association is wrongful only if the dissociation:

(a) breaches an express provision of the organic rules; or

(b) occurs before the termination of the limited cooperative association and:

(i) the person is expelled as a member under Subsection (4)(c) or (d); or

(ii) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a member because it dissolved or terminated in bad faith.

(3) Unless the organic rules otherwise provide, a person that wrongfully dissociates as a member is liable to the limited cooperative association for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or liability of the person to the association.

(4) A member is dissociated from the limited cooperative association as a member when:

- 2683 (a) the association receives notice in a record of the member's express will to dissociate  
2684 as a member, or if the member specifies in the notice an effective date later than the  
2685 date the association received notice, on that later date;
- 2686 (b) an event stated in the organic rules as causing the member's dissociation as a member  
2687 occurs;
- 2688 (c) the member is expelled as a member under the organic rules;
- 2689 (d) the member is expelled as a member by the board of directors because:
- 2690 (i) it is unlawful to carry on the association's activities with the member as a member;
- 2691 (ii) there has been a transfer of all the member's financial rights in the association,  
2692 other than:
- 2693 (A) a creation or perfection of a security interest; or
- 2694 (B) a charging order in effect under Section 16-16-505 which has not been  
2695 foreclosed;
- 2696 (iii) the member is a limited liability company, association, or partnership, it has been  
2697 dissolved, and its business is being wound up;
- 2698 (iv) the member is a corporation or cooperative and:
- 2699 (A) the member filed a certificate of dissolution or the equivalent, or the  
2700 jurisdiction of formation revoked the association's charter or right to conduct  
2701 business;
- 2702 (B) the association sends a notice to the member that it will be expelled as a  
2703 member for a reason described in Subsection (4)(d)(iv)(A); and
- 2704 (C) not later than 90 days after the notice was sent under Subsection (4)(d)(iv)(B),  
2705 the member did not revoke the member's certificate of dissolution or the  
2706 equivalent, or the jurisdiction of formation did not reinstate the association's  
2707 charter or right to conduct business; or
- 2708 (v) the member is an individual and is adjudged incompetent;
- 2709 (e) in the case of a member who is an individual, the individual dies;
- 2710 (f) in the case of a member that is a trust or is acting as a member by virtue of being a  
2711 trustee of a trust, all the trust's financial rights in the association are distributed;
- 2712 (g) in the case of a member that is an estate, the estate's entire financial interest in the  
2713 association is distributed;
- 2714 (h) in the case of a member that is not an individual, partnership, limited liability  
2715 company, cooperative, corporation, trust, or estate, the member is terminated; or
- 2716 (i) the association's participation in a merger if, under the plan of merger as approved



2717 under [~~Part 16, Conversion and Merger~~] Chapter 1a, Part 7, Merger, the member  
2718 ceases to be a member.

2719 Section 52. Section **16-16-1102** is amended to read:

2720 **16-16-1102 . Effect of dissociation as member.**

2721 (1) Upon a member's dissociation:

2722 (a) subject to Section 16-16-1103, the person has no further rights as a member; and

2723 (b) subject to Section 16-16-1103 and [~~Part 16, Conversion and Merger~~] Chapter 1a, Part  
2724 7, Merger, and Chapter 1a, Part 9, Conversion, any financial rights owned by the  
2725 person in the person's capacity as a member immediately before dissociation are  
2726 owned by the person as a transferee.

2727 (2) A person's dissociation as a member does not of itself discharge the person from any  
2728 debt, obligation, or liability to the limited cooperative association which the person  
2729 incurred under the organic rules, by contract, or by other means while a member.

2730 Section 53. Section **16-16-1212** is amended to read:

2731 **16-16-1212 . Reinstatement following administrative dissolution.**

2732 (1) A limited cooperative association that has been dissolved administratively may apply to  
2733 the division for reinstatement under the limited cooperative association's same name at  
2734 any time after the effective date of dissolution if the limited cooperative association's  
2735 name is available and the limited cooperative association delivers to the division for  
2736 filing an application for reinstatement that states:

2737 (a) the name of the association and the effective date of its administrative dissolution;

2738 (b) that the grounds for dissolution either did not exist or have been eliminated; and

2739 (c) that the association's name satisfies the requirements of Section [~~16-16-111~~]

2740 16-1a-302.

2741 (2) A limited cooperative association administratively dissolved on or after May 1, 2019,  
2742 but before May 1, 2024, may apply for reinstatement under the limited cooperative  
2743 association's same name if the limited cooperative association's name is available and  
2744 the limited cooperative association delivers to the division for filing an application for  
2745 reinstatement that satisfies the requirements of Subsections (1)(a) and (c).

2746 (3) A limited cooperative association retains the limited cooperative association's name and [~~assumed name~~] D.B.A., as described in Section [~~42-2-6.6~~] 42-2-105, for five years after  
2747 the day on which the dissolution is effective.

2748 (4) If the division determines that an application contains the information required by  
2749 Subsection (1) or (2) and that the information is correct, the division shall:  
2750

- (a) prepare a declaration of reinstatement;
- (b) file the original of the declaration; and
- (c) serve a copy of the declaration on the association.
- (5) When reinstatement under this section becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution, and the limited cooperative association may resume or continue its activities as if the administrative dissolution had not occurred.

Section 54. Section **16-16-1402** is amended to read:

**16-16-1402 . Application for certificate of authority.**

- (1) A foreign cooperative may apply for a certificate of authority by delivering an application to the division for filing. The application shall state:
- (a) the name of the foreign cooperative and, if the name does not comply with Section [ ~~16-16-111~~] 16-1a-302, an alternative name adopted pursuant to Section 16-16-1405;
- (b) the name of the state or other jurisdiction under whose law the foreign cooperative is organized;
- (c) the street address and, if different, mailing address of the principal office and, if the law of the jurisdiction under which the foreign cooperative is organized requires the foreign cooperative to maintain another office in that jurisdiction, the street address and, if different, mailing address of the required office;
- (d) the street address and, if different, mailing address of the foreign cooperative's designated office in this state, and the name of the foreign cooperative's agent for service of process at the designated office; and
- (e) the name, street address and, if different, mailing address of each of the foreign cooperative's current directors and officers.
- (2) A foreign cooperative shall deliver with a completed application under Subsection (1) a certificate of existence or a similar record signed by the division or other official having custody of the foreign cooperative's publicly filed records in the state or other jurisdiction under whose law the foreign cooperative is organized.

Section 55. Section **16-16-1405** is amended to read:

**16-16-1405 . Noncomplying name of foreign cooperative.**

- (1)(a) A foreign cooperative whose name does not comply with Section [ ~~16-16-111~~] 16-1a-302 may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternative name that complies with Section [ ~~16-16-111~~] 16-1a-302.

2785 (b) [-]A foreign cooperative that adopts an alternative name under this Subsection (1)  
 2786 and then obtains a certificate of authority with that name need not also comply with  
 2787 Section ~~[42-2-5]~~ 42-2-201.

2788 (c) [-]After obtaining a certificate of authority with an alternative name, a foreign  
 2789 cooperative's business in this state shall be transacted under that name unless the  
 2790 foreign cooperative is authorized under Section ~~[42-2-5]~~ 42-2-201 to transact business  
 2791 in this state under another name.

2792 (2) If a foreign cooperative authorized to transact business in this state changes its name to  
 2793 one that does not comply with Section ~~[16-16-111]~~ 16-1a-302, it may not thereafter  
 2794 transact business in this state until it complies with Subsection (1) and obtains an  
 2795 amended certificate of authority.

2796 Section 56. Section **16-16-1407** is amended to read:

2797 **16-16-1407 . Cancellation of certificate of authority -- Effect of failure to have**  
 2798 **certificate.**

2799 (1) To cancel its certificate of authority, a foreign cooperative shall deliver to the division  
 2800 for filing a notice of cancellation. The certificate is canceled when the notice becomes  
 2801 effective under Section ~~[16-16-203]~~ 16-1a-204.

2802 (2) A foreign cooperative transacting business in this state may not maintain an action or  
 2803 proceeding in this state unless it has a certificate of authority.

2804 (3) The failure of a foreign cooperative to have a certificate of authority does not impair the  
 2805 validity of a contract or act of the foreign cooperative or prevent the foreign cooperative  
 2806 from defending an action or proceeding in this state.

2807 (4) A member of a foreign cooperative is not liable for the obligations of the foreign  
 2808 cooperative solely by reason of the foreign cooperative's having transacted business in  
 2809 this state without a certificate of authority.

2810 (5) If a foreign cooperative transacts business in this state without a certificate of authority  
 2811 or cancels its certificate, it appoints the division as its agent for service of process for an  
 2812 action arising out of the transaction of business in this state.

2813 Section 57. Section **16-20-1001**, which is renumbered from Section 48-3a-1101 is renumbered  
 2814 and amended to read:

## 2815 **Part 10. Professional Services Companies**

### 2816 **~~[48-3a-1101]~~ 16-20-1001 . Definitions.**

2817 As used in this part:

2818 (1) "Professional services" means a personal service provided by:

- 2819 (a) a public accountant holding a license under Title 58, Chapter 26a, Certified Public  
2820 Accountant Licensing Act, or a subsequent law regulating the practice of public  
2821 accounting;
- 2822 (b) an architect holding a license under Title 58, Chapter 3a, Architects Licensing Act,  
2823 or a subsequent law regulating the practice of architecture;
- 2824 (c) an attorney granted the authority to practice law by the:
- 2825 (i) Utah Supreme Court; or
- 2826 (ii) one or more of the following that licenses or regulates the authority to practice  
2827 law in a state or territory of the United States other than Utah:
- 2828 (A) a supreme court;
- 2829 (B) a court other than a supreme court;
- 2830 (C) an agency;
- 2831 (D) an instrumentality; or
- 2832 (E) a regulating board;
- 2833 (d) a chiropractor holding a license under Title 58, Chapter 73, Chiropractic Physician  
2834 Practice Act, or any subsequent law regulating the practice of chiropractics;
- 2835 (e) a doctor of dentistry holding a license under Title 58, Chapter 69, Dentist and Dental  
2836 Hygienist Practice Act, or a subsequent law regulating the practice of dentistry;
- 2837 (f) a professional engineer registered under Title 58, Chapter 22, Professional Engineers  
2838 and Professional Land Surveyors Licensing Act, or a subsequent law regulating the  
2839 practice of engineers and land surveyors;
- 2840 (g) a naturopath holding a license under Title 58, Chapter 71, Naturopathic Physician  
2841 Practice Act, or a subsequent law regulating the practice of naturopathy;
- 2842 (h) a nurse licensed under Title 58, Chapter 31b, Nurse Practice Act, or Title 58, Chapter  
2843 44a, Nurse Midwife Practice Act, or a subsequent law regulating the practice of  
2844 nursing;
- 2845 (i) an optometrist holding a license under Title 58, Chapter 16a, Utah Optometry  
2846 Practice Act, or a subsequent law regulating the practice of optometry;
- 2847 (j) an osteopathic physician or surgeon holding a license under Title 58, Chapter 68,  
2848 Utah Osteopathic Medical Practice Act, or a subsequent law regulating the practice of  
2849 osteopathy;
- 2850 (k) a pharmacist holding a license under Title 58, Chapter 17b, Pharmacy Practice Act,  
2851 or a subsequent law regulating the practice of pharmacy;
- 2852 (l) a physician, surgeon, or doctor of medicine holding a license under Title 58, Chapter

67, Utah Medical Practice Act, or a subsequent law regulating the practice of medicine;

- (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 any 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.

- (2) "Regulating board" means the entity organized pursuant to state law that licenses and regulates the practice of the profession that a limited liability company is organized to provide.

Section 58. Section **16-20-1002**, which is renumbered from Section 48-3a-1102 is renumbered and amended to read:

**[48-3a-1102] 16-20-1002 . Application of this part.**

- (1) If a conflict arises between this part and another provision of this chapter, this part controls.
- (2) Notwithstanding the other provisions of this part, on and after January 1, 2016:
  - (a) a professional services company may not designate series of transferable interests;

2887 and

2888 (b) a limited liability company may not form a professional services company as a series  
2889 of the limited liability company.

2890 Section 59. Section **16-20-1003**, which is renumbered from Section 48-3a-1103 is renumbered  
2891 and amended to read:

2892 **[48-3a-1103] 16-20-1003 . Additional requirements for certificate of organization.**

2893 The certificate of organization of a professional services company shall:

2894 (1) comply with Section ~~[48-3a-201]~~ 16-20-201; and

2895 (2) contain the following:

2896 (a) a name consistent with Section ~~[48-3a-1104]~~ 16-20-1004;

2897 (b) a description of the profession to be practiced through the professional services  
2898 company; and

2899 (c) notwithstanding Section ~~[48-3a-201]~~ 16-20-201, the name and street address of each  
2900 member or manager of the professional services company.

2901 Section 60. Section **16-20-1004**, which is renumbered from Section 48-3a-1104 is renumbered  
2902 and amended to read:

2903 **[48-3a-1104] 16-20-1004 . Name limitations.**

2904 (1) The name of a domestic professional services company and of a foreign professional  
2905 services company authorized to transact business in this state, in addition to complying  
2906 with Sections ~~[48-3a-108]~~ 16-1a-302 and ~~[48-3a-906]~~ 16-1a-507:

2907 (a) may not contain language stating or implying that ~~[it]~~ the domestic professional  
2908 services company or foreign professional services company is formed for a purpose  
2909 other than that authorized by:

2910 (i) ~~[its]~~ the domestic professional services company's or foreign professional services  
2911 company's certificate of organization; or

2912 (ii) Section ~~[48-3a-1106]~~ 16-20-1006;

2913 (b) must conform with any rule made by the regulating board having jurisdiction over a  
2914 professional service described in the professional services company's certificate of  
2915 organization; and

2916 (c) in lieu of the requirement of Subsection ~~[48-3a-108(1)]~~ 16-1a-303(5), must contain  
2917 the words "professional limited liability company" or the abbreviations "P.L.L.C." or  
2918 "PLLC" in:

2919 (i) its certificate of organization; and

2920 (ii) a report or document filed with the division.

(2) Notwithstanding Subsection (1)(c), a professional services company may hold [itself] the professional service company out to the public under a name that does not contain the words "professional limited liability company" or the abbreviations "P.L.L.C." or "PLLC" if that name complies with Subsection [48-3a-108(1)] 16-1a-303(5).

(3) Sections [48-3a-108] 16-1a-302 and [48-3a-906] 16-1a-507 do not prevent the use of a name otherwise prohibited by those sections if the name is:

(a) the personal name of an individual member or individual former member of the professional services company; or

(b) the name of an individual who was associated with a predecessor of the professional services company.

Section 61. Section **16-20-1005**, which is renumbered from Section 48-3a-1105 is renumbered and amended to read:

**[48-3a-1105] 16-20-1005 . Providing a professional service.**

(1) Subject to Section [48-3a-1106] 16-20-1006, a professional services company may provide a professional service in this state only through an individual licensed or otherwise authorized in this state to provide the professional service.

(2) Subsection (1) does not:

(a) require an individual employed by a professional services company to be licensed to perform a service for the professional services company if a license is not otherwise required;

(b) prohibit a licensed individual from providing a professional service in the individual's professional capacity although the individual is a member, manager, employee, or agent of a professional services company; or

(c) prohibit an individual licensed in another state from providing a professional service for a professional services company in this state if not prohibited by the regulating board.

Section 62. Section **16-20-1006**, which is renumbered from Section 48-3a-1106 is renumbered and amended to read:

**[48-3a-1106] 16-20-1006 . Limit of one profession.**

(1) A professional services company organized to provide a professional service under this part may provide only:

(a) one specific type of professional service; and

(b) services ancillary to the professional service described in Subsection (1)(a).

(2) A professional services company organized to provide a professional service under this

part may not engage in a business other than to provide:

(a) the professional service that [it] the professional services company was organized to provide; and

(b) services ancillary to the professional service described in Subsection (2)(a).

(3) Notwithstanding Subsections (1) and (2), a professional services company may:

(a) own real and personal property necessary or appropriate for providing the type of professional service [it] the professional services company was organized to provide; and

(b) invest the professional services company's money in one or more of the following:

(i) real estate;

(ii) mortgages;

(iii) stocks;

(iv) bonds; or

(v) another type of investment.

Section 63. Section **16-20-1007**, which is renumbered from Section 48-3a-1107 is renumbered and amended to read:

**[48-3a-1107] 16-20-1007 . Activity limitations.**

A professional services company may not do anything that an individual licensed to practice the profession that the professional services company is organized to provide is prohibited from doing.

Section 64. Section **16-20-1008**, which is renumbered from Section 48-3a-1108 is renumbered and amended to read:

**[48-3a-1108] 16-20-1008 . This part does not limit regulating board.**

This part does not restrict the authority or duty of a regulating board to license an individual providing a professional service or the practice of the profession that is within the jurisdiction of the regulating board, notwithstanding that the individual:

(1) is a member, manager, or employee of a professional services company; or

(2) provides the professional service or engages in the practice of the profession through a professional services company.

Section 65. Section **16-20-1009**, which is renumbered from Section 48-3a-1109 is renumbered and amended to read:

**[48-3a-1109] 16-20-1009 . Member or manager of a professional services company.**

A professional services company organized to provide a professional service:



- 2989 (1) may include a member, manager, or employee who is authorized under the laws of the  
 2990 jurisdiction where the member, manager, or employee resides to provide a similar  
 2991 professional service;
- 2992 (2) may include a member who is not licensed or registered by the state to provide the  
 2993 professional service to the extent allowed by the applicable licensing or registration act  
 2994 relating to the professional service; and
- 2995 (3) may render a professional service in this state only through a member, manager, or  
 2996 employee who is licensed or registered by this state to render the professional service.

2997 Section 66. Section **16-20-1010**, which is renumbered from Section 48-3a-1110 is renumbered  
 2998 and amended to read:

2999 **[48-3a-1110] 16-20-1010 . Restriction on transfer by member.**

- 3000 (1) Except as provided in Subsections (2) and (3), a member of a professional services  
 3001 company may sell or transfer the member's interest in the professional services company  
 3002 only to:
- 3003 (a) the professional services company; or
- 3004 (b) an individual who is licensed or registered by this state to provide the same type of  
 3005 professional service as the professional service for which the professional services  
 3006 company is organized, or who otherwise satisfies the requirements of [~~Subsection~~  
 3007 ~~48-3a-1109(1) or (2)~~] Section 16-20-1009.
- 3008 (2) Upon the death or incapacity of a member of a professional services company, the  
 3009 member's interest in the professional services company may be transferred to the  
 3010 personal representative or estate of the deceased or incapacitated member.
- 3011 (3) The person to whom an interest is transferred under Subsection (2) may continue to hold  
 3012 the interest for a reasonable period, but may not participate in a decision concerning the  
 3013 providing of a professional service.

3014 Section 67. Section **16-20-1011**, which is renumbered from Section 48-3a-1111 is renumbered  
 3015 and amended to read:

3016 **[48-3a-1111] 16-20-1011 . Purchase of interest upon death, incapacity, or**  
 3017 **disqualification of member.**

- 3018 (1) Subject to this part, one or more of the following may provide for the purchase of a  
 3019 member's interest in a professional services company upon the death, incapacity, or  
 3020 disqualification of the member:
- 3021 (a) the certificate of organization;
- 3022 (b) the operating agreement; or

(c) a private agreement.

(2) In the absence of a provision described in Subsection (1), a professional services company shall purchase the interest of a member who is deceased, incapacitated, or no longer qualified to own an interest in the professional services company within 90 days after the day on which the professional services company is notified of the death, incapacity, or disqualification.

(3) If a professional services company purchases a member'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 company fails to purchase a member'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 member;

(b) the guardian or conservator of an incapacitated member; or

(c) the disqualified member.

(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 company.

(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 68. Section **16-20-1012**, which is renumbered from Section 48-3a-1112 is renumbered and amended to read:

**[48-3a-1112] 16-20-1012 . Conversion to nonprofessional company.**

(1) A professional services company subject to this part converts into a limited liability company subject to this chapter, but not subject to this part on the day on which:

(a) no member of the professional services company is licensed or registered for the professional service for which the professional services company is organized; or

(b) all members entitled to vote on or consent to any matter consent not to be a professional services company subject to this part.

(2) A professional services company converted as provided in Subsection (1) shall upon the event described in Subsection (1) operate as and be treated as a limited liability company

subject to this chapter, but not subject to this part.

- (3) A limited liability company resulting from a conversion under this section may reconvert to a professional services company:
- (a) upon at least one member of the limited liability company being licensed or registered for the professional service for which the limited liability company is organized; and
  - (b) each member of the limited liability company entitled to vote on or consent to any matter consents to reconvert the limited liability company to a professional services company subject to this part.
- (4) If a professional services company is converted or reconverted under this section, the professional services company shall file a certificate of amendment to the certificate of organization with the division within a reasonable time after the conversion or reconversion to reflect the changes.

Section 69. Section **16-20-1101**, which is renumbered from Section 48-3a-1201 is renumbered and amended to read:

#### **Part 11. Series Limited Liability Companies**

##### **[48-3a-1201] 16-20-1101 . Series of transferable interests.**

- (1)(a) An operating agreement may establish or provide for the establishment of a designated series of transferable interests having separate rights, powers, or duties with respect to specified property or obligations of the limited liability company or profits and losses associated with specified property or obligations, and, to the extent provided in the operating agreement, any such series may have a separate business purpose or investment objective.
- (b) [-]The name of each series must contain the name of the limited liability company and be distinguishable from the name of any other series.
- (2) Notwithstanding contrary provisions of this chapter, the debts, liabilities, and obligations incurred, contracted for, or otherwise existing with respect to a particular series shall be enforceable against the assets of that series only, and not against the assets of the limited liability company generally or any other series, if all of the following apply:
- (a) the series is established by or in accordance with the operating agreement;
  - (b) separate and distinct records are maintained for the series;
  - (c) the assets associated with the series are held and accounted for separately from the other assets of the limited liability company, including another series;

(d) the operating agreement or the agreement establishing the series provides for the limitation on liabilities of the series; and

(e) notice of the limitation on liability of the series is set forth in the limited liability company's certificate of organization in accordance with Section ~~[48-3a-1202]~~ 16-20-1102.

(3) A series meeting all of the conditions of Subsection (2) shall:

(a) be treated as a separate entity to the extent set forth in the certificate of organization; and

(b) have the power and capacity to, in its own name, contract, hold title to property, grant liens and security interests, and sue and be sued.

(4) Notwithstanding the other provisions of this section:

(a) property and assets of a series may not be transferred to the limited liability company generally or another series if the transfer impairs the ability of the series releasing the property or assets to pay its debts existing at the time of the transfer unless fair value is given to the transferring series for the property or assets transferred; and

(b) a tax or other liability of the limited liability company generally or of a series may not be assigned by the series against which the tax or other liability is imposed to the limited liability company generally or to another series within the limited liability company if the assignment impairs a creditor's right and ability to fully collect an amount due when owed.

(5) Notwithstanding the other provisions of this part:

(a) a professional services company may not designate a series of transferable interests; and

(b) a limited liability company may not form a professional services company as a series of the limited liability company.

(6) Except to the extent modified by this part, the provisions of this chapter which are generally applicable to a limited liability company, and ~~[its]~~ the limited liability company's managers, members, and transferees, shall be applicable to each series with respect to the operations of such a series.

Section 70. Section **~~16-20-1102~~**, which is renumbered from Section 48-3a-1202 is renumbered and amended to read:

**~~[48-3a-1202]~~ 16-20-1102 . Notice of limitation on liability of a series.**

(1)(a) Notice in a limited liability company's certificate of organization of the limitation on liabilities of a series as referenced in Subsection ~~[48-3a-1201(2)(e)]~~

16-20-1101(2)(e) is sufficient for all purposes of this part whether or not the limited liability company has established a series at the time the notice is included in the certificate of organization.

(b) For a certificate of organization or an amendment to a certificate of organization made to include notice of series that is filed on or after May 12, 2015, notice in a company's certificate of organization is sufficient for purposes of Subsection (1) only if the notice of series appears immediately following the provision stating the name of the company.

(2) The notice of a limitation on liability of a series as referenced in Subsection [ ~~48-3a-1201(2)(e)~~] 16-20-1102(2)(e) is not required to reference a specific series.

(3) The filing by the division of the certificate of organization containing a notice of the limitation on liabilities of a series constitutes notice of the limitation on liabilities of the series.

Section 71. Section **16-20-1103**, which is renumbered from Section 48-3a-1203 is renumbered and amended to read:

**[~~48-3a-1203~~] 16-20-1103 . Agreement to be liable.**

Notwithstanding Section [~~48-3a-304~~] 16-20-304, or a contrary provision in an operating agreement, a member or manager may agree to be obligated personally for any or all of the debts, obligations, or liabilities of one or more series.

Section 72. Section **16-20-1104**, which is renumbered from Section 48-3a-1204 is renumbered and amended to read:

**[~~48-3a-1204~~] 16-20-1104 . Series related provisions in operating agreement.**

(1) An operating agreement may provide for classes or groups of members or managers associated with a series having such relative rights, powers, and duties as the operating agreement may provide.

(2) The operating agreement may provide for the future creation of additional classes or groups of members or managers associated with the series having such relative rights, powers, and duties as may from time to time be established, including rights, powers, and duties senior to existing classes and groups of members or managers associated with the series.

(3) An operating agreement may provide for the taking of an action, including the amendment of the operating agreement, without the vote or approval of any member or manager or class or group of members or managers, including all action to create under the provisions of the operating agreement a class or group of the series of membership

interests that was not previously outstanding.

(4) An operating agreement may provide that any member or class or group of members associated with a series does not have voting rights.

(5)(a) An operating agreement may grant to all or certain identified members or managers or a specified class or group of the members or managers associated with a series the right to vote on any matter separately or with all or any class or group of the members or managers associated with the series.

(b) ~~[-]~~ Voting by members or managers associated with a series may be on any basis including:

~~[(a)]~~ (i) a per capita basis;

~~[(b)]~~ (ii) a number basis;

~~[(c)]~~ (iii) on the basis of a financial interest; or

~~[(d)]~~ (iv) by class or group.

Section 73. Section **16-20-1105**, which is renumbered from Section 48-3a-1205 is renumbered and amended to read:

**[48-3a-1205] 16-20-1105 . Management of a series.**

(1) A series is member-managed unless the operating agreement:

(a) expressly provides that:

(i) the series is or will be "manager-managed";

(ii) the series is or will be "managed by managers"; or

(iii) management of the series is or will be "vested in managers"; or

(b) includes words of similar import.

(2) In a member-managed series, unless modified pursuant to Section ~~[48-3a-1204]~~ 16-20-1104, the following rules apply:

(a) The management and conduct of the series are vested in the members of the series.

(b) Each series member has equal rights in the management and conduct of the series' activities.

(c) A difference arising among series members as to a matter in the ordinary course of the activities of the series shall be decided by a majority of the series members.

(d) An act outside the ordinary course of the activities of the series may be undertaken only with the consent of all members of the series.

(e) The operating agreement may be amended only with the consent of all members of the series.

(3) In a manager-managed series, the following rules apply:

- (a) Except as otherwise expressly provided in this chapter, any matter relating to the activities of the series is decided exclusively by the managers of the series.
- (b) Each series manager has equal rights in the management and conduct of the activities of the series.
- (c) A difference arising among managers of a series as to a matter in the ordinary course of the activities of the series shall be decided by a majority of the managers of the series.
- (d) Unless modified pursuant to Section ~~[48-3a-1204]~~ 16-20-1104, the consent of all members of the series is required to:
- (i) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the series' property, with or without the goodwill, outside the ordinary course of the series' activities;
  - (ii) approve a transaction 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; or
    - (D) Chapter 1a, Part 10, Domestication;
  - (iii) undertake any other act outside the ordinary course of the series' activities; and
  - (iv) amend the operating agreement as it pertains to the series.
- (e)(i) A manager of the series may be chosen at any time by the consent of a majority of the members of the series and remains a manager of the series until a successor has been chosen, unless the series manager at an earlier time resigns, is removed, ~~[ or ]~~dies, or, in the case of a series manager that is not an individual, terminates.
- (ii) ~~[-]~~A series manager may be removed at any time by the consent of a majority of the members without notice or cause.
- (f)(i) A person need not be a series member to be a manager of a series, but the dissociation of a series member that is also a series manager removes the person as a manager of the series.
- (ii) ~~[-]~~If a person that is both a series manager and a series member ceases to be a manager of the series, that cessation does not by itself dissociate the person as a member of the series.
- (g) A person's ceasing to be a series manager does not discharge any debt, obligation, or other liability to the series or members of the series which the person incurred while a

manager of the series.

(4) An action requiring the consent of members of a series under this chapter may be taken without a meeting, and a member of a series may appoint a proxy or other agent to consent or otherwise act for the series member by signing an appointing record, personally or by the series member's agent.

(5) The dissolution of a series does not affect the applicability of this section. However, a person that wrongfully causes dissolution of the series loses the right to participate in management as a series member and a series manager.

(6) This chapter does not entitle a member of a series to remuneration for services performed for a member-managed series, except for reasonable compensation for services rendered in winding up the activities of the series.

Section 74. Section **16-20-1106**, which is renumbered from Section 48-3a-1206 is renumbered and amended to read:

**[48-3a-1206] 16-20-1106 . Series distributions.**

(1) Any distribution made by a series before its dissolution and winding up must be in equal shares among the series members and dissociated series members, except to the extent necessary to comply with any transfer effective under Section [48-3a-502] 16-20-502 and any charging order in effect under Section [48-3a-503] 16-20-503.

(2)(a) A person has a right to a distribution before the dissolution and winding up of a series only if the series decides to make an interim distribution.

(b) [-]A person's dissociation with respect to a series 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 series in any form other than money.

(b) [-]Except as otherwise provided in Subsection [48-3a-711(3)] 16-20-708(3), a series may distribute an asset in kind 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 series member or transferee becomes entitled to receive a distribution, the series member or transferee has the status of, and is entitled to all remedies available to, a creditor of the series with respect to the distribution.

(b) [-]However, the series' obligation to make a distribution is subject to offset for any amounts owed to the series by the member or a person dissociated as a member on whose account the distribution is made.



- 3261 (5) A series may not make a distribution if after the distribution:
- 3262 (a) the series would not be able to pay its debts as they become due in the ordinary
- 3263 course of the series' activities; or
- 3264 (b) the series' total assets would be less than the sum of its total liabilities plus the
- 3265 amount that would be needed, if the series were to be dissolved, wound up, and
- 3266 terminated at the time of the distribution, to satisfy the preferential rights upon
- 3267 dissolution, winding up, and termination of members whose preferential rights are
- 3268 superior to those of persons receiving the distribution.
- 3269 (6) A series may base a determination that a distribution is not prohibited under Subsection
- 3270 (5) on financial statements prepared on the basis of accounting practices and principles
- 3271 that are reasonable in the circumstances or on a fair valuation or other method that is
- 3272 reasonable under the circumstances.
- 3273 (7) Except as otherwise provided in Subsection (9), the effect of a distribution under
- 3274 Subsection (5) is measured:
- 3275 (a) in the case of a distribution by purchase, redemption, or other acquisition of a
- 3276 transferable interest in the series, as of the date money or other property is transferred
- 3277 or debt incurred by the series; or
- 3278 (b) in all other cases, as of the date:
- 3279 (i) the distribution is authorized, if the payment occurs within 120 days after that
- 3280 date; or
- 3281 (ii) the payment is made, if the payment occurs more than 120 days after the
- 3282 distribution is authorized.
- 3283 (8) A series' indebtedness to a series member incurred by reason of a distribution made in
- 3284 accordance with this section is at parity with the series' indebtedness to its general,
- 3285 unsecured creditors.
- 3286 (9)(a) A series' indebtedness, including indebtedness issued in connection with or as part
- 3287 of a distribution, is not a liability for purposes of Subsection (5) if the terms of the
- 3288 indebtedness provide that payment of principal and interest are made only to the
- 3289 extent that a distribution could be made to members of the series under this section.
- 3290 (b) [–]If such indebtedness is issued as a distribution, each payment of principal or
- 3291 interest on the indebtedness is treated as a distribution, the effect of which is
- 3292 measured on the date the payment is made.
- 3293 (10) Except as otherwise provided in Subsection (11), if a member of a member-managed
- 3294 series or manager of a manager-managed series consents to a distribution made in

violation of this section and in consenting to the distribution fails to comply with Section [48-3a-409] 16-20-409, the member or manager is personally liable to the series for the amount of the distribution that exceeds the amount that could have been distributed without the violation of this section.

(11) To the extent the operating agreement of a member-managed series expressly relieves a series member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members of the series, the liability stated in Subsection (10) applies to the other members of the series and not the member of the series that the operating agreement relieves of authority and responsibility.

(12) A person that receives a distribution from a series knowing that the distribution to that person was made in violation of this section is personally liable to the limited liability company but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under this section.

(13) A person against which an action is commenced because the person is liable under Subsection (10) may:

- (a) implead any other person that is liable under Subsection (10) and seek to compel contribution from the person; and
- (b) implead any person that received a distribution in violation of Subsection (12) and seek to compel contribution from the person in the amount the person received in violation of Subsection (12).

(14) An action under this section is barred if not commenced within two years after the distribution.

Section 75. Section **16-20-1107**, which is renumbered from Section 48-3a-1207 is renumbered and amended to read:

**[48-3a-1207] 16-20-1107 . Events causing dissociation from a series.**

(1) Unless otherwise provided in the operating agreement, a member ceases to be associated with a series and to have the power to exercise a right or power of a member with respect to the series upon the assignment of all of the member's transferable interest in the limited liability company with respect to the series.

(2) Unless otherwise provided in an operating agreement, an event under this chapter or the operating agreement that causes a member to cease to be associated with a series does not, by itself:

- (a) cause the member to cease to be associated with another series;

- (b) terminate the continued membership of a member in the limited liability company; or
- (c) cause the termination of the series, regardless of whether the member is the last remaining member associated with the series.

Section 76. Section **16-20-1108**, which is renumbered from Section 48-3a-1208 is renumbered and amended to read:

**[48-3a-1208] 16-20-1108 . Dissolution of a series.**

- (1) Except to the extent otherwise provided in the operating agreement, a series may be dissolved and its affairs wound up without causing the dissolution of the limited liability company.
- (2) The dissolution of a series does not affect the limitation on liabilities of the series under Section ~~[48-3a-1201]~~ 16-20-1101.
- (3) A series is dissolved and its affairs shall be wound up upon the dissolution of the limited liability company under Section ~~[48-3a-701]~~ 16-20-701 or upon the occurrence of any of the events described in Section ~~[48-3a-701]~~ 16-20-701, as applied to the series.
- (4) Notwithstanding Section ~~[48-3a-703]~~ 16-20-703, unless otherwise provided in the operating agreement, any of the following persons may wind up the affairs of a dissolved series:
- (a) a manager associated with a series who has not wrongfully caused the dissolution of the series;
- (b) if there is no manager that satisfies the requirements of Subsection (4)(a), the members associated with the series who have not wrongfully caused the dissolution of the series or a person approved by the members associated with the series who have not wrongfully caused the dissolution of the series; or
- (c) if there is more than one class or group of members associated with the series, then by each class or group of members associated with the series, in either case, by members who have not wrongfully caused the dissolution of the series, and either:
- (i) own more than 50% of the transferable interests of the series owned by members associated with the series who have not wrongfully caused the dissolution of the series; or
- (ii) own more than 50% of the transferable interests of each class or group associated with the series owned by members associated with the series who have not wrongfully caused the dissolution of the series.
- (5)(a) The persons winding up the affairs of a series, in the name of the series and for and on behalf of the series, may take all actions with respect to the series as are

permitted under Section ~~[48-3a-703]~~ 12-20-703 for a limited liability company.

(b) ~~[-]~~The persons winding up the affairs of a series shall provide for the claims and obligations of the series as provided in Section ~~[48-3a-711]~~ 16-20-708 for a limited liability company and distribute the assets of the series as provided in Section ~~[48-3a-711]~~ 16-20-708 for a limited liability company.

(c) ~~[-]~~An action taken pursuant to this Subsection (5) may not affect the liability of a member and may not impose liability on a liquidating trustee.

Section 77. Section **16-20-1109**, which is renumbered from Section 48-3a-1209 is renumbered and amended to read:

**~~[48-3a-1209]~~ 16-20-1109 . Foreign limited liability company -- Series.**

(1) A foreign limited liability company that is registered to do business in this state that is governed by an operating agreement that establishes or provides for the establishment of a series of transferable interests having separate rights, powers, or duties with respect to specified property or obligations of the foreign limited liability company, or profits and losses associated with the specified property or obligations, shall indicate that fact on the foreign registration statement filed by the division.

(2) ~~[-In addition, the]~~ The foreign limited liability company shall state on the foreign registration statement whether the debts, liabilities, and obligations incurred, contracted for, or otherwise existing with respect to a particular series, if any, are enforceable against the assets of such series only, and not against the assets of the foreign limited liability company generally or any other series.

(3) ~~[-]~~Notice in a foreign limited liability company's foreign registration statement of the limitation on liability of a series as referenced in this section shall have the same effect found in Section ~~[48-3a-1202]~~ 16-20-1102 as a notice of limitation on liability of a series set forth in a limited liability company's certificate of organization.

Section 78. Section **16-20-1201**, which is renumbered from Section 48-3a-1301 is renumbered and amended to read:

**Part 12. Low-Profit Limited Liability Companies**

**~~[48-3a-1301]~~ 16-20-1201 . Application of this part.**

If a conflict arises between this part and another provision of this chapter, this part controls.

Section 79. Section **16-20-1202**, which is renumbered from Section 48-3a-1302 is renumbered and amended to read:

**~~[48-3a-1302]~~ 16-20-1202 . Requirements.**

- (1) To be a low-profit limited liability company, a limited liability company shall:
- (a) contain in its name the abbreviation "L3C" or "l3c";
  - (b) state in its certificate of organization that it is a low-profit limited liability company;
  - (c) organize under this chapter; and
  - (d) be organized for a business purpose that satisfies, and at all times operates to satisfy each of the requirements under Subsection (2).
- (2) A low-profit limited liability company:
- (a) shall significantly further the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B), Internal Revenue Code;
  - (b) shall demonstrate that it would not be formed but for the limited liability company's relationship to the accomplishment of a charitable or educational purpose;
  - (c) subject to Subsection (3), may not have as a significant purpose the production of income or the appreciation of property; and
  - (d) may not have as a purpose to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D), Internal Revenue Code.
- (3) Notwithstanding Subsection (2), if a low-profit limited liability company produces significant income or capital appreciation, in the absence of other factors, the fact that the low-profit limited liability company produces significant income or capital appreciation is not conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

Section 80. Section **16-20-1203**, which is renumbered from Section 48-3a-1303 is renumbered and amended to read:

**[48-3a-1303] 16-20-1203 . Ceasing to be a low-profit limited liability company.**

- (1) If a limited liability company that is a low-profit limited liability company at its formation at any time ceases to meet a requirement to be a low-profit limited liability company under Section ~~[48-3a-1302]~~ 16-20-1202, the limited liability company:
- (a) ceases to be a low-profit limited liability company on the day on which the limited liability company no longer meets the requirement; and
  - (b) if it continues to meet the requirements of this chapter to be a limited liability company, continues to exist as a limited liability company that is not a low-profit limited liability company.
- (2) A low-profit limited liability company's failure to meet a requirement of Section ~~[48-3a-1302]~~ 16-20-1202 may be:

3431 (a) voluntary, in order to convert to a limited liability company that is not a low-profit  
3432 limited liability company; or

3433 (b) involuntary.

3434 (3) If a low-profit limited liability company ceases to be a low-profit limited liability  
3435 company in accordance with this section, the limited liability company shall:

3436 (a) change [its] the limited liability company's name to conform with Section [48-3a-108]  
3437 16-1a-302; and

3438 (b) amend [its] the limited liability company's certificate of organization in accordance  
3439 with Section [48-3a-202] 16-20-202.

3440 Section 81. Section **16-20-1204**, which is renumbered from Section 48-3a-1304 is renumbered  
3441 and amended to read:

3442 **[48-3a-1304] 16-20-1204 . Merger, interest exchange, conversion, or**  
3443 **domestication of a low-profit limited liability company.**

3444 A low-profit limited liability company may engage in a merger, interest exchange,  
3445 conversion, or domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and~~  
3446 ~~Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a,  
3447 Part 9, Conversion, or Chapter 1a, Part 10, Domestication, to the same extent as a limited  
3448 liability company that is not a low-profit limited liability company.

3449 Section 82. Section **16-20-1301**, which is renumbered from Section 48-3a-1401 is renumbered  
3450 and amended to read:

3451 **Part 13. Miscellaneous Provisions**

3452 **[48-3a-1401] 16-20-1301 . Uniformity of application and construction.**

3453 In applying and construing this chapter, consideration must be given to the need to  
3454 promote uniformity of the law with respect to [its] this chapter's subject matter among states  
3455 that enact the uniform act upon which this chapter is based.

3456 Section 83. Section **16-20-1302**, which is renumbered from Section 48-3a-1402 is renumbered  
3457 and amended to read:

3458 **[48-3a-1402] 16-20-1302 . Severability clause.**

3459 If any provision of this chapter or [its] this chapter's application to any person or  
3460 circumstance is held invalid, the invalidity does not affect other provisions or applications of  
3461 this chapter which can be given effect without the invalid provision or application, and to this  
3462 end the provisions of this chapter are severable.

3463 Section 84. Section **16-20-1303**, which is renumbered from Section 48-3a-1403 is renumbered  
3464 and amended to read:

**[48-3a-1403] 16-20-1303 . 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 does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Section 85. Section **16-20-1304**, which is renumbered from Section 48-3a-1404 is renumbered and amended to read:

**[48-3a-1404] 16-20-1304 . Savings clause.**

This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter takes effect.

Section 86. Section **16-20-1305**, which is renumbered from Section 48-3a-1405 is renumbered and amended to read:

**[48-3a-1405] 16-20-1305 . Application to existing relationships.**

(1) Before January 1, 2016, this chapter governs only:

- (a) a limited liability company formed on or after January 1, 2014; and
- (b) except as otherwise provided in Subsection (3), a limited liability company formed before January 1, 2014, which elects, in the manner provided in its operating agreement or by law for amending the operating 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 liability companies.

(3) For the purposes of applying this chapter to a limited liability company formed before January 1, 2014:

- (a) the limited liability company's articles of organization are deemed to be the limited liability company's certificate of organization;
- (b) for the purposes of applying Subsection ~~[48-3a-102(15)]~~ **16-20-101(15)** and subject to Subsection ~~[48-3a-114(4)]~~ **16-20-109(4)**, language in the limited liability company's articles of organization designating the limited liability company's management structure operates as if that language were in the operating agreement; and
- (c)(i) the limited liability company has perpetual duration unless otherwise stated in the limited liability company's articles of organization; and
- (ii) after the limited liability company's duration ends in accordance with the articles

of organization, the limited liability company is dissolved, and its activities and affairs must be wound up.

Section 87. Section **16-21-101**, which is renumbered from Section 48-4-102 is renumbered and amended to read:

## **CHAPTER 21. Benefit Limited Liability Company Act**

### **Part 1. General Provisions**

#### **~~[48-4-102]~~ 16-21-101 . Application and effect of chapter.**

(1) This chapter applies to a benefit company organized under this chapter.

(2)(a) The existence of a provision in this chapter does not itself create an implication that a contrary or different rule of law is applicable to a limited liability company that is not a benefit company.

(b) This chapter does not affect a statute or rule of law that is applicable to a limited liability company that is not a benefit company.

(3)(a) Except as otherwise provided in this chapter, ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Chapter 20, Utah Revised Uniform Limited Liability Company Act, applies to a benefit company.

(b) The provisions of this chapter control over any inconsistent provision of ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Chapter 20, Utah Revised Uniform Limited Liability Company Act.

(4) The operating agreement of a benefit company may not limit, be inconsistent with, or supersede a provision of this chapter.

Section 88. Section **16-21-102**, which is renumbered from Section 48-4-103 is renumbered and amended to read:

#### **~~[48-4-103]~~ 16-21-102 . Definitions.**

As used in this chapter:

(1) "Benefit company" means a limited liability company:

(a) that elects to become subject to this chapter; and

(b) the status of which as a benefit company has not been terminated.

(2) "Benefit enforcement proceeding" means a proceeding in a court of competent jurisdiction for:

(a) failure of a benefit company to pursue or create general public benefit or a specific public benefit described in the benefit company's certificate of organization; or

(b) a violation of an obligation, duty, or standard of conduct under this chapter.



- 3532 (3) "General public benefit" means a material positive impact on society and the  
3533 environment:
- 3534 (a) taken as a whole;
- 3535 (b) assessed against a third-party standard; and
- 3536 (c) from the business of a benefit company.
- 3537 (4) "Immediate family member" means a parent, spouse, surviving spouse, child, or sibling.
- 3538 (5)(a) "Independent person" means a person who has no material relationship with a  
3539 benefit company or a subsidiary of the benefit company.
- 3540 (b) "Independent person" does not include a person:
- 3541 (i) who is, or has been within the last three years, an employee of the benefit  
3542 company or a subsidiary of the benefit company;
- 3543 (ii) whose immediate family member is, or has been within the last three years, an  
3544 executive officer of the benefit company or a subsidiary of the benefit company;
- 3545 (iii) who owns 5% or more of the outstanding interests of the benefit company,  
3546 calculated as if all outstanding rights to acquire interests in the benefit company  
3547 have been exercised; or
- 3548 (iv) who owns 5% or more of the outstanding interests in an entity, calculated as if all  
3549 outstanding rights to acquire interests in the entity have been exercised, that owns  
3550 5% or more of the outstanding interests of the benefit company, calculated as if all  
3551 outstanding rights to acquire interests in the benefit company have been exercised.
- 3552 (6) "Minimum status vote" means:
- 3553 (a) in the case of a limited liability company, in addition to any other required approval  
3554 or vote, the satisfaction of the following conditions:
- 3555 (i) the members of every class or series may vote as a separate voting group on an  
3556 action of the limited liability company regardless of a limitation state in the  
3557 certificate of organization or operating agreement on the voting rights of any class  
3558 or series; and
- 3559 (ii) the action of the limited liability company is required to be approved by vote of  
3560 the members of each class or series entitled to cast at least two-thirds of the votes  
3561 that all members of the class or series are entitled to cast on the action; or
- 3562 (b) in the case of a domestic entity other than a limited liability company, in addition to  
3563 any other required approval, vote, or consent, the satisfaction of the following  
3564 conditions:
- 3565 (i) the holders of every class or series of interest in the entity that are entitled to

3566 receive a distribution of any kind from the entity may vote on or consent to the  
3567 action regardless of any otherwise applicable limitation on voting or consent  
3568 rights of the class or series; and

3569 (ii) the action of the limited liability company is required to be approved by vote or  
3570 consent of the holders described in Subsection (6)(b)(i) entitled to cast at least  
3571 two-thirds of the votes or consents that all of those holders are entitled to cast on  
3572 the action.

3573 (7) "Owns" includes ownership as the owner of record or as a beneficial owner.

3574 (8) "Specific public benefit" includes:

3575 (a) providing low-income or underserved individuals or communities with beneficial  
3576 products or services;

3577 (b) promoting economic opportunity for individuals or communities beyond the creation  
3578 of jobs in the normal course of business;

3579 (c) protecting or restoring the environment;

3580 (d) improving human health;

3581 (e) promoting the arts, sciences, or advancement of knowledge;

3582 (f) increasing the flow of capital to entities with a purpose to benefit society or the  
3583 environment; and

3584 (g) conferring any other particular benefit on society or the environment.

3585 (9) "Subsidiary" means, in relation to a person, an entity in which the person owns  
3586 beneficially or of record, 50% or more of the outstanding equity interests, calculated as  
3587 if all outstanding rights to acquire equity interests in the entity have been exercised.

3588 (10) "Third-party standard" means a standard for defining, reporting, and assessing overall  
3589 social and environmental performance that:

3590 (a) assesses the effect of a business and a business's operations on the interests described  
3591 in Subsections ~~[48-4-301(1)(a)(ii)]~~ 16-21-301(1)(a)(ii) through (v);

3592 (b) is developed by an entity:

3593 (i) that is independent of the benefit company;

3594 (ii) whose governing body is comprised of no more than one-third of members who  
3595 are representatives of any of the following:

3596 (A) an association of businesses that operate in a specific industry whose members  
3597 are measured by the standard;

3598 (B) businesses from a specific industry or an association of businesses in that  
3599 industry; or

- 3600 (C) businesses whose performance is assessed against the standard;
- 3601 (iii) that is not materially financed by an association or business described in
- 3602 Subsection (10)(b)(ii);
- 3603 (iv) that has access to necessary expertise to assess overall social and environmental
- 3604 performance;
- 3605 (v) uses a balanced multistakeholder approach to develop the standard, including a
- 3606 public comment period of at least 30 days; and
- 3607 (vi) makes the following information publically available:
  - 3608 (A) the criteria considered when measuring the overall social and environmental
  - 3609 performance of a business;
  - 3610 (B) the relative weightings, if any, of the criteria described in Subsection
  - 3611 (10)(b)(vi)(A);
  - 3612 (C) the identity of each director, officer, material owner, and governing body of
  - 3613 the entity that developed and controls revisions to the standard;
  - 3614 (D) the process by which revisions to the standard and changes to the membership
  - 3615 of the governing body are made; and
  - 3616 (E) an accounting of the revenue and sources of financial support for the entity,
  - 3617 with sufficient detail to disclose a relationship that could reasonably be
  - 3618 considered to present a potential conflict of interest.

3619 Section 89. Section **16-21-103**, which is renumbered from Section 48-4-104 is renumbered  
 3620 and amended to read:

3621 **[48-4-104] 16-21-103 . Benefit company status.**

- 3622 (1) A person may form a benefit company in accordance with [~~Title 48, Chapter 3a, Utah~~  
 3623 ~~Revised Uniform Limited Liability Company Act~~] Chapter 20, Utah Revised Uniform  
 3624 Limited Liability Company Act, except the certificate of organization shall state that the  
 3625 limited liability company is a benefit company.
- 3626 (2)(a) A limited liability company may elect to become a benefit company by amending,  
 3627 in accordance with Section [~~48-3a-202~~] 16-20-202, the limited liability company's  
 3628 certificate of organization to contain a statement that the limited liability company is  
 3629 a benefit company.
- 3630 (b) An amendment described in Subsection (2)(a) is not effective unless the amendment  
 3631 is adopted by at least the minimum status vote.
- 3632 (3) If an entity that is not a benefit company is a party to a merger or is the exchanging  
 3633 entity in an interest exchange, and the surviving entity in the merger or interest exchange

is a benefit company, the merger or interest exchange is not effective unless the merger or interest exchange is adopted by the entity by at least the minimum status vote.

(4)(a) A benefit company may terminate the benefit company's status as a benefit company and cease to be subject to this chapter by amending the benefit company's certificate of organization in accordance with Section ~~[48-3a-202]~~ 16-20-202 to delete the provision described in Subsection (1) or (2) that states that the limited liability company is a benefit company.

(b) An amendment described in Subsection (4)(a) is not effective unless the amendment is adopted by at least the minimum status vote.

(5)(a) If a proposed merger or interest exchange would have the effect of terminating a benefit company's status as a benefit company, the merger or interest exchange is not effective unless the merger or interest exchange is adopted by at least the minimum status vote.

(b) Unless the transaction is in the usual and regular course of the benefit company's business, a sale, lease, exchange, or other disposition of all or substantially all of the assets of a benefit company is not effective unless the transaction is approved by at least the minimum status vote.

Section 90. Section **16-21-201**, which is renumbered from Section 48-4-201 is renumbered and amended to read:

## **Part 2. Company Purpose**

### **~~[48-4-201]~~ 16-21-201 . Company purpose.**

(1) In addition to the benefit company's purpose under Section ~~[48-3a-104]~~ 16-20-103, a benefit company shall have a purpose of creating general public benefit.

(2)(a) A benefit company's certificate of organization may identify one or more specific public benefits that are the purposes of the benefit company to create.

(b) Identifying a specific public benefit in accordance with Subsection (2)(a) does not affect a benefit company's obligation to create general public benefit in accordance with Subsection (1).

(3) The creation of general public benefit and one or more specific public benefits is in the best interests of the benefit company.

(4)(a) A benefit company may amend the benefit company's certificate or organization to add, amend, or delete a specific public benefit.

(b) An amendment described in Subsection (4)(a) is not effective unless adopted by at least the minimum status vote.

Section 91. Section **16-21-301**, which is renumbered from Section 48-4-301 is renumbered and amended to read:

**Part 3. Accountability**

**[48-4-301] 16-21-301 . Standard of conduct for members.**

- (1) When discharging a duty under this chapter, each member of a member-managed benefit company:
- (a) shall consider the effect of any action or inaction on:
    - (i) the members of the benefit company;
    - (ii) the employees and workforce of the benefit company;
    - (iii) the interests of customers as beneficiaries of the benefit company's general public benefit purpose or specific public benefit purpose;
    - (iv) community and societal considerations, including those of each community in which offices or facilities of the benefit company or the benefit company's subsidiaries or suppliers are located;
    - (v) the local and global environment;
    - (vi) the short-term and long-term interests of the benefit company, including benefits that may accrue to the benefit company from the benefit company's long-term plans and the possibility that the interests may be best served by the continued independence of the benefit company; and
    - (vii) the ability of the benefit company to accomplish the benefit company's general public benefit purpose and any specific public benefit purpose; and
  - (b) may consider other pertinent factors or the interests of any other group that the member considers appropriate.
- (2) A member is not required to prioritize the interests of a person or factor described in Subsection (1)(a) or (b) over the interests of any other person or factor, unless the benefit company's certificate of organization states an intention to give priority to certain interests related to the benefit company's accomplishment of the benefit company's general public benefit purpose or a specific public benefit purpose identified in the benefit company's certificate of organization.
- (3) A member's consideration of interests and factors in accordance with Subsections (1) and (2) does not constitute a violation of Section [48-3a-409] 16-20-409.
- (4) A member of a member-managed limited liability company that is a benefit company does not have a duty to a person who is a beneficiary of the benefit company's general public benefit purpose or a specific public benefit purpose arising from the person's

status as a beneficiary.

Section 92. Section **16-21-302**, which is renumbered from Section 48-4-302 is renumbered and amended to read:

**[48-4-302] 16-21-302 . Standard of conduct for managers and officers.**

- (1) Each manager of a manager-managed benefit company shall consider the interests and factors described in Subsections ~~[48-4-301(1)]~~ 16-21-301(1) and (2) when discharging the manager's duties under this chapter and the operating agreement.
- (2) If a benefit company has a person serving as an officer, the person shall consider the interests and factors described in Subsections ~~[48-4-301(1)]~~ 16-21-301(1) and (2) when discharging the person's duties under this chapter and the operating agreement if:
  - (a) the officer has discretion to act with respect to the matter; and
  - (b) it reasonably appears to the officer that the matter may have a material effect on the benefit company's creation of a general public benefit or a specific public benefit identified in the benefit company's certificate of organization.
- (3) A manager's consideration of the interests and factors described in Subsections [ ~~48-4-301(1)]~~ 16-21-301(1) and (2) does not constitute a violation of Section ~~[48-3a-409]~~ 16-20-409.
- (4) A manager or officer does not have a duty to a person who is a beneficiary of the benefit company's general public benefit purpose or a specific public benefit purpose arising from the person's status as a beneficiary.

Section 93. Section **16-21-303**, which is renumbered from Section 48-4-303 is renumbered and amended to read:

**[48-4-303] 16-21-303 . Right of action.**

- (1) Except in a benefit enforcement proceeding, a person may not bring an action or assert a claim against a benefit company or a benefit company's member, manager, or officer with respect to:
  - (a) failure to pursue or create general public benefit or a specific public benefit set forth in the benefit company's certificate of organization; or
  - (b) violation of a duty or standard of conduct under this chapter.
- (2) A benefit company is not liable for monetary damages under this chapter for a failure of the benefit company to pursue or create general public benefit or a specific public benefit.
- (3) Only the following may commence or maintain a benefit enforcement proceeding:
  - (a) the benefit company, directly; or

(b) one or more of the following, derivatively:

- (i) a member that owned at least 2% of the total number of interests of a class or series outstanding at the time of the act or omission complained of;
- (ii) a manager of a manager-managed benefit company;
- (iii) a person or group of persons who own beneficially or of record at least 5% of the interests in an association of which the benefit company is a subsidiary at the time of the act or omission complained of; or
- (iv) any person or group of persons specified in the benefit company's certificate of organization or operating agreement.

Section 94. Section **16-21-401**, which is renumbered from Section 48-4-401 is renumbered and amended to read:

#### **Part 4. Transparency**

##### **~~[48-4-401]~~ 16-21-401 . Annual benefit report.**

(1) A benefit company shall prepare an annual benefit report that includes:

- (a) a narrative description of:
  - (i) the ways in which the benefit company pursued the benefit company's general public benefit purpose during the year and the extent to which general public benefit was created;
  - (ii) the ways in which the benefit company pursued any specific public benefit that the benefit company's certificate of organization states is the purpose of the benefit company to create and the extent to which the specific public benefit was created;
  - (iii) any circumstances that have hindered the benefit company's creation of general public benefit or any specific public benefit; and
  - (iv) the process and rationale for selecting or changing the third-party standard used to prepare the benefit report;
- (b) an assessment of the overall social and environmental performance of the benefit company against a third-party standard:
  - (i) applied consistently with any application of the standard in prior benefit reports; or
  - (ii) accompanied by an explanation of the reasons for any inconsistent application; and
- (c) any connection between the organization that established the third-party standard, or the organization's directors or officers, or a holder of 5% or more of the governance interests in the organization, and the benefit company or the benefit company's

members, managers, or officers or any holder of 5% or more of the outstanding interests in the benefit company, including any financial or governance relationship that might materially affect the credibility of the use of the third-party standard.

- (2) The assessment described in Subsection (1)(b) does not need to be audited or certified by a third party.

Section 95. Section **16-21-402**, which is renumbered from Section 48-4-402 is renumbered and amended to read:

**[48-4-402] 16-21-402 . Availability of annual benefit report.**

- (1) Each year, a benefit company shall send the benefit report described in Section [48-4-401] 16-21-401 to each member:

- (a) within 120 days after the day on which the benefit company's fiscal year ends; or
- (b) the day on which the benefit company delivers any other annual report to the benefit company's members.

- (2)(a) Within five days after the day on which a benefit company sends a benefit report to each member in accordance with Subsection (1), the benefit company shall:

- (i) subject to Subsection (2)(b), post a copy of the benefit report on a public portion of the benefit company's website; and
- (ii) deliver a copy of the benefit report to the division for filing.

- (b) If a benefit company does not have a website, the benefit company shall provide a copy of the benefit report, without charge, to any person who requests a copy.

- (c) The benefit company may omit any financial or proprietary information from a copy of a benefit report described in Subsection (2)(a) or (b).

- (d) The division may charge a fee established by the division in accordance with Section 63J-1-504 for filing an annual benefit report in accordance with this section.

Section 96. Section **16-22-101**, which is renumbered from Section 48-5-101 is renumbered and amended to read:

**CHAPTER 22. Decentralized Autonomous Organization Act**

**Part 1. General Provisions**

**[48-5-101] 16-22-101 . Definitions.**

As used in this chapter:

- (1) "Administrator" means a person that is appointed in a manner specified in the by-laws to make decisions for specific, predefined operations of the decentralized autonomous organization.



- 3803 (2) "Asset" means an item of value, whether on-chain or off-chain.
- 3804 (3) "By-laws" means the procedural rules and regulations that govern a decentralized  
3805 autonomous organization and the interaction of the decentralized autonomous  
3806 organization's members and participants.
- 3807 (4) "Cryptographic proof" means a mathematical proof that verifies that a message has not  
3808 been tampered with or altered in any way and can be verified by a person that has access  
3809 to the original message and the proof.
- 3810 (5) "Decentralized" means that decision-making is distributed among multiple persons.
- 3811 (6) "Decentralized autonomous organization" means an organization:
- 3812 (a) created by one or more smart contracts;
- 3813 (b) that implements rules enabling individuals to coordinate for decentralized  
3814 governance of an organization; and
- 3815 (c) that is an entity formed under this chapter.
- 3816 (7)(a) "Developer" means a person involved in the development or maintenance of a  
3817 decentralized autonomous organization.
- 3818 (b) "Developer" includes a person that provides:
- 3819 (i) software code; or
- 3820 (ii) design, business, legal, or ancillary support.
- 3821 (8)(a) "Dispute resolution mechanism" means an on-chain alternative dispute resolution  
3822 system that enables persons to resolve disputes arising out of a decentralized  
3823 autonomous organization.
- 3824 (b) "Dispute resolution mechanism" includes:
- 3825 (i) arbitration;
- 3826 (ii) expert determination; or
- 3827 (iii) an on-chain alternative court system.
- 3828 (9) "Division" means the Division of Corporations and Commercial Code.
- 3829 (10) "Failure event" means an error in the decentralized autonomous organization's  
3830 software code or an exploit that:
- 3831 (a) renders the decentralized autonomous organization inoperative; or
- 3832 (b) fundamentally changes the expected operation of the decentralized autonomous  
3833 organization.
- 3834 (11) "Graphical user interface" means a publicly accessible interface through which a  
3835 person interacts with computer software through visual indicator representations.
- 3836 (12) "Hard fork" means a blockchain software upgrade that is not compatible with previous

- 3837 versions of the blockchain software and requires all users to upgrade to the latest version  
3838 of the blockchain software.
- 3839 (13) "Legal representative" means an individual appointed in the manner specified in the  
3840 by-laws of a decentralized autonomous organization to perform procedural functions  
3841 off-chain on behalf of a decentralized autonomous organization.
- 3842 (14) "Majority chain" means the version of the blockchain accepted by more than half of  
3843 the blockchain's validators following a hard fork.
- 3844 (15) "Meeting" means a synchronous or asynchronous event for the purpose of discussing  
3845 and acting upon decentralized autonomous organization related matters by members or  
3846 participants.
- 3847 (16)(a) "Member" means a person who has governance rights in a decentralized  
3848 autonomous organization.
- 3849 (b) "Member" does not include an individual that has involuntarily received a token with  
3850 governance rights, unless that person has chosen to participate in governance by  
3851 undertaking a governance behavior, on-chain or off-chain, for the decentralized  
3852 autonomous organization.
- 3853 (17) "Minority chain" means the version of the chain that is not the majority chain  
3854 following a hard fork.
- 3855 (18) "Off-chain" means any action that is not on-chain.
- 3856 (19) "On-chain" means any action that is recorded and verified on a blockchain.
- 3857 (20) "On-chain contribution" refers to any token segregated and locked in one of the  
3858 decentralized autonomous organization's smart contracts for the purpose of member  
3859 buy-in to the decentralized autonomous organization and the provision of withdrawable  
3860 capital.
- 3861 (21) "Organizer" means a person that submits the certificate of filing as required in Section [   
3862 ~~48-5-201~~ 16-22-201.
- 3863 (22) "Participant" means a person that:  
3864 (a) is not a member of a decentralized autonomous organization; and  
3865 (b) holds or interacts with a token of a decentralized autonomous organization.
- 3866 (23) "Permissionless blockchain" means a publicly distributed ledger that allows a person to  
3867 transact and produce blocks in accordance with the blockchain protocol, in which the  
3868 validity of the block is independent of the identity of the user.
- 3869 (24) "Public address" means a unique, durable identifier that an individual can transact with  
3870 on a permissionless blockchain.

3871 (25) "Public forum" means a freely accessible online environment that is commonly used  
3872 for the exercise of speech and public debate.

3873 (26) "Public signal" means a declaration authorized by the decentralized autonomous  
3874 organization in a public forum.

3875 (27) "Quality assurance" means a security review of the software code of the decentralized  
3876 autonomous organization in accordance with industry standards.

3877 (28) "Redeem" means to exchange a token for the value that the token represents.

3878 (29) "Smart contract" means software code that:

3879 (a) is deployed on a permissionless blockchain;

3880 (b) consists of a set of predefined instructions executed in a distributed manner by the  
3881 nodes of an underlying blockchain network; and

3882 (c) produces a change on the blockchain network.

3883 (30) "Token" means a record on a permissionless blockchain that represents an asset,  
3884 participation right, or other entitlement.

3885 (31) "Transaction" means a new entry in a permissionless blockchain, including the  
3886 recording of a change in ownership of an asset or participation in a decentralized  
3887 autonomous organization.

3888 Section 97. Section **16-22-102**, which is renumbered from Section 48-5-102 is renumbered  
3889 and amended to read:

3890 **[48-5-102] 16-22-102 . Governing document hierarchy -- Governing law.**

3891 A decentralized autonomous organization shall be governed by the following, listed in  
3892 order of primacy:

3893 (1) this act;

3894 (2) the by-laws of the decentralized autonomous organization;

3895 (3) if this act and a decentralized autonomous organization's by-laws are silent, the  
3896 provisions of [~~Chapter 3a, Utah Revised Uniform Limited Liability Company Act~~]  
3897 Chapter 20, Utah Revised Uniform Limited Liability Company Act; and

3898 (4) principles of law and equity.

3899 Section 98. Section **16-22-103**, which is renumbered from Section 48-5-103 is renumbered  
3900 and amended to read:

3901 **[48-5-103] 16-22-103 . Powers of the division.**

3902 (1)(a) The division may make, amend, or rescind a rule, form, or order when necessary  
3903 to carry out this chapter.

3904 (b) The division shall make rules in accordance with Title 63G, Chapter 3, Utah

3905 Administrative Rulemaking Act.

3906 (2) The division may by rule:

3907 (a) provide the form and content of a registration requirement required under this  
3908 chapter;

3909 (b) provide the method of determining whether formation requirements described in  
3910 Section ~~[48-5-201]~~ 16-22-201 have been met and when to file a certificate of  
3911 organization; and

3912 (c) identify industry standards for determining whether the decentralized autonomous  
3913 organization has undergone security review for quality assurance.

3914 Section 99. Section **16-22-104**, which is renumbered from Section 48-5-104 is renumbered  
3915 and amended to read:

3916 **[48-5-104] 16-22-104 . Legal personality.**

3917 A decentralized autonomous organization that meets the requirements of this act:

3918 (1) shall be deemed a legal entity separate and distinct from the decentralized autonomous  
3919 organization's members;

3920 (2) has the capacity to sue and be sued in the decentralized autonomous organization's own  
3921 name and the power to do all things necessary or convenient to carry on the  
3922 decentralized autonomous organization's activities and affairs;

3923 (3) shall meet the decentralized autonomous organization's liabilities through the  
3924 decentralized autonomous organization's assets;

3925 (4) may have any lawful purpose; and

3926 (5) has perpetual duration.

3927 Section 100. Section **16-22-105**, which is renumbered from Section 48-5-106 is renumbered  
3928 and amended to read:

3929 **[48-5-106] 16-22-105 . Registered agent.**

3930 Each decentralized autonomous organization shall designate a registered agent in this  
3931 state in accordance with ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404 and maintain a  
3932 registered agent in the state.

3933 Section 101. Section **16-22-106**, which is renumbered from Section 48-5-107 is renumbered  
3934 and amended to read:

3935 **[48-5-107] 16-22-106 . Fees.**

3936 Unless otherwise provided by statute, the division shall charge and collect a fee for  
3937 services established by the division in accordance with Section 63J-1-504 including fees:

3938 (1) for issuing a certified copy of any document, instrument, or paper relating to a

3939 decentralized autonomous organization; and

3940 (2) for affixing the seal to a certified copy described in Subsection (1).

3941 Section 102. Section **16-22-107**, which is renumbered from Section 48-5-108 is renumbered  
3942 and amended to read:

3943 **[48-5-108] 16-22-107 . Certificates issued by the division.**

3944 (1) Any person may apply to the division for:

3945 (a) a certificate of existence for a decentralized autonomous organization; or

3946 (b) a certificate that sets forth any facts of record in the division.

3947 (2) A certificate of existence or certificate of authorization sets forth:

3948 (a) the decentralized autonomous organization's name;

3949 (b) that the decentralized autonomous organization is recognized under the law of this  
3950 state;

3951 (c) the date of the decentralized autonomous organization's formation;

3952 (d) that articles of dissolution have not been filed by the division; and

3953 (e) other facts of record in the division that may be requested by the applicant.

3954 (3) Subject to any qualification stated in the certificate, a certificate issued by the division  
3955 may be relied upon as conclusive evidence of the facts set forth in the certificate.

3956 Section 103. Section **16-22-108**, which is renumbered from Section 48-5-109 is renumbered  
3957 and amended to read:

3958 **[48-5-109] 16-22-108 . Electronic documents.**

3959 (1) Subject to Section [48-5-107] 16-22-106, the division shall by rule permit a writing  
3960 required or permitted to be filed with the division under this chapter:

3961 (a) to be delivered, mailed, or filed:

3962 (i) in an electronic medium; or

3963 (ii) by electronic transmission; or

3964 (b) to be signed by photographic, electronic, or other means prescribed by rule, except  
3965 that a writing signed in an electronic medium shall be signed by electronic signature  
3966 in accordance with Title 46, Chapter 4, Uniform Electronic Transactions Act.

3967 (2) The division may by rule provide for any writing required or permitted to be prepared,  
3968 delivered, or mailed by the division under this chapter to be prepared, delivered, or  
3969 mailed:

3970 (a) in an electronic medium; or

3971 (b) by electronic transmission.

3972 Section 104. Section **16-22-201**, which is renumbered from Section 48-5-201 is renumbered

and amended to read:

## **Part 2. Formation**

### **[~~48-5-201~~] 16-22-201 . Formation requirements.**

- (1)(a) One or more persons may act as organizers to form a decentralized autonomous organization by delivering to the division for filing a certificate of organization.
- (b) At least one of the organizers of a decentralized autonomous organization shall be an individual.
- (2)(a) A certificate of organization shall provide:
- (i) the name of the decentralized autonomous organization, which shall comply with [ ~~Section 48-5-105~~] Sections 16-1a-302 and 16-1a-303;
  - (ii) the name of an organizer that is an individual;
  - (iii) the street and mailing address of the organizer described in Subsection (2)(a)(ii);
  - (iv) the name and address of the legal representative; and
  - (v) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404.
- (b) An organizer may request that the information provided in Subsections (2)(a)(ii) and (iii) is redacted by the division before any public disclosure of the filing.
- (3) A decentralized autonomous organization shall submit evidence to the division in a form required by the division that the decentralized autonomous organization has complied with the following requirements:
- (a) the decentralized autonomous organization is deployed on a permissionless blockchain;
  - (b) the decentralized autonomous organization has a unique public address through which an individual can review and monitor the decentralized autonomous organization's transactions;
  - (c) the software code of the decentralized autonomous organization is available in a public forum for any person to review;
  - (d) the software code of the decentralized autonomous organization has undergone quality assurance;
  - (e) the decentralized autonomous organization has a graphical user interface that:
    - (i) allows a person to read the value of the key variables of the decentralized autonomous organization's smart contracts;
    - (ii) allows a person to monitor all transactions originating from, or addressed to, the decentralized autonomous organization's smart contracts;
    - (iii) specifies the restrictions on a member's ability to redeem tokens;

- 4007 (iv) makes available the decentralized autonomous organization's by-laws; and  
4008 (v) displays the mechanism to contact the administrator of the decentralized  
4009 autonomous organization;
- 4010 (f) the governance system of the decentralized autonomous organization is decentralized;  
4011 (g) the decentralized autonomous organization has at least one member;  
4012 (h)(i) there is a publicly specified communication mechanism that allows a person to  
4013 contact the registered agent of the decentralized autonomous organization and  
4014 provide legally recognized service; and  
4015 (ii) a member or administrator of the decentralized autonomous organization is able  
4016 to access the contents of this communication mechanism; and  
4017 (i) the decentralized autonomous organization describes or provides a dispute resolution  
4018 mechanism that is:  
4019 (i) binding on the decentralized autonomous organization, the members, and  
4020 participants of the decentralized autonomous organization; and  
4021 (ii) able to resolve disputes with third parties capable of settlement by alternative  
4022 dispute resolution.
- 4023 (4) Notwithstanding the requirements of Subsection (3)(e)(iv), a decentralized autonomous  
4024 organization may redact sensitive information from the by-laws before making the  
4025 by-laws available, if those redactions are necessary to protect the privacy of individual  
4026 members or participants in the decentralized autonomous organization.
- 4027 (5) A decentralized autonomous organization is formed when the decentralized autonomous  
4028 organization's certificate of organization becomes effective and the decentralized  
4029 autonomous organization submits the evidence required in Subsection (3).
- 4030 (6) Upon formation, the decentralized autonomous organization shall have limited liability,  
4031 subject to the provisions of Section [48-5-202] 16-22-202.
- 4032 Section 105. Section **16-22-202**, which is renumbered from Section 48-5-202 is renumbered  
4033 and amended to read:
- 4034 **[48-5-202] 16-22-202 . Limited liability.**
- 4035 (1) Except as set forth in Subsections (2) and (3), a member:  
4036 (a) may only be liable for the on-chain contributions that the member has committed to  
4037 the decentralized autonomous organization;  
4038 (b) may not be held personally liable for any excess liability after the decentralized  
4039 autonomous organization's assets have been exhausted;  
4040 (c) may not be held personally liable for any obligation incurred by the decentralized

4041 autonomous organization; and

4042 (d) may not be held personally liable, in the member's capacity as a member, for the  
4043 wrongful act or omission of any other member of the decentralized autonomous  
4044 organization.

4045 (2) If a decentralized autonomous organization refuses to comply with an enforceable  
4046 judgment, order, or award entered against the decentralized autonomous organization,  
4047 the members who voted against compliance may be liable for any monetary payments  
4048 ordered in the judgment, order, or award in proportion to the member's share of  
4049 governance rights in the decentralized autonomous organization.

4050 (3) Subsections (1) and (2) do not affect the personal liability of a member in tort for a  
4051 member's own wrongful act or omission.

4052 Section 106. Section **16-22-203**, which is renumbered from Section 48-5-203 is renumbered  
4053 and amended to read:

4054 **[48-5-203] 16-22-203 . By-laws.**

4055 (1) A decentralized autonomous organization shall adopt by-laws that establish internal  
4056 organization and procedures for the decentralized autonomous organization.

4057 (2) The by-laws shall be set out in plain terms.

4058 (3) The by-laws of a decentralized autonomous organization may contain any provision for  
4059 managing the entity and regulating the affairs of the decentralized autonomous  
4060 organization that is not inconsistent with law.

4061 Section 107. Section **16-22-204**, which is renumbered from Section 48-5-204 is renumbered  
4062 and amended to read:

4063 **[48-5-204] 16-22-204 . Annual report to the division.**

4064 (1) A decentralized autonomous organization shall deliver to the division for filing an  
4065 annual report that states:

4066 (a) the name of the decentralized autonomous organization; and

4067 (b) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404.

4068 (2) Information in the annual report must be current as of the date the report is signed by  
4069 the decentralized autonomous organization.

4070 (3) Every 12 months after the decentralized autonomous organization has been issued a  
4071 certificate of organization, the decentralized autonomous organization shall submit the  
4072 annual report described in Subsection (1) to the division.

4073 Section 108. Section **16-22-301**, which is renumbered from Section 48-5-301 is renumbered  
4074 and amended to read:



### Part 3. Members

#### **[48-5-301] 16-22-301 . Classes of participation rights -- Membership.**

- (1) A decentralized autonomous organization's by-laws may create multiple classes of member participation rights.
- (2) Where the decentralized autonomous organization has tokens providing governance powers to the token holder, the token holder shall be considered a member of the decentralized autonomous organization:
  - (a) from the time the ownership of the tokens is established to be in the possession of an address; or
  - (b) from the time when ownership is first acknowledged by the token holder through an on-chain interaction with the decentralized autonomous organization.
- (3) This section does not apply in the event of a hard fork.

Section 109. Section **16-22-302**, which is renumbered from Section 48-5-302 is renumbered and amended to read:

#### **[48-5-302] 16-22-302 . Voting rights.**

- (1) The by-laws shall set out the distribution of voting rights for the classes of member participation rights in a decentralized autonomous organization.
- (2) The method by which these voting rights are computed and distributed shall be set out in the by-laws.

Section 110. Section **16-22-303**, which is renumbered from Section 48-5-303 is renumbered and amended to read:

#### **[48-5-303] 16-22-303 . Proxies.**

- (1) A member may be represented by a proxy.
- (2) The by-laws of a decentralized autonomous organization may establish the requirements for representation by proxy.
- (3) A proxy may exercise all rights of a member.

Section 111. Section **16-22-304**, which is renumbered from Section 48-5-304 is renumbered and amended to read:

#### **[48-5-304] 16-22-304 . Minority rights protection.**

The decentralized autonomous organization shall state in the by-laws whether the decentralized autonomous organization provides minority rights protection.

Section 112. Section **16-22-305**, which is renumbered from Section 48-5-305 is renumbered and amended to read:

#### **[48-5-305] 16-22-305 . Administrators.**

- 4109 (1) Unless mandated in the decentralized autonomous organization's by-laws, a  
4110 decentralized autonomous organization is not required to have an administrator,  
4111 including a board of directors or a trustee.
- 4112 (2) In the absence of a provision requiring administrators, all the powers and tasks of an  
4113 administrator shall be vested in the decentralized autonomous organization members as  
4114 a class.
- 4115 (3) The voting mechanism for nominating and appointing an administrator shall be set out  
4116 in the decentralized autonomous organization's by-laws.

4117 Section 113. Section **16-22-306**, which is renumbered from Section 48-5-306 is renumbered  
4118 and amended to read:

4119 **[48-5-306] 16-22-306 . Legal representation.**

- 4120 (1) A decentralized autonomous organization shall retain a legal representative to undertake  
4121 tasks that cannot be achieved on-chain.
- 4122 (2) Legal representation of the decentralized autonomous organization shall be carried out  
4123 by the legal representative in the manner provided in the by-laws, as evidenced by an  
4124 authorization displayed on a public forum, and verifiable by cryptographic proof.
- 4125 (3) The legal representative may undertake and execute any and all acts and contracts  
4126 included within the scope of such authorization.
- 4127 (4) The legal representative may not be required to reside in Utah.
- 4128 (5) A legal representative may not be personally liable for acts performed on behalf of the  
4129 decentralized autonomous organization.

4130 Section 114. Section **16-22-307**, which is renumbered from Section 48-5-307 is renumbered  
4131 and amended to read:

4132 **[48-5-307] 16-22-307 . No implicit fiduciary status.**

4133 A developer, member, participant, or legal representative of a decentralized autonomous  
4134 organization may not be imputed to have fiduciary duties towards each other or third parties  
4135 solely on account of their role, unless the developer, member, participant, or legal  
4136 representative:

- 4137 (1) explicitly holds themselves out as a fiduciary; or
- 4138 (2) stipulates to assume a fiduciary status as provided in the decentralized autonomous  
4139 organization's by-laws.

4140 Section 115. Section **16-22-401**, which is renumbered from Section 48-5-401 is renumbered  
4141 and amended to read:

4142 **Part 4. Miscellaneous Provisions**

4143 **[48-5-401] 16-22-401 . Asset subscription and payment.**

- 4144 (1) No minimum capital requirements may apply to a decentralized autonomous  
4145 organization recognized by this act.
- 4146 (2) If the decentralized autonomous organization wishes to maintain a minimum amount of  
4147 capital, the by-laws of the decentralized autonomous organization shall specify the rules  
4148 for subscription and payment.
- 4149 (3) The by-laws shall provide the rules for exiting the decentralized autonomous  
4150 organization that address the consequences of voluntary and involuntary member and  
4151 participant exit on subscriptions and payments made by the member or participant.
- 4152 (4) No member may compel the dissolution of the decentralized autonomous organization  
4153 for failure to return the member's on-chain contribution.

4154 Section 116. Section **16-22-402**, which is renumbered from Section 48-5-402 is renumbered  
4155 and amended to read:

4156 **[48-5-402] 16-22-402 . Meetings.**

- 4157 (1) A decentralized autonomous organization may hold meetings as provided in the  
4158 decentralized autonomous organization's by-laws.
- 4159 (2) Unless explicitly specified in the by-laws, meetings are not required to be in person.
- 4160 (3) If the by-laws include a meeting requirement, the by-laws shall include an explicit and  
4161 transparent mechanism of giving notice of meetings to administrators, members, or  
4162 participants, and a defined time period for deliberating upon proposals submitted by an  
4163 administrator, member, or participant.
- 4164 (4) Notice of any required meeting shall be communicated through a graphical user  
4165 interface.
- 4166 (5) The quorum and majority requirements for meetings of a decentralized autonomous  
4167 organization's administrators, members, or participants shall be specified in the by-laws.

4168 Section 117. Section **16-22-403**, which is renumbered from Section 48-5-403 is renumbered  
4169 and amended to read:

4170 **[48-5-403] 16-22-403 . Contentious forks in the underlying blockchain.**

- 4171 (1) Except as provided in this section, in the event of a hard fork in the underlying  
4172 permissionless blockchain:
- 4173 (a) the legal representation of the decentralized autonomous organization remains on the  
4174 majority chain; and
- 4175 (b) any off-chain assets shall belong to the decentralized autonomous organization on  
4176 the majority chain.

- (2)(a) A decentralized autonomous organization may choose to maintain legal presence on a minority chain if the decentralized autonomous organization expresses an intent to do so by public signal.
- (b) If the decentralized autonomous organization expresses an intent by public signal to maintain legal presence on a minority chain, any off-chain assets shall belong to the decentralized autonomous organization on the selected minority chain.
- (3) The decentralized autonomous organization may liquidate the decentralized autonomous organization's on-chain assets after a hard fork to move those assets to the chosen chain.
- (4) The decentralized autonomous organization may split into multiple legal entities after a hard fork, each on a separate chain, after public signal of an intent to do so, provided there is a definitive distribution of off-chain assets between the majority and minority chain.

Section 118. Section **16-22-404**, which is renumbered from Section 48-5-404 is renumbered and amended to read:

**[48-5-404] 16-22-404 . Restructuring.**

- (1) When a decentralized autonomous organization is restructured, whether through modification, upgrade, or migration, the decentralized autonomous organization's legal personality and limited liability is retained only to the extent that:
- (a) the new software code of the decentralized autonomous organization fulfills all the formation requirements of Section ~~[48-5-201]~~ 16-22-201; and
- (b) where the decentralized autonomous organization has to be associated with a new unique public address, proper notice is provided by way of public signal.
- (2) A decentralized autonomous organization that is restructured in compliance with Subsection (1) inherits the rights and obligations of the original decentralized autonomous organization as a successor.

Section 119. Section **16-22-405**, which is renumbered from Section 48-5-405 is renumbered and amended to read:

**[48-5-405] 16-22-405 . Failure event.**

- (1) In the case of a failure event, legal personality and limited liability are maintained to the extent necessary to protect decentralized autonomous organization members and participants from personal liability.
- (2) A failure event may trigger liability on the person deploying or upgrading the decentralized autonomous organization if that person:
- (a) acted in bad faith; or

4211 (b) engaged in gross negligence.

4212 Section 120. Section **16-22-406**, which is renumbered from Section 48-5-406 is renumbered  
4213 and amended to read:

4214 **[48-5-406] 16-22-406 . Taxation.**

4215 (1) If a decentralized autonomous organization recognized by this act is eligible to elect to  
4216 be classified as a corporation for federal tax purposes, and the decentralized autonomous  
4217 organization makes that election, the decentralized autonomous organization shall be  
4218 subject to the provisions of Title 59, Chapter 7, Corporate Franchise and Income Taxes.

4219 (2)(a) Unless the decentralized autonomous organization makes the election described in  
4220 Subsection (1), a decentralized autonomous organization recognized by this act shall  
4221 be classified as a partnership for tax purposes and subject to the provisions of Title  
4222 59, Chapter 10, Part 14, Pass-Through Entities and Pass-Through Entity Taxpayers  
4223 Act.

4224 (b) For purposes of taxation, a decentralized autonomous organization shall allocate the  
4225 distributive share of income, gain, loss, deduction, and credit derived from the  
4226 decentralized autonomous organization's activities, to each member of the  
4227 decentralized autonomous organization in proportion to the member's membership  
4228 interest in the entity.

4229 Section 121. Section **31A-5-201** is amended to read:

4230 **31A-5-201 . Reservation and registration of corporate name.**

4231 The reservation, registration, and renewal of the corporate name of stock corporations  
4232 and mutuals is governed by Sections [~~16-10a-402~~] 16-1a-304, 16-10a-403, and 31A-1-109.  
4233 The reservation and registration fees provided in Section 31A-3-103 apply.

4234 Section 122. Section **31A-5-203** is amended to read:

4235 **31A-5-203 . Articles and bylaws.**

4236 (1) The articles of incorporation requirements in Section 16-10a-202 apply to the articles of  
4237 a stock corporation, except that:

4238 (a) the name of the corporation shall comply with Sections [~~16-10a-401~~] 16-1a-302 and  
4239 31A-1-109 and the name of any new or renamed corporation shall include the word  
4240 "insurance" or a term of equivalent meaning;

4241 (b) authorized shares shall conform to Subsection 31A-5-305(1) and the capital provided  
4242 for shall conform to Section 31A-5-211; and

4243 (c) beginning on July 1, 1988, the purposes of the corporation are limited to those  
4244 permitted by Section 31A-4-107.

- (2) The articles of incorporation requirements in Section 16-6a-202, except Subsections 16-6a-202(1)(f) and (g), apply to the articles of a mutual except that:
- (a) The name of the corporation shall comply with Sections ~~[16-6a-401]~~ 16-1a-302 and 31A-1-109 and the name of any new or renamed corporation shall include the words "mutual" and "insurance" or terms of equivalent meaning.
  - (b) If any mutual bonds are authorized, ~~[they]~~ the mutual bonds shall comply with Subsection 31A-5-305(2)(a).
  - (c) The purposes of the corporation may not include doing a title insurance business, and shall be limited to those purposes permitted by Section 31A-4-107.
  - (d) If assessable policies are permitted, the articles shall contain provisions giving assessment liabilities and procedures, including a provision specifying the classes of business on which assessment may be separately levied.
  - (e)(i) The articles may specify those classes of persons who may be policyholders, or prescribe the procedure for establishing or removing restrictions on the classes of persons who may be policyholders.
  - (ii) ~~[-]~~ The articles shall also state that each policyholder is a member of the corporation.
- (3)(a) Sections 16-10a-830 and 16-10a-831 apply to stock corporations and Section 16-6a-818 applies to mutuals.
- (b) ~~[-]~~ The articles or bylaws shall designate three or more principal offices the principal officers of the corporation shall hold.
  - (c) ~~[-]~~ The principal offices shall be held by at least three separate natural persons.
- (4)(a) The bylaws of a domestic corporation shall comply with this chapter.
- (b) ~~[-]~~ A copy of the bylaws, and any amendments to them, shall be filed with the commissioner within 60 days after their adoption.
  - (c) ~~[-]~~ Subject to this Subsection (4), Subsections 31A-5-204(2)(c) and (5), Subsection 31A-5-213(4), and Section 16-10a-206 apply to stock corporations and Section 16-6a-206 applies to mutuals.
- Section 123. Section **31A-5-401** is amended to read:
- 31A-5-401 . Principal office and registered agent.**
- (1) Each domestic insurance corporation shall have its principal office and place of business in this state.
  - (2) ~~[-]~~ By order, the commissioner may exempt a corporation from this requirement, in which case it is subject to the requirement of Section 31A-14-204.

(3) ~~[-]~~The location of a domestic insurance corporation's principal office and the existence of a registered agent are governed by ~~[Title 16, Chapter 17, Model Registered Agents Act]~~ Title 16, Chapter 1a, Part 4, Registered Agent of an Entity.

Section 124. Section **31A-7-201** is amended to read:

**31A-7-201 . Organization, incorporation, and licensing.**

Chapter 5, Part 2, Organization of Corporations, governs the organization, incorporation, and licensing of nonprofit health service corporations with the following exceptions:

- (1) Section 16-6a-201 applies in place of Section 31A-5-202.
- (2) Sections ~~[16-6a-401]~~ 16-1a-302 and 31A-1-109 apply in place of Subsection 31A-5-203(2)(a).
- (3) The last sentence of Subsection 31A-5-203(2)(e) does not apply.

Section 125. Section **31A-8-202** is amended to read:

**31A-8-202 . Corporate name -- Office -- Registered agent.**

- (1)(a) Sections ~~[16-10a-402]~~ 16-1a-304, 16-10a-403, and ~~[42-2-5]~~ 42-2-201 apply to the reservation and registration of the corporate name in domestic health maintenance organizations.
- ~~(b)~~ ~~[-]~~Reservation and registration fees under Section 31A-3-103 apply.
- (2) The location of an organization's principal office and the existence of a registered agent are governed by ~~[Title 16, Chapter 17, Model Registered Agents Act]~~ Title 16, Chapter 1a, Part 4, Registered Agent of an Entity.

Section 126. Section **31A-11-111** is amended to read:

**31A-11-111 . Reservation and registration of corporate name.**

Sections ~~[16-10a-402]~~ 16-1a-304, 16-10a-403, and ~~[42-2-5]~~ 42-2-201 apply to the reservation and registration of the corporate name of motor clubs.

Section 127. Section **31A-14-204** is amended to read:

**31A-14-204 . Registered agent and registered office.**

- (1)(a) ~~[Title 16, Chapter 17, Model Registered Agents Act]~~ Title 16, Chapter 1a, Part 4, Registered Agent of an Entity, applies to the registered agent and service of process on all foreign insurers authorized to do business in this state.
- ~~(b)~~ ~~[-]~~Whenever the words "Division of Corporations and Commercial Code" or "division" are used, they mean "insurance commissioner."
- (2) The principal office shall have sufficient personnel to provide information and assistance to Utah insureds, unless the insurer informs policyholders on the policy or on other written communications of a toll-free telephone connection accessible at normal

business hours in this state.

Section 128. Section **31A-37-301** is amended to read:

**31A-37-301 . Formation.**

- (1) A captive insurance company, other than a branch captive insurance company, may form as a corporation, a limited liability company, or a not-for-profit organization.
- (2) The capital of a captive insurance company shall be held by:
  - (a) the interest holders of the captive insurance company; or
  - (b) a governing body elected by:
    - (i) the insureds;
    - (ii) one or more affiliates; or
    - (iii) a combination of the persons described in Subsections (2)(b)(i) and (ii).
- (3) A captive insurance company formed in this state shall have at least one establisher who is an individual and a resident of the state.
- (4)(a) An applicant captive insurance company's establishers shall obtain a certificate of public good from the commissioner before filing the applicant captive insurance company's governing documents with the Division of Corporations and Commercial Code.
- (b) In considering a request for a certificate under Subsection (4)(a), the commissioner shall consider:
  - (i) the character, reputation, financial standing, and purposes of the establishers;
  - (ii) the character, reputation, financial responsibility, insurance experience, and business qualifications of the principal officers or members of the governing body;
  - (iii) any information in:
    - (A) the application for a certificate of authority; or
    - (B) the department's files; and
  - (iv) other aspects that the commissioner considers advisable.
- (5)(a) Except as otherwise provided in this title, the governing body of a captive insurance company shall consist of at least three individuals as members, at least one of whom is a resident of the state.
- (b) One-third of the members of the governing body of a captive insurance company constitutes a quorum of the governing body.
- (6) A captive insurance company shall have at least three separate individuals as principal officers with duties comparable to those of president, treasurer, and secretary.
- (7)(a)(i) A captive insurance company formed as a corporation is subject to the



provisions of Title 16, Chapter 10a, Utah Revised Business Corporation Act, and this chapter.

- (ii) If a conflict exists between a provision of Title 16, Chapter 10a, Utah Revised Business Corporation Act, and a provision of this chapter, this chapter controls.
- (b) A captive insurance company formed as a limited liability company is subject to the provisions of ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act, and this chapter. If a conflict exists between a provision of ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act, and a provision of this chapter, this chapter controls.
- (c) Except as provided in Subsection (7)(d), the provisions of this title that govern a merger, consolidation, conversion, mutualization, and redomestication apply to a captive insurance company in carrying out any of the transactions described in those provisions.
- (d) Notwithstanding Subsection (7)(c), the commissioner may waive or modify the requirements for public notice and hearing in accordance with rules adopted under Section 31A-37-106.
- (e) If a notice of public hearing is required, but no one requests a hearing, the commissioner may cancel the public hearing.

Section 129. Section **46-4-503** is amended to read:

**46-4-503 . Government products and services provided electronically.**

- (1) Notwithstanding Section 46-4-501, a state governmental agency that administers one or more of the following transactions shall allow those transactions to be conducted electronically:
  - (a) an application for or renewal of a professional or occupational license issued under Title 58, Occupations and Professions;
  - (b) the renewal of a drivers license;
  - (c) an application for a hunting or fishing license;
  - (d) the filing of:
    - (i) a return under Title 59, Chapter 10, Individual Income Tax Act, or Title 59, Chapter 12, Sales and Use Tax Act;
    - (ii) a court document, as defined by the Judicial Council; or
    - (iii) a document under Title 70A, Uniform Commercial Code;

- 4381 (e) a registration for:
- 4382 (i) a product; or
- 4383 (ii) a brand;
- 4384 (f) a renewal of a registration of a motor vehicle;
- 4385 (g) a registration under:
- 4386 (i) [~~Title 16, Corporations~~] Title 16, Business Entities; or
- 4387 (ii) Title 42, Names; or
- 4388 [~~(iii) Title 48, Unincorporated Business Entity Act; or~~]
- 4389 (h) submission of an application for benefits:
- 4390 (i) under Title 35A, Chapter 3, Employment Support Act;
- 4391 (ii) under Title 35A, Chapter 4, Employment Security Act; or
- 4392 (iii) related to accident and health insurance.
- 4393 (2) The state system of public education, in coordination with the Utah Education and
- 4394 Telehealth Network, shall make reasonable progress toward making the following
- 4395 services available electronically:
- 4396 (a) secure access by parents and students to student grades and progress reports;
- 4397 (b) email communications with:
- 4398 (i) teachers;
- 4399 (ii) parent-teacher associations; and
- 4400 (iii) school administrators;
- 4401 (c) access to school calendars and schedules; and
- 4402 (d) teaching resources that may include:
- 4403 (i) teaching plans;
- 4404 (ii) curriculum guides; and
- 4405 (iii) media resources.
- 4406 (3) A state governmental agency shall:
- 4407 (a) in carrying out the requirements of this section, take reasonable steps to ensure the
- 4408 security and privacy of records that are private or controlled as defined by Title 63G,
- 4409 Chapter 2, Government Records Access and Management Act;
- 4410 (b) in addition to those transactions listed in Subsections (1) and (2), determine any
- 4411 additional services that may be made available to the public through electronic
- 4412 means; and
- 4413 (c) as part of the agency's information technology plan required by Section 63A-16-203,
- 4414 report on the progress of compliance with Subsections (1) through (3).

- 4415 (4) Notwithstanding the other provisions of this part, a state governmental agency is not  
4416 required by this part to conduct a transaction electronically if:
- 4417 (a) conducting the transaction electronically is not required by federal law; and
- 4418 (b) conducting the transaction electronically is:
- 4419 (i) impractical;
- 4420 (ii) unreasonable; or
- 4421 (iii) not permitted by laws pertaining to privacy or security.
- 4422 (5)(a) For purposes of this Subsection (5), "one-stop shop" means the consolidation of  
4423 access to diverse services and agencies at one location including virtual colocation.
- 4424 (b)(i) State agencies that provide services or offer direct assistance to the business  
4425 community shall participate in the establishment, maintenance, and enhancement  
4426 of an integrated Utah business web portal known as Business.utah.gov.
- 4427 (ii) [-]The purpose of the business web portal is to provide "one-stop shop"  
4428 assistance to businesses.
- 4429 (c) State agencies shall partner with other governmental and nonprofit agencies whose  
4430 primary mission is to provide services or offer direct assistance to the business  
4431 community in Utah in fulfilling the requirements of this section.
- 4432 (d) The following state entities shall comply with the provisions of this Subsection (5):
- 4433 (i) Governor's Office of Economic Opportunity, which shall serve as the managing  
4434 partner for the website;
- 4435 (ii) Department of Workforce Services;
- 4436 (iii) Department of Commerce;
- 4437 (iv) Tax Commission;
- 4438 (v) Department of Government Operations - Division of Purchasing and General  
4439 Services, including other state agencies operating under a grant of authority from  
4440 the division to procure goods and services in excess of \$5,000;
- 4441 (vi) Department of Agriculture;
- 4442 (vii) Department of Natural Resources; and
- 4443 (viii) other state agencies that provide services or offer direct assistance to the  
4444 business sector.
- 4445 (e) The business services available on the business web portal may include:
- 4446 (i) business life cycle information;
- 4447 (ii) business searches;
- 4448 (iii) employment needs and opportunities;

- 4449 (iv) motor vehicle registration;
- 4450 (v) permit applications and renewal;
- 4451 (vi) tax information;
- 4452 (vii) government procurement bid notifications;
- 4453 (viii) general business information;
- 4454 (ix) business directories; and
- 4455 (x) business news.

4456 Section 130. Section **53-2a-1203** is amended to read:

4457 **53-2a-1203 . Business and employee status during disaster period.**

- 4458 (1) Notwithstanding any other provision, an out-of-state business that conducts operations  
4459 within the state for purposes of performing work or services related to a declared state  
4460 disaster or emergency during the disaster period:
- 4461 (a) is not considered to have established a level of presence that would require that  
4462 business to be subject to any state licensing or registration requirements, provided  
4463 that the out-of-state business is in substantial compliance with all applicable  
4464 regulatory and licensing requirements in its state of domicile, including:
    - 4465 (i) unemployment insurance;
    - 4466 (ii) state or local occupational licensing fees;
    - 4467 (iii) public service commission regulation; or
    - 4468 (iv) state or local licensing or regulatory requirements; and
  - 4469 (b) is exempt from the registration requirements under [~~Title 16, Corporations, Title 42,~~  
4470 ~~Names, and Title 48, Unincorporated Business Entity Act~~] Title 16, Business Entities;  
4471 and
  - 4472 (c) shall, within a reasonable time after entry, upon the request of the Labor Commission  
4473 or the Department of Insurance, confirm that it is in compliance with Subsections  
4474 34A-2-406(1)(a), (1)(b), and (2).
- 4475 (2) Notwithstanding any other provision, an out-of-state employee who performs disaster-  
4476 or emergency-related work specific to a declared state disaster or emergency during the  
4477 disaster period is not subject to any state licensing or registration requirements provided  
4478 that the out-of-state employee is in substantial compliance with all applicable regulatory  
4479 and licensing requirements in the employee's state of residence or state of employment.
- 4480 (3)(a) Income taxation related to an out-of-state employee or an out-of-state business is  
4481 as provided in:
- 4482 (i) Title 59, Chapter 7, Corporate Franchise and Income Taxes; and

(ii) Title 59, Chapter 10, Individual Income Tax Act.

(b) Sales and use taxation during a disaster period is as provided in Title 59, Chapter 12, Sales and Use Tax Act.

(c) Any property brought into the state temporarily during the disaster period is not subject to any state or local ad valorem taxes under Title 59, Chapter 2, Property Tax Act.

Section 131. Section **53-9-115** is amended to read:

**53-9-115 . Business name and address -- Posting of license -- Advertising -- Incapacitation, death of agent.**

(1) As used in this section, "no agent agency" means a licensed agency that has only one agent and for which the agent is incapacitated or dies.

(2)(a) Subject to the provisions of this chapter, a licensee may conduct an investigative business under a name other than the licensee's by:

(i) complying with the requirements of [~~Title 42, Chapter 2, Conducting Business Under Assumed Name~~] Title 42, Chapter 2, Conducting Business as a D.B.A.; and

(ii) providing a copy of the filed certificate to the commissioner.

(b) Failure to comply with Subsection (2)(a) shall result in the suspension of the license.

(3)(a) Each licensee shall have at least one physical location from which the agency conducts normal business.

(b) The address of this location shall be on file with the commissioner at all times and is not a public record in accordance with Subsection 63G-2-301(2)(b)(ii).

(4) A licensee shall post the license certificate issued by the commissioner in a conspicuous place in the principal office of the licensee.

(5) Subject to the provisions of this chapter, a licensee may solicit business through any accepted form of advertising.

(a) Any advertisement shall contain the licensee's name and license number as the name and license number appear on the license certificate.

(b) A licensee may not use false, deceptive, or misleading advertising.

(6)(a) The bureau, after receiving notice, shall allow an agent for an agency licensed under this chapter to act as the agent for a no agent agency until the next scheduled or emergency board meeting, where the board shall consider mitigating circumstances for the no agent agency to remain operating permanently or temporarily.

(b) If the board allows the no agent agency to operate temporarily, the board shall allow sufficient time for the no agent agency to complete investigations that began before

4517 the incapacitation or death of the agent.

4518 Section 132. Section **53C-1-201** is amended to read:

4519 **53C-1-201 . Creation of administration -- Purpose -- Director -- Participation in**  
4520 **Risk Management Fund -- Closed meetings.**

4521 (1)(a) There is established within state government the School and Institutional Trust  
4522 Lands Administration.

4523 (b) The administration shall manage all school and institutional trust lands and assets  
4524 within the state, except as otherwise provided in Title 53C, Chapter 3, Deposit and  
4525 Allocation of Revenue from Trust Lands, and Title 53D, Chapter 1, School and  
4526 Institutional Trust Fund Management Act.

4527 (2) The administration is an independent state agency and not a division of any other  
4528 department.

4529 (3)(a) The administration is subject to the usual legislative and executive department  
4530 controls except as provided in this Subsection (3).

4531 (b)(i) The director may make rules as approved by the board that allow the  
4532 administration to classify a business proposal submitted to the administration as  
4533 protected under Section 63G-2-305, for as long as is necessary to evaluate the  
4534 proposal.

4535 (ii) The administration shall return the proposal to the party who submitted the  
4536 proposal, and incur no further duties under Title 63G, Chapter 2, Government  
4537 Records Access and Management Act, if the administration determines not to  
4538 proceed with the proposal.

4539 (iii) The administration shall classify the proposal pursuant to law if the  
4540 administration decides to proceed with the proposal.

4541 (iv) Section 63G-2-403 does not apply during the review period.

4542 (c) The director shall make rules in compliance with Title 63G, Chapter 3, Utah  
4543 Administrative Rulemaking Act, except that the administration is not subject to  
4544 Subsections 63G-3-301(5), (6), (7), and (13) and Section 63G-3-601, and the  
4545 director, with the board's approval, may establish a procedure for the expedited  
4546 approval of rules, based on written findings by the director showing:

4547 (i) the changes in business opportunities affecting the assets of the trust;

4548 (ii) the specific business opportunity arising out of those changes which may be lost  
4549 without the rule or changes to the rule;

4550 (iii) the reasons the normal procedures under Section 63G-3-301 cannot be met

without causing the loss of the specific opportunity;

(iv) approval by at least five board members; and

(v) that the director has filed a copy of the rule and a rule analysis, stating the specific reasons and justifications for the director's findings, with the Office of Administrative Rules and notified interested parties as provided in Subsection 63G-3-301(10).

(d)(i) The administration shall comply with Title 63A, Chapter 17, Utah State Personnel Management Act, except as provided in this Subsection (3)(d).

(ii)(A) The board may approve, upon recommendation of the director, that exemption for specific positions under Subsections 63A-17-301(1) and 63A-17-307(2) is required in order to enable the administration to efficiently fulfill the administration's responsibilities under the law.

(B) The director shall consult with the director of the Division of Human Resource Management before making a recommendation under Subsection (3)(d)(ii)(A).

(iii) The positions of director, deputy director, associate director, assistant director, legal counsel appointed under Section 53C-1-305, administrative assistant, and public affairs officer are exempt under Subsections 63A-17-301(1) and 63A-17-307(2).

(iv)(A) The director shall set salaries for exempted positions, except for the director, after consultation with the director of the Division of Human Resource Management, within ranges approved by the board.

(B) The board and director shall consider salaries for similar positions in private enterprise and other public employment when setting salary ranges.

(v) The board may create an annual incentive and bonus plan for the director and other administration employees designated by the board, based upon the attainment of financial performance goals and other measurable criteria defined and budgeted in advance by the board.

(e) The administration shall comply with:

(i) subject to Subsection (8), Title 52, Chapter 4, Open and Public Meetings Act;

(ii) Title 63G, Chapter 2, Government Records Access and Management Act; and

(iii) Title 63G, Chapter 6a, Utah Procurement Code, except where the board approves, upon recommendation of the director, exemption from the Utah Procurement Code, and simultaneous adoption of rules under Title 63G, Chapter

3, Utah Administrative Rulemaking Act, for procurement, that enable the administration to efficiently fulfill the administration's responsibilities under the law.

(f)(i) Except as provided in Subsection (3)(f)(ii), the administration is not subject to the fee agency requirements of Section 63J-1-504.

(ii) The following fees of the administration are subject to Section 63J-1-504:

- (A) application;
- (B) assignment;
- (C) amendment;
- (D) affidavit for lost documents;
- (E) name change;
- (F) reinstatement;
- (G) grazing nonuse;
- (H) extension of time;
- (I) partial conveyance;
- (J) patent reissue;
- (K) collateral assignment;
- (L) electronic payment; and
- (M) processing.

(g)(i) Notwithstanding Subsection 63J-1-206(2)(c), the administration may transfer money between the administration's line items.

(ii) Before transferring appropriated money between line items, the administration shall submit a proposal to the board for the board's approval.

(iii) If the board gives approval to a proposal to transfer appropriated money between line items, the administration shall submit the proposal to the Legislative Executive Appropriations Committee for the Legislative Executive Appropriations Committee's review and recommendations.

(iv) The Legislative Executive Appropriations Committee may recommend:

- (A) that the administration transfer the appropriated money between line items;
- (B) that the administration not transfer the appropriated money between line items; or
- (C) to the governor that the governor call a special session of the Legislature to supplement the appropriated budget for the administration.

(4) The administration is managed by a director of school and institutional trust lands



appointed by a majority vote of the board of trustees with the consent of the governor.

(5)(a) The board of trustees shall provide policies for the management of the administration and for the management of trust lands and assets.

(b)(i) The board shall provide policies for the ownership and control of Native American remains that are discovered or excavated on school and institutional trust lands in consultation with the Division of Indian Affairs and giving due consideration to Title 9, Chapter 9, Part 4, Native American Grave Protection and Repatriation Act.

(ii) The director may make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement policies provided by the board regarding Native American remains.

(6) In connection with joint ventures and other transactions involving trust lands and minerals approved under Sections 53C-1-303 and 53C-2-401, the administration, with board approval, may become a member of a limited liability company under ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act, as appropriate pursuant to Section ~~[48-3a-1405]~~ 16-20-1305 and is considered a person under Section ~~[48-3a-102]~~ 16-20-101.

(7) Subject to Subsection 63E-1-304(2), the administration may participate in coverage under the Risk Management Fund created by Section 63A-4-201.

(8)(a) Notwithstanding Subsection (3), Subsection 52-4-204(2) or 52-4-205(1), and in addition to the reasons to close a meeting under Section 52-4-205, the board may hold a closed meeting if two-thirds of the members present when a quorum is present vote to close the meeting for the purpose of:

(i) conducting a strategy session to discuss market conditions relevant to the sale of particular trust assets if the terms of the sale of any trust assets are publicly disclosed before the board approves the sale and a public discussion would:

(A) disclose the appraisal or estimated value of the trust assets under consideration; or

(B) prevent the board from completing a contemplated transaction concerning the trust assets on the best possible terms; or

(ii) conducting a strategy session to evaluate the terms of a joint venture or other business arrangement authorized under Subsection 53C-1-303(3)(e) if the terms of the joint venture or other business arrangement are publicly disclosed before the

board approves the transaction and a public discussion of the transaction would:

(A) disclose the appraisal or estimated value of the trust assets under consideration; or

(B) prevent the board from completing the transaction concerning the joint venture or other business arrangement on the best possible terms.

(b) The board shall comply with the procedural requirements for closing a meeting under Title 52, Chapter 4, Open and Public Meetings Act.

Section 133. Section **57-8-55** is amended to read:

**57-8-55 . Consolidation of multiple associations of unit owners.**

- (1) Two or more associations of unit owners may be consolidated into a single association of unit owners as provided in [~~Title 16, Chapter 6a, Part 11, Merger~~] Title 16, Chapter 1a, Part 7, Merger, and this section.
- (2) Unless the declaration, articles, or bylaws otherwise provide, a declaration of consolidation between two or more associations of unit owners to consolidate into a single association of unit owners is not effective unless it is approved by the unit owners of each of the consolidating associations of unit owners, by the highest percentage of allocated voting interests of the unit owners required by each association of unit owners to amend its respective declaration, articles, or bylaws.
- (3) A declaration of consolidation under Subsection (2) shall:
  - (a) be prepared, executed, and certified by the president of the association of each of the consolidating associations of unit owners; and
  - (b) provide for the reallocation of the allocated interests in the consolidated association by stating:
    - (i) the reallocations of the allocated interests in the consolidated association of unit owners or the formulas used to reallocate the allocated interests; or
    - (ii)(A) the percentage of overall allocated interests of the consolidated association of unit owners that are allocated to all of the units comprising each of the consolidating associations of unit owners; and
    - (B) that the portion of the percentages allocated to each unit formerly comprising a part of a consolidating association of unit owners is equal to the percentages of allocated interests allocated to the unit by the declaration of the consolidating association of unit owners.
- (4) A declaration of consolidation under Subsection (2) is not effective until it is recorded in the office of each applicable county recorder.

- (5) Unless otherwise provided in the declaration of consolidation, the consolidated association of unit owners resulting from a consolidation under this section:
- (a) is the legal successor for all purposes of all of the consolidating associations of unit owners;
  - (b) the operations and activities of all of the consolidating associations of unit owners shall be consolidated into the consolidated association of unit owners; and
  - (c) the consolidated association of unit owners holds all powers, rights, obligations, assets, and liabilities of all consolidating associations of unit owners.

Section 134. Section **57-8a-601** is amended to read:

**57-8a-601 . Consolidation of multiple associations.**

- (1) Two or more associations may be consolidated into a single association as provided in [ ~~Title 16, Chapter 6a, Part 11, Merger~~] Title 16, Chapter 1a, Part 7, Merger, and this section.
- (2) Unless the declaration, articles, or bylaws otherwise provide, a declaration of consolidation between two or more associations to consolidate into a single association is not effective unless it is approved by the lot owners of each of the consolidating associations by the highest percentage of allocated voting interests of the lot owners required by each association to amend its respective declaration, articles, or bylaws.
- (3) A declaration of consolidation under Subsection (2) shall:
- (a) be prepared, executed, and certified by the president of each of the consolidating associations; and
  - (b) provide for the reallocation of the allocated interests in the consolidated association by stating:
    - (i) the reallocations of the allocated interests in the consolidated association or the formulas used to reallocate the allocated interests; or
    - (ii)(A) the percentage of overall allocated interests of the consolidated association that are allocated to all of the lots comprising each of the consolidating associations; and
    - (B) that the portion of the percentages allocated to each lot formerly comprising a part of a consolidating association is equal to the percentages of allocated interests allocated to the lot by the declaration of the consolidating association.
- (4) A declaration of consolidation under Subsection (2) is not effective until it is recorded in the office of each applicable county recorder.
- (5) Unless otherwise provided in the declaration of consolidation:

- 4721 (a) the consolidated association resulting from a consolidation under this section is the  
4722 legal successor for all purposes of all of the consolidating associations;  
4723 (b) the operations and activities of all of the consolidating associations shall be  
4724 consolidated into the consolidated association; and  
4725 (c) the consolidated association holds all powers, rights, obligations, assets, and  
4726 liabilities of all consolidating associations.

4727 Section 135. Section **58-28-606** is amended to read:

4728 **58-28-606 . Veterinary corporations, partnerships, and limited liability**  
4729 **companies -- Unlicensed individuals -- Ownership of capital stock -- Service as officer or**  
4730 **director.**

4731 (1) As used in this section:

- 4732 (a) "Veterinary corporation" means a professional corporation organized to render  
4733 veterinary services under Title 16, Chapter 11, Professional Corporation Act.  
4734 (b) "Veterinary limited liability company" means a limited liability company organized  
4735 to render veterinary services under [~~Title 48, Chapter 3a, Utah Revised Uniform~~  
4736 ~~Limited Liability Company Act~~] Title 16, Chapter 20, Utah Revised Uniform Limited  
4737 Liability Company Act.  
4738 (c) "Veterinary partnership" means a partnership or limited liability partnership  
4739 organized to render veterinary services under:  
4740 (i) [~~Title 48, Chapter 1d, Utah Uniform Partnership Act~~] Title 16, Chapter 18, Utah  
4741 Uniform Partnership Act; or  
4742 (ii) [~~Title 48, Chapter 2e, Utah Uniform Limited Partnership Act~~] Title 16, Chapter 19,  
4743 Utah Uniform Limited Partnership Act.

4744 (2) A veterinary corporation may issue or transfer shares of the veterinary corporation's  
4745 capital stock to a person that is not licensed to practice veterinary medicine, surgery, and  
4746 dentistry under this chapter.

4747 (3) An individual who is not licensed to practice veterinary medicine, surgery, and dentistry  
4748 under this chapter:

- 4749 (a) may not serve as an officer or director of a veterinary corporation; and  
4750 (b) may serve as secretary or treasurer of a veterinary corporation.

4751 (4) A veterinary limited liability company or a veterinary partnership may include an  
4752 individual who is not licensed to practice veterinary medicine, surgery, and dentistry  
4753 under this chapter.

4754 Section 136. Section **58-55-102** is amended to read:

**58-55-102 . Definitions.**

In addition to the definitions in Section 58-1-102, as used in this chapter:

- (1)(a) "Alarm business" or "alarm company" means a person engaged in the sale, installation, maintenance, alteration, repair, replacement, servicing, or monitoring of an alarm system, except as provided in Subsection (1)(b).
- (b) "Alarm business" or "alarm company" does not include:
- (i) a person engaged in the manufacture or sale of alarm systems unless:
    - (A) that person is also engaged in the installation, maintenance, alteration, repair, replacement, servicing, or monitoring of alarm systems;
    - (B) the manufacture or sale occurs at a location other than a place of business established by the person engaged in the manufacture or sale; or
    - (C) the manufacture or sale involves site visits at the place or intended place of installation of an alarm system; or
  - (ii) an owner of an alarm system, or an employee of the owner of an alarm system who is engaged in installation, maintenance, alteration, repair, replacement, servicing, or monitoring of the alarm system owned by that owner.
- (2) "Alarm company agent":
- (a) except as provided in Subsection (2)(b), means any individual employed within this state by an alarm business; and
  - (b) does not include an individual who:
    - (i) is not engaged in the sale, installation, maintenance, alteration, repair, replacement, servicing, or monitoring of an alarm system; and
    - (ii) does not, during the normal course of the individual's employment with an alarm business, use or have access to sensitive alarm system information.
- (3) "Alarm company officer" means:
- (a) a governing person, as defined in Section ~~[48-3a-102]~~ 16-20-101, of an alarm company;
  - (b) an individual appointed as an officer of an alarm company that is a corporation in accordance with Section 16-10a-830;
  - (c) a general partner, as defined in Section ~~[48-2c-102]~~ 16-19-101, of an alarm company; or
  - (d) a partner, as defined in Section ~~[48-1d-102]~~ 16-18-101, of an alarm company.
- (4) "Alarm company owner" means:
- (a) a shareholder, as defined in Section 16-10a-102, who owns directly, or indirectly

- 4789 through an entity controlled by the individual, 5% or more of the outstanding shares  
4790 of an alarm company that:
- 4791 (i) is a corporation; and
  - 4792 (ii) is not publicly listed or traded; or
- 4793 (b) an individual who owns directly, or indirectly through an entity controlled by the  
4794 individual, 5% or more of the equity of an alarm company that is not a corporation.
- 4795 (5) "Alarm company proprietor" means the sole proprietor of an alarm company that is  
4796 registered as a sole proprietorship with the Division of Corporations and Commercial  
4797 Code.
- 4798 (6) "Alarm company trustee" means an individual with control of or power of  
4799 administration over property held in trust.
- 4800 (7)(a) "Alarm system" means equipment and devices assembled for the purpose of:
- 4801 (i) detecting and signaling unauthorized intrusion or entry into or onto certain  
4802 premises; or
  - 4803 (ii) signaling a robbery or attempted robbery on protected premises.
- 4804 (b) "Alarm system" includes a battery-charged suspended-wire system or fence that is  
4805 part of and interfaces with an alarm system for the purposes of detecting and  
4806 deterring unauthorized intrusion or entry into or onto certain premises.
- 4807 (8) "Apprentice electrician" means a person licensed under this chapter as an apprentice  
4808 electrician who is learning the electrical trade under the immediate supervision of a  
4809 master electrician, residential master electrician, a journeyman electrician, or a  
4810 residential journeyman electrician.
- 4811 (9) "Apprentice plumber" means a person licensed under this chapter as an apprentice  
4812 plumber who is learning the plumbing trade under the immediate supervision of a master  
4813 plumber, residential master plumber, journeyman plumber, or a residential journeyman  
4814 plumber.
- 4815 (10) "Approved continuing education" means instruction provided through courses under a  
4816 program established under Subsection 58-55-302.5(2).
- 4817 (11)(a) "Approved prelicensure course provider" means a provider that is the Associated  
4818 General Contractors of Utah, the Utah Chapter of the Associated Builders and  
4819 Contractors, or the Utah Home Builders Association, and that meets the requirements  
4820 established by rule by the commission with the concurrence of the director, to teach  
4821 the 25-hour course described in Subsection 58-55-302(1)(e)(iii).
- 4822 (b) "Approved prelicensure course provider" may only include a provider that, in

- 4823 addition to any other locations, offers the 25-hour course described in Subsection  
4824 58-55-302(1)(e)(iii) at least six times each year in one or more counties other than  
4825 Salt Lake County, Utah County, Davis County, or Weber County.
- 4826 (12) "Board" means the Alarm System Security and Licensing Board or Electricians and  
4827 Plumbers Licensing Board created in Section 58-55-201.
- 4828 (13) "Combustion system" means an assembly consisting of:
- 4829 (a) piping and components with a means for conveying, either continuously or  
4830 intermittently, natural gas from the outlet of the natural gas provider's meter to the  
4831 burner of the appliance;
- 4832 (b) the electric control and combustion air supply and venting systems, including air  
4833 ducts; and
- 4834 (c) components intended to achieve control of quantity, flow, and pressure.
- 4835 (14) "Commission" means the Construction Services Commission created under Section  
4836 58-55-103.
- 4837 (15) "Construction trade" means any trade or occupation involving:
- 4838 (a)(i) construction, alteration, remodeling, repairing, wrecking or demolition, addition  
4839 to, or improvement of any building, highway, road, railroad, dam, bridge,  
4840 structure, excavation or other project, development, or improvement to other than  
4841 personal property; and
- 4842 (ii) constructing, remodeling, or repairing a manufactured home or mobile home as  
4843 defined in Section 15A-1-302; or
- 4844 (b) installation or repair of a residential or commercial natural gas appliance or  
4845 combustion system.
- 4846 (16) "Construction trades instructor" means a person licensed under this chapter to teach  
4847 one or more construction trades in both a classroom and project environment, where a  
4848 project is intended for sale to or use by the public and is completed under the direction  
4849 of the instructor, who has no economic interest in the project.
- 4850 (17)(a) "Contractor" means any person who for compensation other than wages as an  
4851 employee undertakes any work in the construction, plumbing, or electrical trade for  
4852 which licensure is required under this chapter and includes:
- 4853 (i) a person who builds any structure on the person's own property for the purpose of  
4854 sale or who builds any structure intended for public use on the person's own  
4855 property;
- 4856 (ii) any person who represents that the person is a contractor, or will perform a

4857 service described in this Subsection (17) by advertising on a website or social  
4858 media, or any other means;

4859 (iii) any person engaged as a maintenance person, other than an employee, who  
4860 regularly engages in activities set forth under the definition of "construction trade";

4861 (iv) any person engaged in, or offering to engage in, any construction trade for which  
4862 licensure is required under this chapter; or

4863 (v) a construction manager, construction consultant, construction assistant, or any  
4864 other person who, for a fee:

4865 (A) performs or offers to perform construction consulting;

4866 (B) performs or offers to perform management of construction subcontractors;

4867 (C) provides or offers to provide a list of subcontractors or suppliers; or

4868 (D) provides or offers to provide management or counseling services on a  
4869 construction project.

4870 (b) "Contractor" does not include:

4871 (i) an alarm company or alarm company agent; or

4872 (ii) a material supplier who provides consulting to customers regarding the design  
4873 and installation of the material supplier's products.

4874 (18)(a) "Electrical trade" means the performance of any electrical work involved in the  
4875 installation, construction, alteration, change, repair, removal, or maintenance of  
4876 facilities, buildings, or appendages or appurtenances.

4877 (b) "Electrical trade" does not include:

4878 (i) transporting or handling electrical materials;

4879 (ii) preparing clearance for raceways for wiring;

4880 (iii) work commonly done by unskilled labor on any installations under the exclusive  
4881 control of electrical utilities;

4882 (iv) work involving cable-type wiring that does not pose a shock or fire-initiation  
4883 hazard;

4884 (v) work involving class two or class three power-limited circuits as defined in the  
4885 National Electrical Code; or

4886 (vi) minor electrical work incidental to a mechanical or service installation when  
4887 wiring is extended to no more than 10 feet from an existing outlet or disconnect  
4888 and does not exceed 120 volts and 20 amperes.

4889 (19) "Elevator" means the same as that term is defined in Section 34A-7-202, except that  
4890 for purposes of this chapter it does not mean a stair chair, a vertical platform lift, or an



- 4891           incline platform lift.
- 4892       (20) "Elevator contractor" means a sole proprietor, firm, or corporation licensed under this
- 4893           chapter that is engaged in the business of erecting, constructing, installing, altering,
- 4894           servicing, repairing, or maintaining an elevator.
- 4895       (21) "Elevator mechanic" means an individual who is licensed under this chapter as an
- 4896           elevator mechanic and who is engaged in erecting, constructing, installing, altering,
- 4897           servicing, repairing, or maintaining an elevator under the immediate supervision of an
- 4898           elevator contractor.
- 4899       (22) "Employee" means an individual as defined by the division by rule giving
- 4900           consideration to the definition adopted by the Internal Revenue Service and the
- 4901           Department of Workforce Services.
- 4902       (23) "Engage in a construction trade" means to:
- 4903           (a) engage in, represent oneself to be engaged in, or advertise oneself as being engaged
- 4904               in a construction trade; or
- 4905           (b) use the name "contractor" or "builder" or in any other way lead a reasonable person
- 4906               to believe one is or will act as a contractor.
- 4907       (24)(a) "Financial responsibility" means a demonstration of a current and expected
- 4908           future condition of financial solvency evidencing a reasonable expectation to the
- 4909           division and the board that an applicant or licensee can successfully engage in
- 4910           business as a contractor without jeopardy to the public health, safety, and welfare.
- 4911           (b) Financial responsibility may be determined by an evaluation of the total history
- 4912               concerning the licensee or applicant including past, present, and expected condition
- 4913               and record of financial solvency and business conduct.
- 4914       (25) "Gas appliance" means any device that uses natural gas to produce light, heat, power,
- 4915           steam, hot water, refrigeration, or air conditioning.
- 4916       (26)(a) "General building contractor" means a person licensed under this chapter as a
- 4917           general building contractor qualified by education, training, experience, and
- 4918           knowledge to perform or superintend construction of structures for the support,
- 4919           shelter, and enclosure of persons, animals, chattels, or movable property of any kind
- 4920           or any of the components of that construction except plumbing, electrical work,
- 4921           mechanical work, work related to the operating integrity of an elevator, and
- 4922           manufactured housing installation, for which the general building contractor shall
- 4923           employ the services of a contractor licensed in the particular specialty, except that a
- 4924           general building contractor engaged in the construction of single-family and

multifamily residences up to four units may perform the mechanical work and hire a licensed plumber or electrician as an employee.

(b) The division may by rule exclude general building contractors from engaging in the performance of other construction specialties in which there is represented a substantial risk to the public health, safety, and welfare, and for which a license is required unless that general building contractor holds a valid license in that specialty classification.

(27) "General electrical contractor" means a person licensed under this chapter as a general electrical contractor qualified by education, training, experience, and knowledge to perform the fabrication, construction, and installation of generators, transformers, conduits, raceways, panels, switch gear, electrical wires, fixtures, appliances, apparatus that uses electrical energy, or any other work the division authorizes by rule in accordance with Subsection 58-55-301(4).

(28)(a) "General engineering contractor" means a person licensed under this chapter as a general engineering contractor qualified by education, training, experience, and knowledge to perform or superintend construction of fixed works, or components of fixed works requiring specialized engineering knowledge and skill in:

- (i) airports;
- (ii) airport runways;
- (iii) bridges;
- (iv) chemical plants;
- (v) drainage;
- (vi) electrical utilities;
- (vii) flood control;
- (viii) foundations;
- (ix) harbors;
- (x) highways;
- (xi) industrial plants;
- (xii) inland waterways;
- (xiii) irrigation systems;
- (xiv) piers;
- (xv) pipelines;
- (xvi) power plants;
- (xvii) railroads;

- 4959 (xviii) refineries;  
4960 (xix) sewers;  
4961 (xx) tunnels;  
4962 (xxi) underground electric utility conduits;  
4963 (xxii) utility plants;  
4964 (xxiii) water power; or  
4965 (xxiv) water supply.
- 4966 (b) A general engineering contractor may not perform or superintend:  
4967 (i) construction of a structure built primarily for the support, shelter, and enclosure of  
4968 persons, animals, and chattels;  
4969 (ii) plumbing work;  
4970 (iii) electrical work beyond underground electric utility conduit or electrical utilities;  
4971 (iv) mechanical work; or  
4972 (v) work where the general engineering contractor does not have the required  
4973 specialized engineering knowledge and skill.
- 4974 (29) "General plumbing contractor" means a person licensed under this chapter as a general  
4975 plumbing contractor qualified by education, training, experience, and knowledge to  
4976 perform the fabrication or installation of material and fixtures to create and maintain  
4977 sanitary conditions in a building by providing permanent means for a supply of safe and  
4978 pure water, a means for the timely and complete removal from the premises of all used  
4979 or contaminated water, fluid and semi-fluid organic wastes and other impurities  
4980 incidental to life and the occupation of such premises, a safe and adequate supply of  
4981 gases for lighting, heating, and industrial purposes, or other work the division authorizes  
4982 by rule in accordance with Subsection 58-55-301(4).
- 4983 (30) "HVAC" means a heating, ventilation, and air conditioning system and the specific  
4984 components that are a part of the system, including the gas line.
- 4985 (31) "HVAC contractor" means a person licensed under this chapter specialized in the  
4986 installation, maintenance, repair, and servicing of heating, ventilation, air conditioning  
4987 systems or any other work the division authorizes by rule in accordance with Subsection  
4988 58-55-301(4).
- 4989 (32) "Immediate supervision" means reasonable direction, oversight, inspection, and  
4990 evaluation of the work of a person:  
4991 (a) as the division specifies in rule;  
4992 (b) by, as applicable, a qualified electrician or plumber;

(c) as part of a planned program of training; and

(d) to ensure that the end result complies with applicable standards.

(33) "Individual" means a natural person.

(34) "Journeyman lineman" means a person that builds and maintains an electrical power system, performs work on transmission lines or distribution lines from power plants to customers, and has completed an approved 7,000 hour certified apprenticeship program.

(35) "Journeyman electrician" means a person licensed under this chapter as a journeyman electrician having the qualifications, training, experience, and knowledge to wire, install, and repair electrical apparatus and equipment for light, heat, power, and other purposes.

(36) "Journeyman plumber" means a person licensed under this chapter as a journeyman plumber having the qualifications, training, experience, and technical knowledge to engage in the plumbing trade.

(37) "Master electrician" means a person licensed under this chapter as a master electrician having the qualifications, training, experience, and knowledge to properly plan, layout, and supervise the wiring, installation, and repair of electrical apparatus and equipment for light, heat, power, and other purposes.

(38) "Master plumber" means a person licensed under this chapter as a master plumber having the qualifications, training, experience, and knowledge to properly plan and layout projects and supervise persons in the plumbing trade.

(39) "Person" means a natural person, sole proprietorship, joint venture, corporation, limited liability company, association, or organization of any type.

(40)(a) "Plumbing trade" means the performance of any mechanical work pertaining to the installation, alteration, change, repair, removal, maintenance, or use in buildings, or within three feet beyond the outside walls of buildings, of pipes, fixtures, and fittings for the:

(i) delivery of the water supply;

(ii) discharge of liquid and water carried waste;

(iii) building drainage system within the walls of the building; and

(iv) delivery of gases for lighting, heating, and industrial purposes.

(b) "Plumbing trade" includes work pertaining to the water supply, distribution pipes, fixtures and fixture traps, soil, waste and vent pipes, the building drain and roof drains, and the safe and adequate supply of gases, together with their devices, appurtenances, and connections where installed within the outside walls of the building.

- (41) "Ratio of apprentices" means the number of licensed plumber apprentices or licensed electrician apprentices that are allowed to be under the immediate supervision of a licensed supervisor as established by the provisions of this chapter and by rules made by the commission, with the concurrence of the director, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (42) "Residential and small commercial contractor" means a person licensed under this chapter as a residential and small commercial contractor qualified by education, training, experience, and knowledge to perform or superintend the construction of single-family residences, multifamily residences up to four units, and commercial construction of not more than three stories above ground and not more than 20,000 square feet, or any of the components of that construction except plumbing, electrical work, mechanical work, and manufactured housing installation, for which the residential and small commercial contractor shall employ the services of a contractor licensed in the particular specialty, except that a residential and small commercial contractor engaged in the construction of single-family and multifamily residences up to four units may perform the mechanical work and hire a licensed plumber or electrician as an employee.
- (43) "Residential building," as it relates to the license classification of residential journeyman plumber and residential master plumber, means a single or multiple family dwelling of up to four units.
- (44) "Residential electrical contractor" means a person licensed under this chapter as a residential electrical contractor qualified by education, training, experience, and knowledge to perform the fabrication, construction, and installation of services, disconnecting means, grounding devices, panels, conductors, load centers, lighting and plug circuits, appliances, and fixtures in a residential unit or any other work the division authorizes by rule in accordance with Subsection 58-55-301(4).
- (45) "Residential journeyman electrician" means a person licensed under this chapter as a residential journeyman electrician having the qualifications, training, experience, and knowledge to wire, install, and repair electrical apparatus and equipment for light, heat, power, and other purposes on buildings using primarily nonmetallic sheath cable.
- (46) "Residential journeyman plumber" means a person licensed under this chapter as a residential journeyman plumber having the qualifications, training, experience, and knowledge to engage in the plumbing trade as limited to the plumbing of residential buildings.
- (47) "Residential master electrician" means a person licensed under this chapter as a

residential master electrician having the qualifications, training, experience, and knowledge to properly plan, layout, and supervise the wiring, installation, and repair of electrical apparatus and equipment for light, heat, power, and other purposes on residential projects.

(48) "Residential master plumber" means a person licensed under this chapter as a residential master plumber having the qualifications, training, experience, and knowledge to properly plan and layout projects and supervise persons in the plumbing trade as limited to the plumbing of residential buildings.

(49) "Residential plumbing contractor" means a person licensed under this chapter as a residential plumbing contractor qualified by education, training, experience, and knowledge to perform the fabrication or installation of material and fixtures to create and maintain sanitary conditions in residential buildings by providing permanent means for a supply of safe and pure water, a means for the timely and complete removal from the premises of all used or contaminated water, fluid and semi-fluid organic wastes and other impurities incidental to life and the occupation of such premises, a safe and adequate supply of gases for lighting, heating, and residential purposes, or any other work the division authorizes by rule in accordance with Subsection 58-55-301(4).

(50) "Residential project," as it relates to an electrician or electrical contractor, means buildings primarily wired with nonmetallic sheathed cable, in accordance with standard rules and regulations governing this work, including the National Electrical Code, and in which the voltage does not exceed 250 volts line to line and 125 volts to ground.

(51) "Responsible management personnel" means:

- (a) a qualifying agent;
- (b) an operations manager; or
- (c) a site manager.

(52) "Sensitive alarm system information" means:

- (a) a pass code or other code used in the operation of an alarm system;
- (b) information on the location of alarm system components at the premises of a customer of the alarm business providing the alarm system;
- (c) information that would allow the circumvention, bypass, deactivation, or other compromise of an alarm system of a customer of the alarm business providing the alarm system; and
- (d) any other similar information that the division by rule determines to be information that an individual employed by an alarm business should use or have access to only if

5095 the individual is licensed as provided in this chapter.

5096 (53)(a) "Specialty contractor" means a person licensed under this chapter under a  
5097 specialty contractor classification established by rule, who is qualified by education,  
5098 training, experience, and knowledge to perform those construction trades and crafts  
5099 requiring specialized skill, the regulation of which are determined by the division to  
5100 be in the best interest of the public health, safety, and welfare.

5101 (b) A specialty contractor may perform work in crafts or trades other than those in which  
5102 the specialty contractor is licensed if they are incidental to the performance of the  
5103 specialty contractor's licensed craft or trade.

5104 (54) "Unincorporated entity" means an entity that is not:

- 5105 (a) an individual;
- 5106 (b) a corporation; or
- 5107 (c) publicly traded.

5108 (55) "Unlawful conduct" means the same as that term is defined in Sections 58-1-501 and  
5109 58-55-501.

5110 (56) "Unprofessional conduct" means the same as that term is defined in Sections 58-1-501  
5111 and 58-55-502 and as may be further defined by rule.

5112 (57) "Wages" means amounts due to an employee for labor or services whether the amount  
5113 is fixed or ascertained on a time, task, piece, commission, or other basis for calculating  
5114 the amount.

5115 Section 137. Section **58-63-102** is amended to read:

5116 **58-63-102 . Definitions.**

5117 In addition to the definitions in Section 58-1-102, as used in this chapter:

- 5118 (1) "Agreement for services" means a written and signed agreement between a security  
5119 service provider and a client that:
  - 5120 (a) contains clear language that addresses and assigns financial responsibility;
  - 5121 (b) describes the length, duties, and scope of the security services that will be provided;
  - 5122 and
  - 5123 (c) describes the compensation that will be paid by the client for the security services,
  - 5124 including the compensation for each security officer.
- 5125 (2) "Armed courier service" means a person engaged in business as a contract security  
5126 company who transports or offers to transport tangible personal property from one place  
5127 or point to another under the control of an armed security officer employed by that  
5128 service.

- 5129 (3) "Armed private security officer" means an individual:  
5130 (a) employed by a contract security company;  
5131 (b) whose primary duty is:  
5132 (i) guarding personal or real property; or  
5133 (ii) providing protection or security to the life and well being of humans or animals;  
5134 and  
5135 (c) who wears, carries, possesses, or has immediate access to a firearm in the  
5136 performance of the individual's duties.
- 5137 (4) "Armored car company" means a person engaged in business under contract to others  
5138 who transports or offers to transport tangible personal property, currency, valuables,  
5139 jewelry, SNAP benefits as defined in Section 35A-1-102, or any other high value items,  
5140 that require secured delivery from one place to another under the control of an armored  
5141 car security officer employed by the company using a specially equipped motor vehicle  
5142 offering a high degree of security.
- 5143 (5) "Armored car security officer" means an individual:  
5144 (a) employed by an armored car company;  
5145 (b) whose primary duty is to guard the tangible property, currency, valuables, jewelry,  
5146 SNAP benefits as defined in Section 35A-1-102, or other high value items that  
5147 require secured delivery from one place to another; and  
5148 (c) who wears, carries, possesses, or has immediate access to a firearm in the  
5149 performance of the individual's duties.
- 5150 (6) "Board" means the Security Services Licensing Board created in Section 58-63-201.
- 5151 (7) "Client" means a person, company, or entity that contracts for and receives security  
5152 services from a contract security company or an armored car company.
- 5153 (8) "Contract security company" means a company that is engaged in business to provide  
5154 security services to another person, business, or entity on a contractual basis by  
5155 assignment of an armed or unarmed private security officer.
- 5156 (9) "Company officer" means:  
5157 (a) a governing person, as defined in Section ~~[48-3a-102]~~ 16-20-101, of an armored car  
5158 company or contract security company;  
5159 (b) an individual appointed as an officer of an armored car company or contract security  
5160 company that is a corporation in accordance with Section 16-10a-830;  
5161 (c) a general partner, as defined in Section ~~[48-2e-102]~~ 16-19-101, of an armored car  
5162 company or contract security company; or



- 5163 (d) a partner, as defined in Section [~~48-1d-102~~] 16-18-102, of an armored car company  
5164 or contract security company.
- 5165 (10) "Company owner" means:
- 5166 (a) a shareholder, as defined in Section 16-10a-102, who owns directly, or indirectly  
5167 through an entity controlled by the individual, 5% or more of the outstanding shares  
5168 of an armored car company or contract security company that:
- 5169 (i) is a corporation; and  
5170 (ii) is not publicly listed or traded; or
- 5171 (b) an individual who owns directly, or indirectly through an entity controlled by the  
5172 individual, 5% or more of the equity of an armored car company or contract security  
5173 company that is not a corporation.
- 5174 (11) "Company proprietor" means the sole proprietor of an armored car company or  
5175 contract security company that is registered as a sole proprietorship with the Division of  
5176 Corporations and Commercial Code.
- 5177 (12) "Company trustee" means an individual with control of or power of administration  
5178 over property held in trust.
- 5179 (13) "Financial responsibility," when referring to a contract security company, means that a  
5180 contract security company may only provide security services to a client if the contract  
5181 security company:
- 5182 (a) enters into an agreement for services with the client;
- 5183 (b) maintains a current general liability insurance policy with:
- 5184 (i) at least an annual \$1,000,000 per occurrence limit;  
5185 (ii) at least an annual \$2,000,000 aggregate limit; and  
5186 (iii) the following riders:
- 5187 (A) general liability;  
5188 (B) assault and battery;  
5189 (C) personal injury;  
5190 (D) false arrest;  
5191 (E) libel and slander;  
5192 (F) invasion of privacy;  
5193 (G) broad form property damage;  
5194 (H) damage to property in the care, custody, or control of the security service  
5195 provider; and  
5196 (I) errors and omissions;

- 5197 (c) maintains a workers' compensation insurance policy with at least a \$1,000,000 per  
5198 occurrence limit and that covers each security officer employed by the contract  
5199 security company; and
- 5200 (d) maintains a federal employer identification number and an unemployment insurance  
5201 employer account as required under state and federal law.
- 5202 (14) "Identification card" means a personal pocket or wallet size card issued by the division  
5203 to each armored car and armed or unarmed private security officer licensed under this  
5204 chapter.
- 5205 (15) "Law enforcement agency" means the same as that term is defined in Section 53-1-102.
- 5206 (16) "Peace officer" means a person who:
- 5207 (a) is a certified peace officer as defined in Title 53, Chapter 13, Peace Officer  
5208 Classifications; and
- 5209 (b) derives total or special law enforcement powers from, and is an employee of, the  
5210 federal government, the state, or a political subdivision, agency, department, branch,  
5211 or service of either, of a municipality, or a unit of local government.
- 5212 (17) "Regular basis" means at least 20 hours per month.
- 5213 (18) "Responsible management personnel" means:
- 5214 (a) a qualifying agent;
- 5215 (b) an operations manager; or
- 5216 (c) a site manager.
- 5217 (19)(a) "Security officer" means an individual who is licensed as an armed or unarmed  
5218 private security officer under this chapter and who:
- 5219 (i) is employed by a contract security company securing, guarding, or otherwise  
5220 protecting tangible personal property, real property, or the life and well being of  
5221 human or animal life against:
- 5222 (A) trespass or other unlawful intrusion or entry;
- 5223 (B) larceny;
- 5224 (C) vandalism or other abuse;
- 5225 (D) arson or other criminal activity; or
- 5226 (E) personal injury caused by another person or as a result of an act or omission  
5227 by another person;
- 5228 (ii) is controlling, regulating, or directing the flow of movements of an individual or  
5229 vehicle; or
- 5230 (iii) providing street patrol service.

(b) "Security officer" does not include an individual whose duties include taking admission tickets, checking credentials, ushering, or checking bags, purses, backpacks, or other materials of individuals who are entering a sports venue, concert venue, theatrical venue, convention center, fairgrounds, public assembly facility, or mass gathering location if:

(i) the individual carries out these duties without the use of specialized equipment;

(ii) the authority of the individual is limited to denying entry or passage of another individual into or within the facility; and

(iii) the individual is not authorized to use physical force in the performance of the individual's duties under this Subsection (19)(b).

(20) "Security service provider" means a contract security company or an armored car company licensed under this chapter.

(21) "Security system" means equipment, a device, or an instrument installed for:

(a) detecting and signaling entry or intrusion by an individual into or onto, or exit from the premises protected by the system; or

(b) signaling the commission of criminal activity at the election of an individual having control of the features of the security system.

(22) "Specialized resource, motor vehicle, or equipment" means an item of tangible personal property specifically designed for use in law enforcement or in providing security or guard services, or that is specially equipped with a device or feature designed for use in providing law enforcement, security, or guard services, but does not include:

(a) standardized clothing, whether or not bearing a company name or logo, if the clothing does not bear the words "security" or "guard"; or

(b) an item of tangible personal property, other than a firearm or nonlethal weapon, that may be used without modification in providing security or guard services.

(23) "Street patrol service" means a contract security company that provides patrols by means of foot, vehicle, or other method of transportation using public streets, thoroughfares, or property in the performance of the company's duties and responsibilities.

(24) "Unarmed private security officer" means an individual:

(a) employed by a contract security company;

(b) whose primary duty is guarding personal or real property or providing protection or security to the life and well being of humans or animals;

(c) who does not wear, carry, possess, or have immediate access to a firearm in the

5265 performance of the individual's duties; and

5266 (d) who wears clothing of distinctive design or fashion bearing a symbol, badge,  
5267 emblem, insignia, or other device that identifies the individual as a security officer.

5268 (25) "Unlawful conduct" means the same as that term is defined in Sections 58-1-501 and  
5269 58-63-501.

5270 (26) "Unprofessional conduct" means the same as that term is defined in Sections 58-1-501  
5271 and 58-63-502 and as may be further defined by rule.

5272 Section 138. Section **61-2c-201** is amended to read:

5273 **61-2c-201 . Licensure required of person engaged in the business of residential**  
5274 **mortgage loans.**

5275 (1)(a) Except as provided in Subsection (1)(b), a person may not transact the business of  
5276 residential mortgage loans without first obtaining a license under this chapter.

5277 (b) A person may transact the business of residential mortgage loans without first  
5278 obtaining a license under this chapter if the person:

5279 (i) is exempt from this chapter under Section 61-2c-105; or

5280 (ii) qualifies for temporary authority to act as a mortgage loan originator under  
5281 Section 61-2c-201.2.

5282 (2) For purposes of this chapter, a person transacts the business of residential mortgage  
5283 loans in this state if:

5284 (a)(i) the person engages in an act that constitutes the business of residential  
5285 mortgage loans;

5286 (ii) the act described in Subsection (2)(a)(i) is directed to or received in this state; and

5287 (iii) the real property that is the subject of the act described in Subsection (2)(a)(i) is  
5288 located in this state; or

5289 (b) the person makes a representation that the person transacts the business of residential  
5290 mortgage loans in this state.

5291 (3) An individual who has an ownership interest in an entity required to be licensed under  
5292 this chapter is not required to obtain an individual license under this chapter unless the  
5293 individual transacts the business of residential mortgage loans.

5294 (4) Unless otherwise exempted under this chapter, licensure under this chapter is required  
5295 of both:

5296 (a) the individual who directly transacts the business of residential mortgage loans; and

5297 (b) if the individual transacts business as an employee or agent of an entity or individual,  
5298 the entity or individual for whom the employee or agent transacts the business of

5299 residential mortgage loans.

5300 (5)(a) If an entity that is licensed to transact the business of residential mortgage loans  
5301 transacts the business of residential mortgage loans under an assumed business name,  
5302 the entity shall in accordance with rules made by the division:

5303 (i) register the assumed name under this chapter; and

5304 (ii) furnish proof that the assumed business name is filed with the Division of  
5305 Corporations and Commercial Code pursuant to ~~[Title 42, Chapter 2, Conducting~~  
5306 ~~Business Under Assumed Name]~~ Title 42, Chapter 2, Conducting Business as a  
5307 D.B.A.

5308 (b) The division may charge a fee established in accordance with Section 63J-1-504 for  
5309 registering an assumed name as described in this Subsection (5).

5310 Section 139. Section **61-2f-401** is amended to read:

5311 **61-2f-401 . Grounds for disciplinary action.**

5312 The following acts are unlawful and grounds for disciplinary action for a person licensed  
5313 or required to be licensed under this chapter:

5314 (1)(a) making a substantial misrepresentation, including in a licensure statement;

5315 (b) making an intentional misrepresentation;

5316 (c) pursuing a continued and flagrant course of misrepresentation;

5317 (d) making a false representation or promise through an agent, sales agent, advertising,  
5318 or otherwise; or

5319 (e) making a false representation or promise of a character likely to influence, persuade,  
5320 or induce;

5321 (2) acting for more than one party in a transaction without the informed written consent of  
5322 the parties;

5323 (3)(a) acting as an associate broker or sales agent while not affiliated with a principal  
5324 broker;

5325 (b) representing or attempting to represent a principal broker other than the principal  
5326 broker with whom the person is affiliated; or

5327 (c) representing as sales agent or having a contractual relationship similar to that of sales  
5328 agent with a person other than a principal broker;

5329 (4)(a) failing, within a reasonable time, to account for or to remit money that belongs to  
5330 another and comes into the person's possession;

5331 (b) commingling money described in Subsection (4)(a) with the person's own money; or

5332 (c) diverting money described in Subsection (4)(a) from the purpose for which the

- 5333 money is received;
- 5334 (5) paying or offering to pay valuable consideration to a person not licensed under this
- 5335 chapter, except that valuable consideration may be shared:
- 5336 (a) with a principal broker of another jurisdiction; or
- 5337 (b) as provided under:
- 5338 (i) Title 16, Chapter 10a, Utah Revised Business Corporation Act;
- 5339 (ii) Title 16, Chapter 11, Professional Corporation Act; or
- 5340 (iii) Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act, as
- 5341 appropriate pursuant to Section ~~[48-3a-1405]~~ 16-20-1305;
- 5342 (6) for a principal broker, paying or offering to pay a sales agent or associate broker who is
- 5343 not affiliated with the principal broker at the time the sales agent or associate broker
- 5344 earned the compensation;
- 5345 (7) being incompetent to act as a principal broker, associate broker, or sales agent in such
- 5346 manner as to safeguard the interests of the public;
- 5347 (8) failing to voluntarily furnish a copy of a document to the parties before and after the
- 5348 execution of a document;
- 5349 (9) a brokerage failing to keep and make available for inspection by the division a record of
- 5350 each transaction, including:
- 5351 (a) the names of buyers and sellers or lessees and lessors;
- 5352 (b) the identification of real estate;
- 5353 (c) the sale or rental price;
- 5354 (d) money received in trust;
- 5355 (e) agreements or instructions from buyers and sellers or lessees and lessors; and
- 5356 (f) any other information required by rule;
- 5357 (10) failing to disclose, in writing, in the purchase, sale, or rental of real estate, whether the
- 5358 purchase, sale, or rental is made for that person or for an undisclosed principal;
- 5359 (11) regardless of whether the crime is related to the business of real estate:
- 5360 (a) be convicted of:
- 5361 (i) a felony; or
- 5362 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:
- 5363 (A) a class A misdemeanor;
- 5364 (B) a class B misdemeanor; or
- 5365 (C) a criminal offense comparable to a class A or class B misdemeanor;
- 5366 (b) plead guilty or nolo contendere to:

- 5367 (i) a felony; or
- 5368 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:
- 5369 (A) a class A misdemeanor;
- 5370 (B) a class B misdemeanor; or
- 5371 (C) a criminal offense comparable to a class A or class B misdemeanor;
- 5372 (c) enter into a plea in abeyance agreement in relation to:
- 5373 (i) a felony; or
- 5374 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:
- 5375 (A) a class A misdemeanor;
- 5376 (B) a class B misdemeanor; or
- 5377 (C) a criminal offense comparable to a class A or class B misdemeanor;
- 5378 (12) at the time of placing an advertisement:
- 5379 (a) advertising the availability of real estate or the services of a licensee in a false,
- 5380 misleading, or deceptive manner; or
- 5381 (b) failing to include within the advertisement the brokerage name with which a person
- 5382 who is licensed is affiliated or, if the advertisement is placed online or in a digital
- 5383 format, a link to a website or media platform that identifies the brokerage name
- 5384 within one click;
- 5385 (13) in the case of a principal broker or a branch broker, failing to exercise active and
- 5386 reasonable supervision, as the commission may define by rule made in accordance with
- 5387 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, over the activities of the
- 5388 principal broker's or branch broker's licensed or unlicensed staff;
- 5389 (14) violating or disregarding:
- 5390 (a) this chapter;
- 5391 (b) an order of the commission; or
- 5392 (c) the rules adopted by the commission and the division;
- 5393 (15) breaching a fiduciary duty owed by a licensee to the licensee's principal in a real estate
- 5394 transaction;
- 5395 (16) any other conduct which constitutes dishonest dealing;
- 5396 (17) having one of the following suspended, revoked, surrendered, or cancelled on the basis
- 5397 of misconduct in a professional capacity that relates to character, honesty, integrity, or
- 5398 truthfulness:
- 5399 (a) a real estate license, registration, or certificate issued by another jurisdiction; or
- 5400 (b) another license, registration, or certificate to engage in an occupation or profession

- 5401 issued by this state or another jurisdiction;
- 5402 (18) failing to respond to a request by the division in an investigation authorized under this
- 5403 chapter within 10 business days after the day on which the request is served, including:
- 5404 (a) failing to respond to a subpoena;
- 5405 (b) withholding evidence; or
- 5406 (c) failing to produce documents or records;
- 5407 (19) in the case of a dual licensed title licensee as defined in Section 31A-2-402:
- 5408 (a) providing a title insurance product or service without the approval required by
- 5409 Section 31A-2-405; or
- 5410 (b) knowingly providing false or misleading information in the statement required by
- 5411 Subsection 31A-2-405(2);
- 5412 (20) violating an independent contractor agreement between a principal broker and a sales
- 5413 agent or associate broker as evidenced by a final judgment of a court;
- 5414 (21) violating Title 57, Chapter 30, Residential Property Service Agreements;
- 5415 (22)(a) engaging in an act of loan modification assistance that requires licensure as a
- 5416 mortgage officer under Chapter 2c, Utah Residential Mortgage Practices and
- 5417 Licensing Act, without being licensed under that chapter;
- 5418 (b) engaging in an act of foreclosure rescue without entering into a written agreement
- 5419 specifying what one or more acts of foreclosure rescue will be completed;
- 5420 (c) inducing a person who is at risk of foreclosure to hire the licensee to engage in an act
- 5421 of foreclosure rescue by:
- 5422 (i) suggesting to the person that the licensee has a special relationship with the
- 5423 person's lender or loan servicer; or
- 5424 (ii) falsely representing or advertising that the licensee is acting on behalf of:
- 5425 (A) a government agency;
- 5426 (B) the person's lender or loan servicer; or
- 5427 (C) a nonprofit or charitable institution; or
- 5428 (d) recommending or participating in a foreclosure rescue that requires a person to:
- 5429 (i) transfer title to real estate to the licensee or to a third-party with whom the
- 5430 licensee has a business relationship or financial interest;
- 5431 (ii) make a mortgage payment to a person other than the person's loan servicer; or
- 5432 (iii) refrain from contacting the person's:
- 5433 (A) lender;
- 5434 (B) loan servicer;



- 5435 (C) attorney;
- 5436 (D) credit counselor; or
- 5437 (E) housing counselor;
- 5438 (23) taking or removing from the premises of a main office or a branch office, or otherwise
- 5439 limiting a real estate brokerage's access to or control over, a record that:
- 5440 (a)(i) the real estate brokerage's licensed staff, unlicensed staff, or affiliated
- 5441 independent contractor prepared; and
- 5442 (ii) is related to the business of:
- 5443 (A) the real estate brokerage; or
- 5444 (B) an associate broker, a branch broker, or a sales agent of the real estate
- 5445 brokerage; or
- 5446 (b) is related to the business administration of the real estate brokerage;
- 5447 (24) as a principal broker, placing a lien on real property, unless authorized by law;
- 5448 (25) as a sales agent or associate broker, placing a lien on real property for an unpaid
- 5449 commission or other compensation related to real estate brokerage services; or
- 5450 (26) failing to timely disclose to a buyer or seller an affiliated business arrangement, as
- 5451 defined in Section 31A-23a-1001, in accordance with the federal Real Estate Settlement
- 5452 Procedures Act, 12 U.S.C. Sec. 2601 et seq. and any rules made thereunder.

5453 Section 140. Section **61-2g-103** is amended to read:

5454 **61-2g-103 . Other law unaffected.**

5455 This chapter may not be considered to prohibit a person licensed, certified, or registered

5456 under this chapter from engaging in the practice of real estate appraising as a professional

5457 corporation or a limited liability company in accordance with:

- 5458 (1) Title 16, Chapter 11, Professional Corporation Act; or
- 5459 (2) ~~[Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act]~~ Title 16,
- 5460 Chapter 20, Utah Revised Uniform Limited Liability Company Act.

5461 Section 141. Section **75B-2-1011** is amended to read:

5462 **75B-2-1011 . Interest as general partner.**

- 5463 (1) Except as otherwise provided in Subsection (3) or unless personal liability is imposed in
- 5464 the contract, a trustee who holds an interest as a general partner in a general or limited
- 5465 partnership is not personally liable on a contract entered into by the partnership after the
- 5466 trust's acquisition of the interest if the fiduciary capacity was disclosed in the contract or
- 5467 in a statement previously filed in accordance with ~~[Title 48, Chapter 2e, Utah Uniform~~
- 5468 ~~Limited Partnership Act]~~ Title 16, Chapter 19, Utah Uniform Limited Partnership Act.

- 5469 (2) Except as otherwise provided in Subsection (3), a trustee who holds an interest as a  
5470 general partner is not personally liable for torts committed by the partnership or for  
5471 obligations arising from ownership or control of the interest unless the trustee is  
5472 personally at fault.
- 5473 (3) The immunity provided by this section does not apply if an interest in the partnership is  
5474 held by the trustee in a capacity other than that of trustee or is held by the trustee's  
5475 spouse or one or more of the trustee's descendants, siblings, or parents, or the spouse of  
5476 any of them.
- 5477 (4) If the trustee of a revocable trust holds an interest as a general partner, the settlor is  
5478 personally liable for contracts and other obligations of the partnership as if the settlor  
5479 were a general partner.

5480 Section 142. Section **76-5c-304** is amended to read:

5481 **76-5c-304 . Change of registered office or agent by film distributor -- Service of**  
5482 **process, notice, or demand on registered agent.**

- 5483 (1) A distributor qualified to distribute films in this state may change the distributor's  
5484 registered office or registered agent in accordance with [~~Title 16, Chapter 17, Model~~  
5485 ~~Registered Agents Act~~] Title 16, Chapter 1a, Part 4, Registered Agent of an Entity.
- 5486 (2) Any process, notice, or demand required or permitted by law to be served upon the  
5487 distributor may be served upon the registered agent of that distributor.

5488 Section 143. Section **78A-5a-101** is amended to read:

5489 **78A-5a-101 . Definitions.**

- 5490 (1) "Action" means a lawsuit or case commenced in a court.
- 5491 (2)(a) "Asset" means property of all kinds, real or personal and tangible or intangible.
- 5492 (b) "Asset" includes:
- 5493 (i) cash, except for any reasonable compensation or salary for services rendered;
  - 5494 (ii) stock or other investments;
  - 5495 (iii) goodwill;
  - 5496 (iv) an ownership interest;
  - 5497 (v) a license;
  - 5498 (vi) a cause of action; and
  - 5499 (vii) any similar property.
- 5500 (3) "Beneficial shareholder" means the same as that term is defined in Section 16-10a-1301.
- 5501 (4) "Blockchain" means the same as that term is defined in Section 63A-16-108.
- 5502 (5) "Blockchain technology" means computer software or hardware or collections of

- 5503 computer software or hardware, or both, that utilize or enable a blockchain.
- 5504 (6) "Board" means the board of directors or trustees of a corporation.
- 5505 (7) "Business" means any enterprise carried on for the purpose of gain or economic profit.
- 5506 (8)(a) "Business organization" means an organization in any form that is primarily
- 5507 engaged in business.
- 5508 (b) "Business organization" includes:
- 5509 (i) an association;
- 5510 (ii) a corporation;
- 5511 (iii) a joint stock company;
- 5512 (iv) a joint venture;
- 5513 (v) a limited liability company;
- 5514 (vi) a mutual fund trust;
- 5515 (vii) a partnership; or
- 5516 (viii) any other similar form of an organization described in Subsections (8)(b)(i)
- 5517 through (vii).
- 5518 (c) "Business organization" does not include a governmental entity as defined in Section
- 5519 63G-7-102.
- 5520 (9) "Claim" means a written demand or assertion in an action.
- 5521 (10) "Commercial tenant" means the same as that term is defined in Section 78B-6-801.
- 5522 (11) "Consumer contract" means a contract entered into by a consumer for the purchase of
- 5523 goods or services for personal, family, or household purposes.
- 5524 (12) "Court" means the Business and Chancery Court established in Section 78A-5a-102.
- 5525 (13) "Decentralized autonomous organization" means the same as that term is defined in
- 5526 Section ~~[48-5-101]~~ 16-22-101.
- 5527 (14) "Franchisee" means the same as that term is defined in 16 C.F.R. Sec. 436.1.
- 5528 (15) "Franchisor" means the same as that term is defined in 16 C.F.R. Sec. 436.1.
- 5529 (16) "Governmental entity" means the same as that term is defined in Section 63G-7-102.
- 5530 (17) "Health care" means the same as that term is defined in Section 78B-3-403.
- 5531 (18) "Health care provider" means the same as that term is defined in Section 78B-3-403.
- 5532 (19) "Monetary damages" does not include:
- 5533 (a) punitive or exemplary damages;
- 5534 (b) prejudgment or postjudgment interest; or
- 5535 (c) attorney fees or costs.
- 5536 (20) "Officer" means an individual designated by a board, or other governing body of a

- 5537 business organization, to act on behalf of the business organization.
- 5538 (21) "Owner" means a person who, directly or indirectly, owns or controls an ownership  
5539 interest in a business organization regardless of whether the person owns or controls the  
5540 ownership interest through another person, a power of attorney, or another business  
5541 organization.
- 5542 (22) "Ownership interest" means an interest owned in a business organization, including  
5543 any shares, membership interest, partnership interest, or governance or transferable  
5544 interest.
- 5545 (23) "Personal injury" means a physical or mental injury, including wrongful death.
- 5546 (24) "Professional" means an individual whose profession requires a license, registration, or  
5547 certification on the basis of experience, education, testing, or training.
- 5548 (25)(a) "Provisional remedy" means a temporary order by a court while an action is  
5549 pending.
- 5550 (b) "Provisional remedy" includes a preliminary injunction, a temporary restraining  
5551 order, a prejudgment writ, or an appointment of a receiver.
- 5552 (26) "Security" means the same as that term is defined in Section 61-1-13.
- 5553 (27) "Shareholder" means the record shareholder or the beneficial shareholder.
- 5554 (28) "Record shareholder" means the same as that term is defined in Section 16-10a-1301.
- 5555 (29) "Trustee" means a person that holds or administers an ownership interest on behalf of a  
5556 third party.
- 5557 Section 144. Section **78B-3-204** is amended to read:
- 5558 **78B-3-204 . Effect of failure to appoint registered agent -- Service of process**  
5559 **upon nonresident.**
- 5560 If a nonresident person doing business fails to appoint a registered agent within the state  
5561 in accordance with [Title 16, Chapter 17, Model Registered Agents Act] Title 16, Chapter 1a,  
5562 Part 4, Registered Agent of an Entity, service of process may be made by serving any person  
5563 employed by or acting as an agent for the nonresident.
- 5564 Section 145. Section **78B-6-2601** is amended to read:
- 5565 **78B-6-2601 . Definitions.**
- 5566 As used in this part:
- 5567 (1) "Activate" means the process of powering on a device and associating the device with a  
5568 user account.
- 5569 (2) "Device" means a tablet or a smart phone manufactured on or after January 1, 2025.
- 5570 (3) "Filter" means generally accepted and commercially reasonable software used on a

device that is capable of preventing the device from accessing or displaying obscene material through Internet browsers or search engines owned or controlled by the manufacturer in accordance with prevailing industry standards including blocking known websites linked to obscene content via mobile data networks, wired Internet networks, and wireless Internet networks.

(4) "Internet" means the same as that term is defined in Section 13-40-102.

(5) "Manufacturer" means a person that:

(a)(i) is engaged in the business of manufacturing a device;

(ii) holds the patents for the device the person manufactures; or

(iii) holds the patents for the operating system on a device; and

(b) has a commercial registered agent as that term is defined in Section ~~16-17-102~~ 16-1a-101.

(6) "Minor" means an individual under the age of 18 who is not emancipated, married, or a member of the armed forces of the United States.

(7) "Obscenity" means the same as that term is defined in Section 32B-1-504.

(8) "Operating system" means software that manages all of the other application programs on a device.

(9) "Password" means a string of characters or other secure method used to enable, deactivate, modify, or uninstall a filter on a device.

(10)(a) "Retailer" means a person, that is not a manufacturer, that sells a device directly to consumers.

(b) "Retailer" includes an employee of a retailer acting in the course and scope of the employee's employment.

(11) "Smart phone" means the same as that term is defined in Section 63A-2-101.5.

(12) "Tablet" means a mobile device that:

(a) is equipped with a mobile operating system, touchscreen display, and rechargeable battery; and

(b) has the ability to support access to a cellular network.

(13) "Video game console" means a discrete computing system, including the system's components and peripherals, primarily used for playing video games, but does not include a smartphone or tablet.

#### Section 146. **Effective Date.**

This bill takes effect on May 6, 2026.