Effective 10/1/2026

Part 1
General Provisions

16-20-101 Definitions.

As used in this chapter:

(1)
(a) "Certificate of organization" means the certificate required by Section 16-20-201.
(b) "Certificate of organization" includes the certificate as amended or restated.

(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in Section 16-20-402, which is provided by a person to a limited liability company to become a member or in the person's capacity as a member.

(3) "Debtor in bankruptcy" means a person that is the subject of:
(a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or
(b) a comparable order under federal, state, or foreign law governing insolvency.

(4)
(a) "Distribution" means a transfer of money or other property from a limited liability company to a person on account of a transferable interest or in the person's capacity as a member.
(b) "Distribution" includes:
(i) a redemption or other purchase by a limited liability company of a transferable interest; and
(ii) a transfer to a member in return for the member's relinquishment of any right to participate as a member in the management or conduct of the company's activities and affairs or to have access to records or other information concerning the company's activities and affairs.
(c) "Distribution" does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

(5) "Division" means the Division of Corporations and Commercial Code.

(6) "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state, which would be a limited liability company, including a low-profit limited liability company, if formed under the law of this state.

(7)
(a) "Governing person" means a person, alone or in concert with others, by or under whose authority the powers of the limited liability company are exercised and under whose direction the activities and affairs of the limited liability company are managed in accordance with this chapter and the limited liability company's operating agreement.
(b) "Governing person" includes:
(i) a manager of a manager-managed limited liability company;
(ii) a member of a member-managed limited liability company; and
(iii) the chief executive officer of a limited liability company in which officers have been appointed, regardless of the actual designated title.

(8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

(9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
(a) under whose law the entity is formed; or
(b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.

(10) "Limited liability company," except in the phrase "foreign limited liability company," means an entity formed under this chapter or which becomes subject to this chapter under:
(a) Chapter 1a, Part 7, Merger;
(b) Chapter 1a, Part 8, Interest Exchange;
(c) Chapter 1a, Part 9, Conversion;
(d) Chapter 1a, Part 10, Domestication; or
(e) Section 16-20-1205.
(11) "Low-profit limited liability company" means a limited liability company meeting the requirements of Part 11, Low-Profit Limited Liability Companies.
(12) "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in Subsection 16-20-407(3).
(13) "Manager-managed limited liability company" means a limited liability company that qualifies under Subsection 16-20-407(1).
(14) "Member" means a person that:
(a) has become a member of a limited liability company under Section 16-20-401 or was a member in a company when the company became subject to this chapter under Section 16-20-1205; and
(b) has not dissociated under Section 16-20-602.
(15) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.
(16)
(a) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, implied, in a record, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in Subsection 16-20-107(1).
(b) "Operating agreement" includes the agreement as amended or restated.
(17) "Organizer" means a person that acts under Section 16-20-201 to form a limited liability company.
(18) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
(19) "Principal office" means the principal executive office of a limited liability company or foreign limited liability company, whether or not the office is located in this state.
(20) "Professional services company" means a limited liability company organized in accordance with Part 9, Professional Services Companies.
(21) "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.
(22) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
(23) "Registered agent" means an agent of a limited liability company or foreign limited liability company which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the company.
(24) "Registered foreign limited liability company" means a foreign limited liability company that is registered to do business in this state in accordance with a statement of registration filed by the division.

(25) "Series" means a series created in accordance with Part 10, Series Limited Liability Companies.
(26) "Sign" means, with present intent to authenticate or adopt a record:
(a) to execute or adopt a tangible symbol; or
(b) to attach to or logically associate with the record an electronic symbol, sound, or process.
(27) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.
(28) "Transfer" includes:
(a) an assignment;
(b) a conveyance;
(c) a sale;
(d) a lease;
(e) an encumbrance, including a mortgage or security interest;
(f) a gift; and
(g) a transfer by operation of law.
(29)
(a) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a member, to receive distributions from a limited liability company in accordance with the operating agreement, whether or not the person remains a member or continues to own any part of the right.
(b) "Transferable interest" applies to any fraction of the interest by whomever owned.
(30)
(a) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a member.
(b) "Transferee" includes a person that owns a transferable interest under Subsection 16-20-603(1)(c).
(31) "Tribal limited liability company" means a limited liability company that is:
(a) formed under the law of a tribe; and
(b) at least 51% owned or controlled by the tribe under whose law the limited liability company is formed.
(32) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of Indians, including an Alaska Native village that is legally recognized as eligible for and is consistent with a special program, service, or entitlement provided by the United States to Indians because of their status as Indians.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-102 Knowledge -- Notice.
(1) A person knows a fact if the person:
(a) has actual knowledge of the fact; or
(b) is deemed to know the fact under Subsection (4)(a) or law other than this chapter.
(2) A person has notice of a fact if the person:
(a) has reason to know the fact from all the facts known to the person at the time in question; or
(b) is deemed to have notice of the fact under Subsection (4)(b).
(3) Subject to Sections 16-1a-207 and 16-1a-211, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(4) A person not a member is deemed:
(a) to know of a limitation on authority to transfer real property as provided in Subsection 16-20-302(7); and
(b) to have notice of a limited liability company's:
(i) dissolution 90 days after a statement of dissolution under Subsection 16-20-703(2)(b)(i) becomes effective;
(ii) termination 90 days after a statement of termination under Subsection 16-20-703(2)(b)(vi) becomes effective;
(iii) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and
(iv) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-103 Nature, purpose, and duration of limited liability company.
(1) A limited liability company is an entity distinct from the limited liability company's member or members.
(2) A limited liability company may have any lawful purpose, regardless of whether for profit.
(3) A limited liability company has perpetual duration.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-104 Powers.
A limited liability company has the capacity to sue and be sued in the limited liability company's own name and the power to do all things necessary or convenient to carry on the limited liability company's activities and affairs.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-105 Governing law.
The law of this state governs:
(1) the internal affairs of a limited liability company; and
(2) the liability of a member as member and a manager as manager for the debts, obligations, or other liabilities of a limited liability company.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-106 Supplemental principles of law.
Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-107 Operating agreement -- Scope, functions, and limitations.

(1) Except as otherwise provided in Subsections (3) and (4), the operating agreement governs:
  (a) relations among the members as members and between the members and the limited liability company;
  (b) the rights and duties under this chapter of a person in the capacity of manager;
  (c) the activities and affairs of the limited liability company and the conduct of those activities and affairs; and
  (d) the means and conditions for amending the operating agreement.

(2) To the extent the operating agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.

(3) An operating agreement may not:
  (a) vary a limited liability company's capacity under Section 16-20-104 to sue and be sued in the limited liability company's own name;
  (b) vary the law applicable under Section 16-20-105;
  (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
    (i) registered agents; or
    (ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;
  (d) vary the provisions of Section 16-1a-209;
  (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in Subsection (4);
  (f) eliminate the contractual obligation of good faith and fair dealing under Subsection 16-20-409(4), but the operating agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;
  (g) relieve or exonerate a person from liability for conduct involving bad faith, willful misconduct, or recklessness;
  (h) unreasonably restrict the duties and rights under Section 16-20-410, but the operating agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;
  (i) vary the causes of dissolution specified in Subsections 16-20-701(4)(a) and (5);
  (j) vary the requirement to wind up the limited liability company's activities and affairs as specified in Subsections 16-20-703(1), (2)(a), and (5);
  (k) unreasonably restrict the right of a member to maintain an action under Part 8, Action by Members;
  (l) vary the provisions of Section 16-20-805, but the operating agreement may provide that the limited liability company may not have a special litigation committee;
  (m) vary the right of a member to approve a merger, interest exchange, conversion, or domestication under Section 16-1a-704, 16-1a-804, 16-1a-904, or 16-1a-1004; or
  (n) except as otherwise provided in Section 16-20-108 and Subsection 16-20-109(2), restrict the rights under this chapter of a person other than a member or manager.

(4) Subject to Subsection (3)(g), without limiting other terms that may be included in an operating agreement, the following rules apply:
  (a) The operating agreement may specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one or more disinterested and independent persons after full disclosure of all material facts.

(b) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of a responsibility that the member would otherwise have under this chapter and imposes the responsibility on one or more other members, the operating agreement may, to the benefit of the member that the operating agreement relieves of the responsibility, also eliminate or limit any fiduciary duty that would have pertained to the responsibility.

(c) If not unconscionable or against public policy, the operating agreement may:

(i) alter or eliminate the aspects of the duty of loyalty stated in Subsections 16-20-409(2) and (9);

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

(iii) alter the duty of care, but may not authorize intentional misconduct or knowing violation of law; and

(iv) alter or eliminate any other fiduciary duty.

(5)

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

(b) The court:

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

(ii) may invalidate the term only if, in light of the purposes, activities, and affairs of the limited liability company, it is readily apparent that:

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

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

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-108 Operating agreement -- Effect on limited liability company and person becoming member -- Preformation agreement.

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

(2) A person that becomes a member of a limited liability company is deemed to assent to the operating agreement.

(3)

(a) Two or more persons intending to become the initial members of a limited liability company may make an agreement providing that upon the formation of the limited liability company the agreement will become the operating agreement.

(b) One person intending to become the initial member of a limited liability company may assent to terms providing that upon the formation of the limited liability company the terms will become the operating agreement.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-109 Operating agreement -- Effect on third parties and relationship to records effective on behalf of limited liability company.

(1)

(a) An operating agreement may specify that the operating agreement's amendment requires the approval of a person that is not a party to the operating agreement or the satisfaction of a condition.

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

(2)

(a) The obligations of a limited liability company and the limited liability company's members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement.

(b) Subject only to a court order issued under Subsection 16-20-503(2)(b) to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member:

(i) is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member; and

(ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.

(3) If a record delivered by a limited liability company to the division for filing becomes effective and contains a provision that would be ineffective under Section 16-20-107 if contained in the operating agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a limited liability company to the division for filing becomes effective and conflicts with a provision of the operating agreement:

(a) the operating agreement prevails as to members, persons dissociated as members, transferees, and managers; and

(b) the record prevails as to other persons to the extent the persons reasonably rely on the record.

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-110 Reservation of power to amend or repeal.

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

Renumbered and Amended by Chapter 93, 2026 General Session

16-20-111 Provisions Applicable to All Business Entities applicable.

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

Enacted by Chapter 93, 2026 General Session