

Part 13 Low-Profit Limited Liability Companies

Renumbered 10/1/2026

48-3a-1301 Application of this part.

If a conflict arises between this part and another provision of this chapter, this part controls.

Renumbered and Amended by Chapter 92, 2026 General Session
Enacted by Chapter 412, 2013 General Session

Renumbered 10/1/2026

48-3a-1302 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.

Renumbered and Amended by Chapter 92, 2026 General Session
Enacted by Chapter 412, 2013 General Session

Renumbered 10/1/2026

48-3a-1303 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, 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 may be:

- (a) voluntary, in order to convert to a limited liability company that is not a low-profit limited liability company; or
 - (b) involuntary.
- (3) If a low-profit limited liability company ceases to be a low-profit limited liability company in accordance with this section, the limited liability company shall:
- (a) change its name to conform with Section 48-3a-108; and
 - (b) amend its certificate of organization in accordance with Section 48-3a-202.

Renumbered and Amended by Chapter 92, 2026 General Session
Enacted by Chapter 412, 2013 General Session

Renumbered 10/1/2026

48-3a-1304 Merger, interest exchange, conversion, or domestication of a low-profit limited liability company.

A low-profit limited liability company may engage in a merger, interest exchange, conversion, or domestication under Part 10, Merger, Interest Exchange, Conversion, and Domestication, to the same extent as a limited liability company that is not a low-profit limited liability company.

Renumbered and Amended by Chapter 92, 2026 General Session
Enacted by Chapter 412, 2013 General Session