

Part 13

Low-Profit Limited Liability Companies

48-3a-1301 Application of this part.

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

Enacted by Chapter 412, 2013 General Session

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.

Enacted by Chapter 412, 2013 General Session

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.

Enacted by Chapter 412, 2013 General Session

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.

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