



# House of Representatives *State of Utah*

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February 21, 2000

Mr. Speaker:

The Business, Labor, and Economic Development Committee reports a favorable recommendation on **1st Sub. S.B. 61**, REVISED NONPROFIT CORPORATION ACT, by Senator L. Hillyard, with the following amendments:

1. Page 9, Line 251: After line 251 "**16-10a-1008.3**, Utah Code Annotated 1953"
2. Page 75, Line 2319b  
Senate 3<sup>rd</sup> Reading Amendments  
2-16-00: After line 2319b insert:  
"(4) The board of directors and the directors may be known by any other name designated in the bylaws."
3. Page 85, Line 2613: After line 2613 insert:  
"(c) Notwithstanding Subsection (4)(a), a director may grant a proxy to a person who is not a director if permitted by the bylaws."
4. Page 90, Line 2754: After "respect to" delete ":",
5. Page 90, Line 2755: Delete line 2755
6. Page 90, Line 2756: Delete "(b)"
7. Page 90, Line 2765: Delete line 2765
8. Page 90, Line 2766: Delete "(ii)" and insert "(i)"
9. Page 90, Line 2767: Delete "(iii)" and insert "(ii)"
10. Page 98, Line 3026: Delete "(3)(a)" and insert "(3)(b)"
11. Page 155, Line 4775: At the end of line 4775 insert "and"
12. Page 155, Line 4776: Delete "; and" and insert ":",
13. Page 155, Line 4777: Delete line 4777

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14. Page 158, Line 4876: Delete "July 1, 2000" and insert "April 30, 2001"
15. Page 158, Line 4881: Delete "July 1, 2000" and insert "April 30, 2001"
16. Page 158, Line 4885: Delete "July 1, 2000" and insert "April 30, 2001"
17. Page 158, Line 4887: Delete "July 1, 2000" and insert "April 30, 2001"
18. Page 158, Line 4890: Delete "July 1, 2000" and insert "April 30, 2001"
19. Page 159, Line 4894: Delete "July 1, 2000" and insert "April 30, 2001"
20. Page 159, Lines 4900-01: Delete "July 1, 2000" and insert "April 30, 2001"
21. Page 160, Lines 4931-32: Delete "July 1, 2000" and insert "April 30, 2001"
22. Page 160, Line 4941: Insert after line 4941:  
"(4) Indemnification for an act or omission of a director or officer of a nonprofit corporation if the act or omission occurs prior to April 30, 2001, is governed by Title 16, Chapter 6, Utah Nonprofit Corporation and Co-operative Association Act, in effect as of April 29, 2001."
23. Page 160, Line 4941: After line 4941 insert:  
"Section 185. Section **16-10a-1008.3** is enacted to read:  
**16-10a-1008.3. Conversion to a nonprofit corporation.**  
(1) (a) A corporation may convert to a nonprofit corporation subject to Title 16, Chapter 6, Utah Nonprofit Corporation and Co-operative Association Act, by filing an amendment of its articles of incorporation pursuant to this section.  
(b) The day on which a corporation files an amendment under this section, the corporation becomes a nonprofit corporation subject to Title 16, Chapter 6, Utah Nonprofit Corporation and Co-operative Association Act.  
(2) The amendment of the articles of incorporation to convert to a nonprofit corporation shall:  
(a) revise the statement of purposes of the corporation;  
(b) delete:  
(i) the authorization for shares; and  
(ii) any provision relating to authorized or issued shares;  
(c) if any shares have been issued, provide for:  
(i) the cancellation of issued shares; or

(ii) the conversion of the shares to membership interests in the nonprofit corporation; and

(d) make such other changes as may be necessary or desired.

(3) If the corporation has issued shares, an amendment to convert to a nonprofit corporation shall be approved by all of the outstanding shares of all classes of shares regardless of limitations or restrictions on the voting rights of the shares.

(4) If an amendment pursuant to this section is included in a merger agreement, this section applies, except that any provision for the cancellation or conversion of shares shall be set forth in the merger agreement and not in the amendment of the articles of incorporation."

**Renumber remaining sections accordingly**

24. Page 203, Line 6277: Delete line 6277 and insert:  
"(1) Section 16-10a-1008.3 takes effect on May 1, 2000 and is repealed April 30, 2001, on which date Section 16-10a-1008.5 takes effect.  
(2) The remaining sections of this act take effect on April 30, 2001."

Respectfully,

John William 'Bill' Hickman  
Committee Chair

Voting: 12-0-2

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