1	WATER COMPANIES AND ASSOCIATIONS
2	ASSESSMENTS
3	2001 GENERAL SESSION
4	STATE OF UTAH
5	Sponsor: Mike Dmitrich
6	This act modifies the Corporations Assessments Code by allowing assessments on other than
7	a pro rata basis if the articles of incorporation so permit or as required by a contract or law.
8	The act makes other technical changes.
9	This act affects sections of Utah Code Annotated 1953 as follows:
10	AMENDS:
11	16-4-7, as last amended by Chapter 29, Laws of Utah 1961
12	<b>16-4-24</b> , Utah Code Annotated 1953
13	ENACTS:
14	16-4-1.5, Utah Code Annotated 1953
15	Be it enacted by the Legislature of the state of Utah:
16	Section 1. Section 16-4-1.5 is enacted to read:
17	<u>16-4-1.5.</u> Definitions.
18	For purposes of this chapter:
19	(1) "Articles of incorporation" is as defined in Section 16-6a-102.
20	(2) "Bylaws" is as defined in Section 16-6a-102.
21	Section 2. Section 16-4-7 is amended to read:
22	16-4-7. Equal assessments required.
23	[In the case of full-paid stock,] Except as provided in Section 16-4-24, all fully paid stock
24	subject to assessment [must] shall be assessed equally.
25	Section 3. Section 16-4-24 is amended to read:
26	16-4-24. Certain water companies and associations Assessments Other than pro
27	rata basis.



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28	[Any] (1) If the conditions of Subsection (2) are met, an irrigation company, canal
29	company, ditch company, reservoir company, or water users' association [hereafter] organized
30	under the laws of this state [shall have the power to] may make assessments against its shares of
31	stock on other than a pro rata basis:
32	(a) for the purpose of raising funds to accomplish the [purpose or] one or more purposes
33	for which the company or association is organized; or
34	(b) to pay [its] the company's or association's debts or obligations [when].
35	(2) A company or association described in Subsection (1) may make assessments against
36	its shares of stock on other than a pro rata basis if:
37	(a) at the time of the assessments, the articles of incorporation [so] permit[-] assessments
38	on other than a pro rata basis;
39	[The provisions of this section shall also apply to any irrigation company, canal company,
40	ditch company, reservoir company or water users' association heretofore organized the articles of
41	incorporation of which now expressly so permit assessments to be made on other than a pro rata
42	basis or to any irrigation company, canal company, ditch company, reservoir company, or water
43	users' association heretofore or hereafter organized when]
44	(b) the company or association is required to make assessments on other than a pro rata
45	basis under [existing or future] a contract [or contracts] between:
46	(i) the United States and [any such] the company or [water users'] association [or
47	between];
48	(ii) the United States and stockholders of [any such] the company or [water users']
49	association: or [between any such]
50	(iii) the company or [water users'] association and [its] the stockholders [or when] of the
51	company or association;
52	(c) required by [any] a contract of subscription for shares of stock to [any such] the
53	company or [water users'] association [so] contracting with the United States: or [under present
54	or future]
55	(d) required by the laws or regulations of the United States.

## Legislative Review Note as of 2-2-01 3:47 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel