

BENEFIT CORPORATION AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John L. Valentine

House Sponsor: Keven J. Stratton

LONG TITLE

General Description:

This bill modifies corporate provisions to enact the Benefit Corporation Act.

Highlighted Provisions:

This bill:

- ▶ enacts the Benefit Corporation Act, including:
 - providing for the application and effect of chapter;
 - defining terms;
 - providing for incorporation as a benefit corporation;
 - providing for election to become a benefit corporation;
 - allowing for termination of benefit corporation status;
 - addressing establishment of corporate purposes;
 - imposing standards of conduct for directors;
 - providing for a benefit director;
 - imposing standards of conduct for officers;
 - providing for a benefit officer;
 - establishing a right of action;
 - requiring an annual benefit report; and
 - addressing availability of an annual benefit report; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:



28 None

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **16-11-6**, as last amended by Laws of Utah 2010, Chapter 378

34 ENACTS:

35 **16-10b-101**, Utah Code Annotated 1953

36 **16-10b-102**, Utah Code Annotated 1953

37 **16-10b-103**, Utah Code Annotated 1953

38 **16-10b-104**, Utah Code Annotated 1953

39 **16-10b-105**, Utah Code Annotated 1953

40 **16-10b-106**, Utah Code Annotated 1953

41 **16-10b-201**, Utah Code Annotated 1953

42 **16-10b-301**, Utah Code Annotated 1953

43 **16-10b-302**, Utah Code Annotated 1953

44 **16-10b-303**, Utah Code Annotated 1953

45 **16-10b-304**, Utah Code Annotated 1953

46 **16-10b-305**, Utah Code Annotated 1953

47 **16-10b-401**, Utah Code Annotated 1953

48 **16-10b-402**, Utah Code Annotated 1953

49

50 *Be it enacted by the Legislature of the state of Utah:*

51 Section 1. Section **16-10b-101** is enacted to read:

CHAPTER 10b. BENEFIT CORPORATION ACT

Part 1. General Provisions

54 **16-10b-101. Title.**

55 This chapter is known as the "Benefit Corporation Act."

56 Section 2. Section **16-10b-102** is enacted to read:

57 **16-10b-102. Application and effect of chapter.**

58 (1) This chapter applies to a benefit corporation organized under this chapter.

59 (2) The existence of a provision of this chapter does not of itself create an implication
60 that a contrary or different rule of law is applicable to a business corporation that is not a
61 benefit corporation. This chapter does not affect a statute or rule of law that is applicable to a
62 business corporation that is not a benefit corporation.

63 (3) (a) Except as otherwise provided in this chapter, Chapter 10a, Utah Revised
64 Business Corporation Act, is applicable to a benefit corporation.

65 (b) A benefit corporation may be subject simultaneously to this chapter and other
66 chapters of this title, including Chapter 11, Professional Corporation Act.

67 (c) This chapter controls over Chapter 10a, Utah Revised Business Corporation Act,
68 and Chapter 11, Professional Corporation Act, or other laws.

69 (4) The articles of incorporation or bylaws of a benefit corporation may not limit, be
70 inconsistent with, or supersede a provision of this chapter.

71 Section 3. Section **16-10b-103** is enacted to read:

72 **16-10b-103. Definitions.**

73 As used in this chapter:

74 (1) "Annual benefit report" means a report required under Section [16-10b-401](#).

75 (2) "Benefit corporation" means a business corporation:

76 (a) that elects to become subject to this chapter; and

77 (b) the status of which as a benefit corporation has not been terminated.

78 (3) "Benefit director" means the director designated as the benefit director of a benefit
79 corporation under Section [16-10b-302](#).

80 (4) "Benefit enforcement proceeding" means a proceeding in a court of competent
81 jurisdiction for:

82 (a) failure of a benefit corporation to pursue or create general public benefit or a
83 specific public benefit purpose set forth in its articles of incorporation; or

84 (b) a violation of an obligation, duty, or standard of conduct under this chapter.

85 (5) "Benefit officer" means the individual designated as the benefit officer of a benefit
86 corporation under Section [16-10b-304](#).

87 (6) "Business corporation" means a corporation formed under Chapter 10a, Utah
88 Revised Business Corporation Act, or Chapter 11, Professional Corporation Act.

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

- 90 (8) "Executive officer" means:
91 (a) a benefit corporation's president;
92 (b) a vice president of the benefit corporation in charge of a principal business unit,
93 division, or function; or
94 (c) any other officer who performs a policy-making function for the benefit
95 corporation.
- 96 (9) "General public benefit" means a material positive impact on society and the
97 environment:
98 (a) taken as a whole;
99 (b) assessed against a third-party standard; and
100 (c) from the business of a benefit corporation.
- 101 (10) "Immediate family" means a parent, spouse, surviving spouse, child, or sibling of
102 a person.
- 103 (11) (a) "Independent" means having no material relationship with a benefit
104 corporation or a subsidiary of the benefit corporation.
105 (b) Serving as a benefit director or benefit officer does not make an individual not
106 independent.
107 (c) A material relationship between an individual and a benefit corporation or any of its
108 subsidiaries will be conclusively presumed to exist if one or more of the following apply:
109 (i) the individual is, or has been within the last three years, an employee other than a
110 benefit officer of the benefit corporation or a subsidiary of the benefit corporation;
111 (ii) an immediate family member of the individual is, or has been within the last three
112 years, an executive officer other than a benefit officer of the benefit corporation or a subsidiary
113 of the benefit corporation; or
114 (iii) there is beneficial or record ownership of 5% or more of the outstanding shares of
115 the benefit corporation, calculated as if all outstanding rights to acquire equity interests in the
116 benefit corporation had been exercised, by:
117 (A) the individual; or
118 (B) an entity of which the individual is a director, an officer, or a manager, or in which
119 the individual owns beneficially or of record 5% or more of the outstanding equity interests,
120 calculated as if all outstanding rights to acquire equity interests in the entity had been

121 exercised.

122 (12) "Minimum status vote" means:

123 (a) in the case of a business corporation, in addition to any other required approval or
124 vote, the satisfaction of the following conditions:

125 (i) the shareholders of every class or series may vote as a separate voting group on the
126 corporate action regardless of a limitation stated in the articles of incorporation or bylaws on
127 the voting rights of a class or series; or

128 (ii) the corporate action is required to be approved by vote of the shareholders of each
129 class or series entitled to cast at least two-thirds of the votes that all shareholders of the class or
130 series are entitled to cast on the action; or

131 (b) in the case of a domestic entity other than a business corporation, in addition to any
132 other required approval, vote, or consent, the satisfaction of the following conditions:

133 (i) the holders of every class or series of equity interest in the entity that are entitled to
134 receive a distribution of any kind from the entity may vote on or consent to the action
135 regardless of any otherwise applicable limitation on the voting or consent rights of a class or
136 series; or

137 (ii) the action must be approved by vote or consent of the holders described in
138 Subsection (12)(b)(i) entitled to cast at least two-thirds of the votes or consents that all of those
139 holders are entitled to cast on the action.

140 (13) "Publicly traded corporation" means a business corporation that has shares listed
141 on a national securities exchange or traded in a market maintained by one or more members of
142 a national securities association.

143 (14) "Specific public benefit" includes:

144 (a) providing low-income or underserved individuals or communities with beneficial
145 products or services;

146 (b) promoting economic opportunity for individuals or communities beyond the
147 creation of jobs in the normal course of business;

148 (c) protecting or restoring the environment;

149 (d) improving human health;

150 (e) promoting the arts, sciences, or advancement of knowledge;

151 (f) increasing the flow of capital to entities with a purpose to benefit society or the

152 environment; and

153 (g) conferring any other particular benefit on society or the environment.

154 (15) "Subsidiary" means, in relation to a person, an entity in which the person owns
155 beneficially or of record 50% or more of the outstanding equity interests, calculated as if all
156 outstanding rights to acquire equity interests in the entity had been exercised.

157 (16) "Third-party standard" means a recognized standard for defining, reporting, and
158 assessing corporate social and environmental performance that:

159 (a) assesses the effect of the business and its operations upon the interests listed in
160 Subsections 16-10b-301(1)(a)(ii), (iii), (iv), and (v);

161 (b) is developed by an entity that is not controlled by the benefit corporation;

162 (c) is developed by an entity that both:

163 (i) has access to necessary expertise to assess overall corporate social and
164 environmental performance; and

165 (ii) uses a balanced multistakeholder approach to develop the standard, including a
166 reasonable public comment period; or

167 (d) makes the following information publicly available:

168 (i) about the standard:

169 (A) the criteria considered when measuring the overall social and environmental
170 performance of a business; and

171 (B) the relative weightings, if any, of those criteria; and

172 (ii) about the development and revision of the standard:

173 (A) the identity of the directors, officers, material owners, and the governing body of
174 the entity that developed and controls revisions to the standard;

175 (B) the process by which revisions to the standard and changes to the membership of
176 the governing body are made; or

177 (C) an accounting of the revenue and sources of financial support for the entity, with
178 sufficient detail to disclose a relationship that could reasonably be considered to present a
179 potential conflict of interest.

180 Section 4. Section **16-10b-104** is enacted to read:

181 **16-10b-104. Incorporation of benefit corporation.**

182 A person shall incorporate a benefit corporation in accordance with Chapter 10a, Part 2,

183 Incorporation, but its articles of incorporation shall also state that it is a benefit corporation.

184 Section 5. Section **16-10b-105** is enacted to read:

185 **16-10b-105. Election of benefit corporation status.**

186 (1) A business corporation may become a benefit corporation under this chapter by
187 amending its articles of incorporation so that the articles of incorporation contain, in addition to
188 the requirements of Section [16-10a-202](#), a statement that the corporation is a benefit
189 corporation. To be effective, the amendment must be adopted by at least the minimum status
190 vote.

191 (2) (a) Except as provided in Subsection (2)(b), if a domestic entity that is not a benefit
192 corporation is a party to a merger or the exchanging entity in a share exchange and the
193 surviving entity in the merger or share exchange is to be a benefit corporation, the plan of
194 merger or share exchange must be approved by the domestic entity by at least the minimum
195 status vote.

196 (b) Subsection (2)(a) does not apply in the case of a corporation that is a party to a
197 merger if the shareholders of the corporation are not entitled to vote on the merger pursuant to
198 Section [16-10a-1104](#).

199 Section 6. Section **16-10b-106** is enacted to read:

200 **16-10b-106. Termination of benefit corporation status.**

201 (1) A benefit corporation may terminate its status as a benefit corporation and cease to
202 be subject to this chapter by amending its articles of incorporation to delete the provision
203 required by Section [16-10b-104](#) or [16-10b-105](#) to be stated in the articles of incorporation of a
204 benefit corporation. To be effective, the amendment must be adopted by at least the minimum
205 status vote.

206 (2) (a) Except as provided in Subsection (2)(b), if a plan of merger or share exchange
207 would have the effect of terminating the status of a business corporation as a benefit
208 corporation, the plan must be adopted by at least the minimum status vote to be effective.

209 (b) Subsection (2)(a) does not apply in the case of a corporation that is a party to a
210 merger if the shareholders of the corporation are not entitled to vote on the merger pursuant to
211 Section [16-10a-1104](#).

212 (3) A sale, lease, exchange, or other disposition of all or substantially all of the assets
213 of a benefit corporation, unless the transaction is in the usual and regular course of business, is

214 not effective unless the transaction is approved by at least the minimum status vote.

215 Section 7. Section **16-10b-201** is enacted to read:

216 **Part 2. Corporate Purposes**

217 **16-10b-201. Corporate purposes.**

218 (1) A benefit corporation shall have a purpose of creating general public benefit. This
219 purpose is in addition to its purpose under Section [16-10a-301](#).

220 (2) The articles of incorporation of a benefit corporation may identify one or more
221 specific public benefits that it is the purpose of the benefit corporation to create in addition to
222 its purposes under Section [16-10a-301](#) and Subsection (1). The identification of a specific
223 public benefit under this Subsection (2) does not limit the purpose of a benefit corporation to
224 create general public benefit under Subsection (1).

225 (3) The creation of general public benefit and a specific public benefit under
226 Subsections (1) and (2) is considered in the best interests of the benefit corporation.

227 (4) A benefit corporation may amend its articles of incorporation to add, amend, or
228 delete the identification of a specific public benefit that it is the purpose of the benefit
229 corporation to create. To be effective, the amendment must be adopted by at least the
230 minimum status vote.

231 (5) A professional corporation that is a benefit corporation does not violate Section
232 [16-11-6](#) by having the purpose to create general public benefit or a specific public benefit.

233 Section 8. Section **16-10b-301** is enacted to read:

234 **Part 3. Accountability**

235 **16-10b-301. Standard of conduct for directors.**

236 (1) Subject to Subsection (2), the board of directors, committees of the board of
237 directors, and individual directors of a benefit corporation, in discharging the duties of their
238 respective positions and in considering the best interests of the benefit corporation:

239 (a) shall consider the effects of an action or inaction upon:

240 (i) the shareholders of the benefit corporation;

241 (ii) the employees and workforce of the benefit corporation, its subsidiaries, and its
242 suppliers;

243 (iii) the interests of customers as beneficiaries of the general public benefit or specific
244 public benefit purposes of the benefit corporation;

245 (iv) community and societal factors, including those of each community in which
246 offices or facilities of the benefit corporation, its subsidiaries, or its suppliers are located;
247 (v) the local and global environment;
248 (vi) the short-term and long-term interests of the benefit corporation, including benefits
249 that may accrue to the benefit corporation from its long-term plans and the possibility that these
250 interests may be best served by the continued independence of the benefit corporation; and
251 (vii) the ability of the benefit corporation to accomplish its general public benefit
252 purpose and a specific public benefit purpose; and
253 (b) may consider other pertinent factors or the interests of any other group that they
254 consider appropriate.

255 (2) (a) Subject to Subsection (2)(b), in discharging the duties of their respective
256 positions and in considering the best interests of the benefit corporation, the board of directors,
257 committees of the board of directors, and individual directors of a benefit corporation need not
258 give priority to a particular interest or factor referred to in Subsection (1) over any other
259 interest or factor.

260 (b) Subsection (2)(a) does not apply if the benefit corporation has stated in its articles
261 of incorporation its intention to give priority to certain interests or factors related to its
262 accomplishment of its general public benefit purpose or of a specific public benefit purpose
263 identified in its articles of incorporation.

264 (3) The consideration of interests and factors in the manner required by Subsections (1)
265 and (2) does not constitute a violation of Section [16-10a-840](#).

266 (4) Except as provided in the articles of incorporation or bylaws, a director is not
267 personally liable for monetary damages for:

268 (a) an action or inaction in the course of performing the duties of a director under
269 Subsections (1) and (2) if the director performed the duties of office in compliance with
270 Section [16-10a-840](#) and this section; or

271 (b) failure of the benefit corporation to pursue or create general public benefit or
272 specific public benefit.

273 (5) A director does not have a duty to a person that is a beneficiary of the general
274 public benefit purpose or a specific public benefit purpose of a benefit corporation arising from
275 the status of the person as a beneficiary.

276 Section 9. Section **16-10b-302** is enacted to read:

277 **16-10b-302. Benefit director.**

278 (1) The board of directors of a benefit corporation that is a publicly traded corporation
279 shall, and the board of directors of any other benefit corporation may, include a director, who:

280 (a) is designated the benefit director; and

281 (b) shall have, in addition to the powers, duties, rights, and immunities of the other
282 directors of the benefit corporation, the powers, duties, rights, and immunities provided in this
283 chapter.

284 (2) (a) A benefit director shall be elected, and may be removed, in the manner provided
285 by Sections [16-10a-801](#) through [16-10a-810](#).

286 (b) Except as provided in Subsection (6), the benefit director shall be an individual
287 who is independent.

288 (c) The benefit director may serve as the benefit officer at the same time as serving as
289 the benefit director.

290 (d) The articles of incorporation or bylaws of a benefit corporation may prescribe
291 additional qualifications of the benefit director not inconsistent with this Subsection (2).

292 (3) The benefit director shall prepare, and the benefit corporation shall include in the
293 annual benefit report to shareholders required by Section [16-10b-401](#), the opinion of the benefit
294 director on all of the following:

295 (a) whether the benefit corporation acted in accordance with its general public benefit
296 purpose and any specific public benefit purpose in all material respects during the period
297 covered by the report;

298 (b) whether the directors and officers complied with Subsections [16-10b-301\(1\)](#) and
299 [16-10b-303\(1\)](#), respectively; and

300 (c) if, in the opinion of the benefit director, the benefit corporation or its directors or
301 officers failed to act or comply in the manner described in Subsections (3)(a) and (b), a
302 description of the ways in which the benefit corporation or its directors or officers failed to act
303 or comply.

304 (4) The act or inaction of an individual in the capacity of a benefit director shall
305 constitute for all purposes an act or inaction of that individual in the capacity of a director of
306 the benefit corporation.

307 (5) Regardless of whether the articles of incorporation or bylaws of a benefit
308 corporation include a provision eliminating or limiting the personal liability of directors
309 authorized by Section 16-10a-841, a benefit director may not be personally liable for an act or
310 omission in the capacity of a benefit director unless the act or omission constitutes self-dealing,
311 willful misconduct, or a knowing violation of law.

312 (6) The benefit director of a professional corporation does not need to be independent.
313 Section 10. Section **16-10b-303** is enacted to read:

314 **16-10b-303. Standard of conduct for officers.**

315 (1) An officer of a benefit corporation shall consider the interests and factors described
316 in Subsection 16-10b-301(1) in the manner provided in Subsections 16-10b-301(1) and (2) if:

317 (a) the officer has discretion to act with respect to a matter; and

318 (b) it reasonably appears to the officer that the matter may have a material effect on the
319 creation by the benefit corporation of general public benefit or a specific public benefit
320 identified in the articles of incorporation of the benefit corporation.

321 (2) The consideration of interests and factors in the manner described in Subsection (1)
322 may not constitute a violation of Section 16-10a-831 or 16-10a-840.

323 (3) Except as provided in the articles of incorporation or bylaws of a benefit
324 corporation, an officer is not personally liable for monetary damages for:

325 (a) an action or inaction as an officer in the course of performing the duties of an
326 officer under Subsection (1) if the officer performed the duties of the position in compliance
327 with Section 16-10a-831 or 16-10a-840 and this section; or

328 (b) failure of the benefit corporation to pursue or create general public benefit or
329 specific public benefit.

330 (4) An officer does not have a duty to a person that is a beneficiary of the general
331 public benefit purpose or a specific public benefit purpose of a benefit corporation arising from
332 the status of the person as a beneficiary.

333 Section 11. Section **16-10b-304** is enacted to read:

334 **16-10b-304. Benefit officer.**

335 (1) A benefit corporation may have an officer designated as the benefit officer.

336 (2) A benefit officer has:

337 (a) the powers and duties relating to the purpose of the corporation to create general

338 public benefit or specific public benefit provided:

339 (i) by the bylaws; or

340 (ii) absent controlling provisions in the bylaws, by resolutions or orders of the board of
341 directors; and

342 (b) the duty to prepare the benefit report required by Section [16-10b-401](#).

343 Section 12. Section **16-10b-305** is enacted to read:

344 **16-10b-305. Right of action.**

345 (1) Except in a benefit enforcement proceeding, a person may not bring an action or
346 assert a claim against a benefit corporation or its directors or officers with respect to:

347 (a) failure to pursue or create general public benefit or a specific public benefit set forth
348 in its articles of incorporation; or

349 (b) violation of an obligation, duty, or standard of conduct under this chapter.

350 (2) A benefit corporation may not be liable for monetary damages under this chapter
351 for a failure of the benefit corporation to pursue or create general public benefit or a specific
352 public benefit.

353 (3) (a) A benefit enforcement proceeding may be commenced or maintained only:

354 (i) directly by the benefit corporation; or

355 (ii) derivatively by:

356 (A) a person or group of persons that owns beneficially or of record at least 2% of the
357 total number of shares of a class or series outstanding at the time of the act or omission

358 complained of;

359 (B) a director;

360 (C) a person or group of persons that own beneficially or of record 5% or more of the
361 outstanding equity interests in an entity of which the benefit corporation is a subsidiary at the

362 time of the act or omission complained of; or

363 (D) other persons as specified in the articles of incorporation or bylaws of the benefit
364 corporation.

365 (b) A benefit corporation may provide in its articles of incorporation a greater degree of
366 ownership by a person or group of persons than those listed under Subsection (3)(a) to bring a
367 derivative action.

368 (4) For purposes of this section, a person is the beneficial owner of shares or equity

369 interests if the shares or equity interests are held in a voting trust or by a nominee on behalf of
370 the beneficial owner.

371 Section 13. Section **16-10b-401** is enacted to read:

372 **Part 4. Transparency**

373 **16-10b-401. Preparation of annual benefit report.**

374 (1) A benefit corporation shall prepare an annual benefit report that includes all of the
375 following:

376 (a) a narrative description of:

377 (i) the ways in which the benefit corporation pursued general public benefit during the
378 year and the extent to which general public benefit was created;

379 (ii) (A) the ways in which the benefit corporation pursued a specific public benefit that
380 the articles of incorporation state it is the purpose of the benefit corporation to create; and

381 (B) the extent to which that specific public benefit was created; and

382 (iii) circumstances that have hindered the creation by the benefit corporation of general
383 public benefit or specific public benefit;

384 (b) an assessment of the overall social and environmental performance of the benefit
385 corporation against a third-party standard:

386 (i) applied consistently with the application of that third-party standard in prior benefit
387 reports; or

388 (ii) accompanied by an explanation of the reasons for an inconsistent application;

389 (c) the name of the benefit director and the benefit officer, if any, and the address to
390 which correspondence to each of them may be directed;

391 (d) the statement of the benefit director described in Subsection [16-10b-302\(3\)](#);

392 (e) an identification of the third-party standard that will be used to prepare the next
393 benefit report of the benefit corporation and a discussion of:

394 (i) the process and rationale for selecting that third-party standard and, if it is different
395 from the previous third-party standard used by the benefit corporation, the reasons for the
396 change; and

397 (ii) any connection between the organization that established the third-party standard,
398 or its directors, officers, or a holder of 5% or more of the governance interests in the
399 organization, and the benefit corporation or its directors, officers, or a holder of 5% or more of

400 the outstanding shares of the benefit corporation, including a financial or governance
401 relationship that might materially affect the credibility of the use of the third-party standard;
402 and

403 (f) if the benefit corporation has dispensed with, or restricted the discretion or powers
404 of, the board of directors, a description of the persons that exercise the powers, duties, and
405 rights and who have the immunities of the board of directors.

406 (2) If, during the year covered by a benefit report, a benefit director resigns, refuses to
407 stand for reelection to the position of benefit director, or is removed from the position of
408 benefit director, and the benefit director furnishes the benefit corporation with written
409 correspondence concerning the circumstances surrounding the resignation, refusal, or removal,
410 the benefit report shall include that correspondence as an exhibit.

411 (3) Neither the benefit report nor the assessment of the performance of the benefit
412 corporation in the benefit report required by Subsection (1)(b) needs to be audited or certified
413 by a third party.

414 Section 14. Section **16-10b-402** is enacted to read:

415 **16-10b-402. Availability of annual benefit report.**

416 (1) A benefit corporation shall send its annual benefit report required by Section
417 16-10b-401 to each shareholder on the earlier of:

418 (a) 120 days following the end of the fiscal year of the benefit corporation; or
419 (b) the same time that the benefit corporation delivers another annual report to its
420 shareholders.

421 (2) A benefit corporation shall post all of its benefit reports on the public portion of its
422 Internet website, if any, but financial or proprietary information included in the benefit reports
423 may be omitted from the benefit reports as posted.

424 (3) If a benefit corporation does not have an Internet website, the benefit corporation
425 shall provide a copy of its most recent benefit report, without charge, to a person that requests a
426 copy, but financial or proprietary information included in the benefit report may be omitted
427 from the copy of the benefit report provided.

428 (4) (a) Concurrently with the delivery of the benefit report to shareholders under
429 Subsection (2), the benefit corporation shall deliver a copy of the benefit report to the division
430 for filing, but financial or proprietary information included in the benefit report may be omitted

431 from the benefit report as delivered to the division.

432 (b) The division shall charge a fee established by the division in accordance with
433 Section 63J-1-504 for filing an annual benefit report.

434 (c) The benefit corporation shall file the annual benefit report in addition to the annual
435 report required by Section 16-10a-1603.

436 Section 15. Section 16-11-6 is amended to read:

437 **16-11-6. Purpose of professional corporation -- Power to own property and invest**
438 **funds.**

439 (1) A professional corporation may be organized pursuant to the provisions of this [act]
440 chapter only for the purpose of rendering one specific type of professional service and services
441 ancillary [~~thereto~~] to the specific type of professional service and may not engage in any
442 business other than rendering the professional service [~~which~~] that it was organized to render
443 and services ancillary [~~thereto; provided, however, that~~] to the specific type of professional
444 service.

445 (2) Notwithstanding Subsection (1), a professional corporation may:

446 (a) own real and personal property necessary or appropriate for rendering the type of
447 professional service it was organized to render [and may];

448 (b) invest its funds in real estate, mortgages, stocks, bonds, and any other type of
449 investments[-]; and

450 (c) if a benefit corporation, have as a purpose creating a general public benefit and a
451 specific public benefit as provided in Chapter 10b, Benefit Corporation Act.

Legislative Review Note
as of 1-21-14 9:44 AM

Office of Legislative Research and General Counsel