

UTAH REVISED NONPROFIT CORPORATION ACT

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kay L. McIff

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah Revised Nonprofit Corporation Act to allow for the transfer of water shares in a mutual benefit corporation.

Highlighted Provisions:

This bill:

▶ authorizes a member to transfer membership, or the rights of membership, in a nonprofit corporation if the member is a of a mutual benefit corporation;

▶ states that a member of, or shareholder in, a mutual benefit corporation:

• has a vested property right, proportional to the member's or shareholder's shares, in the water and facilities of the mutual benefit corporation; and

• is a person entitled to the use of water under Title 73, Water and Irrigation, including the right to change the nature, purpose, and place of the use of water;

and

▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



28 [16-6a-606](#), as enacted by Laws of Utah 2000, Chapter 300

29 [16-6a-611](#), as last amended by Laws of Utah 2007, Chapter 315



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

32 Section 1. Section **16-6a-606** is amended to read:

33 **16-6a-606. Transfers.**

34 (1) ~~Unless~~ (a) Except as provided in Subsection (2), or unless otherwise provided by
35 the bylaws, a member of a nonprofit corporation may not transfer:

36 ~~[(a)]~~ (i) a membership; or

37 ~~[(b)]~~ (ii) any right arising from a membership.

38 ~~[(2)]~~ (b) Where transfer rights have been provided, a restriction on transfer rights may
39 not be binding with respect to a member holding a membership issued prior to the adoption of
40 the restriction, unless the restriction is approved by the affected member.

41 (2) The restriction on transfer described in Subsection (1) does not apply to a member
42 of a mutual benefit corporation.

43 Section 2. Section **16-6a-611** is amended to read:

44 **16-6a-611. No property right -- Exception.**

45 ~~[A member]~~ (1) Except as provided in Subsection (2), a member of a nonprofit
46 corporation does not have any vested property right in the nonprofit corporation, including any
47 right relating to management, control, purpose, or duration of the nonprofit corporation[;
48 ~~except as provided by:~~].

49 ~~[(1) the bylaws of a mutual benefit corporation; or]~~

50 ~~[(2) other law.]~~

51 (2) A member of, or shareholder in, a mutual benefit corporation:

52 (a) has a vested property right, proportional to the member's or shareholder's shares, in
53 the water and facilities of the mutual benefit corporation; and

54 (b) is a person entitled to the use of water under Title 73, Water and Irrigation,
55 including the right to change the nature, purpose, and place of the use of water represented by
56 the member's or shareholder's shares under Section [73-3-3.5](#).

Legislative Review Note
as of 1-19-15 6:29 PM

Office of Legislative Research and General Counsel