

HB0218S01 compared with HB0218

~~text~~ shows text that was in HB0218 but was deleted in HB0218S01.

text shows text that was not in HB0218 but was inserted into HB0218S01.

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Representative Kay L. McIff proposes the following substitute bill:

UTAH REVISED NONPROFIT CORPORATION ACT

2016 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 and clarifies the property rights of a member of a nonprofit corporation.

Highlighted Provisions:

This bill:

- ▶ authorizes a member of a mutual benefit corporation to transfer membership or the rights of membership under certain circumstances;
- ▶ states that a member of, or shareholder in, a mutual benefit corporation:
 - has an undivided ~~interest in~~ real property interest in the water rights, proportional to the member or shareholder's shares, ~~in the water and facilities~~ of the mutual benefit corporation; and

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- is a person entitled to the use of water under Title 73, Water and Irrigation, including the right to change the use of water; and
 - ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

16-6a-606, as enacted by Laws of Utah 2000, Chapter 300

16-6a-611, as last amended by Laws of Utah 2015, Chapter 240

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

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

16-6a-606. Transfers.

~~[(1) Unless]~~ (1) (a) ~~{Except as provided in Subsection (2), or unless}~~ Unless otherwise provided by the articles of incorporation or the bylaws, or except as provided in Subsection (2), a member of a nonprofit corporation may not transfer:

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

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

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

(2) The restriction on transfer described in Subsection (1) does not apply to the transfer of shares of stock in a nonprofit corporation that is also a mutual benefit corporation, as defined in Section 16-6a-102.

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

16-6a-611. Property rights.

~~[A member]~~ (1) ~~{Except as provided in Subsection (2), or unless}~~ Unless otherwise provided by the articles of incorporation or the bylaws, or except as provided in Subsection (2), a member of a nonprofit corporation does not have any vested property right in the nonprofit

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corporation, including any right relating to management, control, purpose, or duration of the nonprofit corporation[~~], except as provided by:~~].

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

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

(2) A member or shareholder in a nonprofit corporation that is also a mutual benefit corporation, as defined in Section 16-6a-102:

(a) has an undivided interest in real property, proportional to the member or shareholder's shares, in the water rights ~~and facilities~~ of the mutual benefit corporation; and

(b) is a person entitled to the use of water under Title 73, Water and Irrigation, including the right to change the use of water represented by the member or shareholder's shares, as provided in Section 73-3-3 and subject to the requirements of Section 73-3-3.5.

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Legislative Review Note

Office of Legislative Research and General Counsel†