

1                                   **NONPROFIT CORPORATION ACT AMENDMENTS**

2   2021 GENERAL SESSION

3   STATE OF UTAH

4                                   **Chief Sponsor: V. Lowry Snow**

5                                   Senate Sponsor: \_\_\_\_\_

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7   **LONG TITLE**

8   **General Description:**

9               This bill modifies provisions of the Utah Revised Nonprofit Corporation Act related to  
10 records.

11 **Highlighted Provisions:**

12               This bill:

13               ▶ clarifies which records of a nonprofit corporation a director or member is entitled to  
14 inspect and copy.

15 **Money Appropriated in this Bill:**

16               None

17 **Other Special Clauses:**

18               None

19 **Utah Code Sections Affected:**

20 AMENDS:

21               **16-6a-1602**, as enacted by Laws of Utah 2000, Chapter 300

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

24               Section 1. Section **16-6a-1602** is amended to read:

25               **16-6a-1602. Inspection of records by directors and members.**

26               (1) A director or member is entitled to inspect and copy any of the records of the  
27 nonprofit corporation described in Subsection **16-6a-1601(5)**:



- 28 (a) during regular business hours;
- 29 (b) at the nonprofit corporation's principal office; and
- 30 (c) if the director or member gives the nonprofit corporation written demand, at least
- 31 five business days before the date on which the member wishes to inspect and copy the records.

32 ~~[(2) In addition to the rights set forth in Subsection (1), a director or member is entitled~~

33 ~~to inspect and copy any of the other records of the nonprofit corporation:]~~

34 ~~[(a) during regular business hours;]~~

35 ~~[(b) at a reasonable location specified by the nonprofit corporation; and]~~

36 ~~[(c) at least five business days before the date on which the member wishes to inspect~~

37 ~~and copy the records, if the director or member:]~~

38 ~~[(i) meets the requirements of Subsection (3); and]~~

39 ~~[(ii) gives the nonprofit corporation written demand:]~~

40 (2) In addition to the rights set forth in Subsection (1), a director or member of a

41 nonprofit corporation is entitled to inspect and copy, during regular business hours at a

42 reasonable location specified by the nonprofit corporation, any of the following records of the

43 nonprofit corporation if the director or member meets the requirements of Subsection (3) and

44 gives the nonprofit corporation written notice of the demand at least five business days before

45 the day on which the director or member wishes to inspect and copy:

46 (a) excerpts from:

47 (i) minutes of any meeting, records of any action taken by the board of directors, or by

48 a committee of the board of directors while acting on behalf of the nonprofit corporation in

49 place of the board of directors;

50 (ii) minutes of any meeting of the members;

51 (iii) records of any action taken by the members without a meeting; and

52 (iv) waivers of notices of any meeting of the members, of any meeting of the board of

53 directors, or of any meeting of a committee of the board of directors;

54 (b) accounting records of the nonprofit corporation; and

55 (c) the record of members described in Subsection [16-6a-1601\(3\)](#).

56 (3) A director or member may inspect and copy the records described in Subsection (2)

57 only if:

58 (a) the demand is made:

- 59 (i) in good faith; and  
60 (ii) for a proper purpose;  
61 (b) the director or member describes with reasonable particularity the purpose and the  
62 records the director or member desires to inspect; and  
63 (c) the records are directly connected with the described purpose.  
64 (4) Notwithstanding Section 16-6a-102, for purposes of this section:  
65 (a) "member" includes:  
66 (i) a beneficial owner whose membership interest is held in a voting trust; and  
67 (ii) any other beneficial owner of a membership interest who establishes beneficial  
68 ownership; and  
69 (b) "proper purpose" means a purpose reasonably related to the demanding member's or  
70 director's interest as a member or director.  
71 (5) The right of inspection granted by this section may not be abolished or limited by  
72 the articles of incorporation or bylaws.  
73 (6) This section does not affect:  
74 (a) the right of a director or member to inspect records under Section 16-6a-710;  
75 (b) the right of a member to inspect records to the same extent as any other litigant if  
76 the member is in litigation with the nonprofit corporation; or  
77 (c) the power of a court, independent of this chapter, to compel the production of  
78 corporate records for examination.  
79 (7) A director or member may not use any information obtained through the inspection  
80 or copying of records permitted by Subsection (2) for any purposes other than those set forth in  
81 a demand made under Subsection (3).