

26 **H→** [~~This bill provides retrospective operation.~~] This bill provides a special effective date. **←H**

27 **Utah Code Sections Affected:**

28 ENACTS:

- 29 48-5-101, Utah Code Annotated 1953
- 30 48-5-102, Utah Code Annotated 1953
- 31 48-5-103, Utah Code Annotated 1953
- 32 48-5-104, Utah Code Annotated 1953
- 33 48-5-105, Utah Code Annotated 1953
- 34 48-5-106, Utah Code Annotated 1953
- 35 48-5-107, Utah Code Annotated 1953
- 36 48-5-108, Utah Code Annotated 1953
- 37 48-5-109, Utah Code Annotated 1953
- 38 48-5-201, Utah Code Annotated 1953
- 39 48-5-202, Utah Code Annotated 1953
- 40 48-5-203, Utah Code Annotated 1953
- 41 48-5-204, Utah Code Annotated 1953
- 42 48-5-301, Utah Code Annotated 1953
- 43 48-5-302, Utah Code Annotated 1953
- 44 48-5-303, Utah Code Annotated 1953
- 45 48-5-304, Utah Code Annotated 1953
- 46 48-5-305, Utah Code Annotated 1953
- 47 48-5-306, Utah Code Annotated 1953
- 48 48-5-307, Utah Code Annotated 1953
- 49 48-5-401, Utah Code Annotated 1953
- 50 48-5-402, Utah Code Annotated 1953
- 51 48-5-403, Utah Code Annotated 1953
- 52 48-5-404, Utah Code Annotated 1953
- 53 48-5-405, Utah Code Annotated 1953
- 54 48-5-406, Utah Code Annotated 1953

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

522 to the extent necessary to protect decentralized autonomous organization members and
523 participants from personal liability.

524 (2) A failure event may trigger liability on the person deploying or upgrading the
525 decentralized autonomous organization if that person:

526 (a) acted in bad faith; or

527 (b) engaged in gross negligence.

528 Section 26. Section **48-5-406** is enacted to read:

529 **48-5-406. Taxation.**

530 (1) A decentralized autonomous organization recognized by this act shall be eligible to
531 elect the decentralized autonomous organization's classification for federal tax purposes.

532 (2) (a) Unless otherwise elected under Subsection (1), a decentralized autonomous
533 organization recognized by this act shall be treated as a pass-through entity for tax purposes,
534 with no entity-level tax accruing to the decentralized autonomous organization.

535 (b) Any realized gains shall pass through to the decentralized autonomous
536 organization's members in proportion to their token holdings.

537 (3) Where a member is not a taxable entity, the realized gains allocated to such
538 members shall pass to the first taxable person.

539 **Ĥ→ [Section 27. Retrospective operation.**

540 **— Section 48-5-406 has retrospective operation for a taxable year beginning on or after**
541 **January 1, 2023.] Section 27. Effective date.**

541a **(1) Except as provided in Subsection (2), this bill takes effect on January 1, 2024.**

541b **(2) Section 48-5-406 takes effect for a taxable year beginning on or after January 1,**
541c **2024. ←Ĥ**