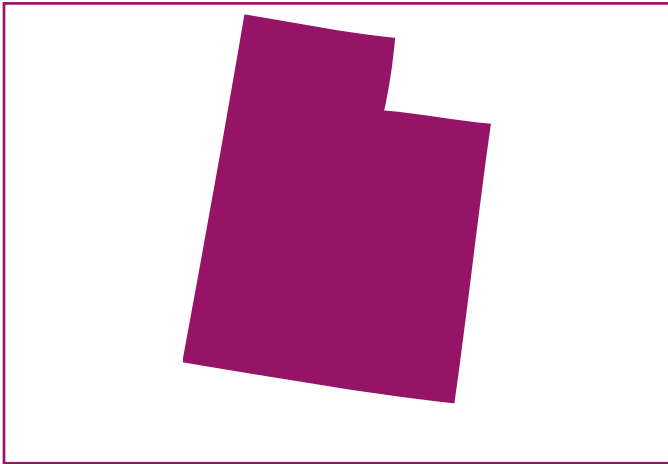


State laws for charitable organizations

Utah



This profile is part of a set of 51 profiles, including all U.S. states and the District of Columbia, which outlines state laws, regulations, and requirements that apply to charitable organizations. It covers six areas and highlights ways in which state laws differ from federal laws governing charitable organizations.



Formation, Elections, Operation, and Dissolution

Nonprofit Corporations

Utah Revised Nonprofit Corporation Act (URNCA). Utah Code Title 16, Ch. 6a.

Nonprofit Unincorporated Associations

Unincorporated associations are treated as 'entities' under Utah Code § 16-6a-102.

Election of Directors

If no method of election, appointment, or designation is set forth in the bylaws, the directors other than the initial directors shall be elected as follows:

(i) if the nonprofit corporation has voting members, all directors except the initial directors shall be elected by the voting members at each annual meeting of the voting members; and

(ii) if the nonprofit corporation does not have voting members, all directors except the initial directors shall be elected by the board of directors.

Utah Code § 16-6a-804.

Director Term

The bylaws may specify the terms of directors. In the absence of any term specified in the bylaws, the term of each director shall be one year. Directors may be elected for successive terms. Utah Code § 16-6a-805.

Meeting and Quorum Requirements

Quorum (Members): The members at a meeting of the voting group constitute a quorum of that voting group for action on a matter. Utah Code Ann. § 16-6a-714. The bylaws may provide for a greater quorum however. Utah Code Ann. § 16-6a-716.

Quorum (Directors): Unless the bylaws provide otherwise, the majority of the number of directors in office immediately before the meeting begins constitutes a quorum. The bylaws cannot allow for a quorum to be less than two directors or one-third of the number of directors if the corporation fixes board size. Utah Code Ann. § 16-6a-816.

Unless the bylaws say otherwise, an annual meeting is required. Utah Code Ann. § 16-6a-701.

Officer Requirements

No requirement to appoint any specific officers. Utah Code § 16-6a-818.

Officer Term

No stated limit for officer terms. Utah Code § 16-6a-818.

Dissolution

Utah Code § 16-6a-1401 et seq. govern the dissolution of a Utah nonprofit corporation.

Duties, Indemnification, and Interested Transactions

Director Duties

A director or an officer described shall discharge the director or officer's duties: (a) in good faith; (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (c) in a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation. Utah Code § 16-6a-822.

See also Utah Code § 16-6a-825.

Officer Duties

A director or an officer shall discharge the director or officer's duties: (a) in good faith; (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (c) in a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation. Utah Code § 16-6a-822.

See also Utah Code § 16-6a-825.

Board Independence Requirements

No relevant statute found.

Interested Transactions

Interested transactions are governed by Utah Code § 16-6a-825.

Indemnification of Directors/Officers

A nonprofit corporation must generally indemnify its directors against proceedings in which the directors have been successful. Utah Code § 16-6a-901 et seq.

Loans to Directors, Officers, or Employees

The corporation may not make loans to its directors or officers. A director or officer assenting to or participating in such a loan is liable to the corporation for the amount of the loan until the loan is repaid. Utah Code § 16-6a-825.

Notable Departures from Federal Law

Religious/Church Exemption

Automatically exempt. Utah Code § 59-7-102.

See tax sections below.

Healthcare "Plus Factors"

The institution owning the property for which exemption is sought must establish that its total gift to the community exceeds on an annual basis its property tax liability for that year. The Utah Supreme Court has defined "gift to the community" as follows: "A gift to the community can be identified either by a substantial imbalance in the exchange between the charity and the recipient of its services or in the lessening of a government burden through the charity's operation." *Utah County v. Intermountain Health Care, Inc.*, 709 P. 2d 265, 269 (Utah 1985). Also see Utah State Tax Commission, Property Tax Exemptions - Standards of Practice, p. 32 (Rev. May 2014).

General

Rebuttable Presumption of Reasonableness - Delegation to Disinterested "Others"

Utah Code § 16-6a-613 provides that "[a] nonprofit corporation may provide in its bylaws for delegates having some or all of the authority of members."

Charitable Solicitation Requirements

A Utah nonprofit organization must register to solicit, request, promote, advertise, or sponsor a charitable solicitation. Charitable Solicitations Act, Utah Code Ann. §§ 13-22-1 to 22-23; Charitable Solicitations Act Rules, Utah Admin. Code r. 152-22.

State-Specific Retention Policies

Utah Code § 16-6a-1601: Corporate Records.

Personal Information Collection and Protection Laws

No statutory protection found, however many Utah nonprofits subscribe to the Donor Bill of Rights, which was created by the Association of Fundraising Professionals (AFP).

Whistleblower Protection

No relevant statute found.

State Volunteer Liability Law

Liability limited by statute. Utah Code § 78B-4-102.

Independent Audit Requirements

No relevant statute found.

State Filing Requirements

Utah nonprofits are required to file an Annual Report and a Charitable Organization Permit Application Form (annual renewal). Utah Code § 16-6a-1607.

Model Acts

Uniform Prudent Management of Institutional Funds Act

Adopted

Uniform Prudent Investor Act

Adopted

Tax Exemptions

Income Tax

Utah exempts from state income tax organizations that are exempt from federal income tax under IRC § 501. Utah Code § 59-7-102.

Sales and Use Taxation

Utah religious and charitable institutions are entitled to an entity-based exemption from sales and use taxes. See Utah Sales and Use Tax General Information, Publication 25.

Property Tax Exemption

Article XIII, Sec. 3 of the Utah Constitution allows for property tax exemptions for "property owned by a nonprofit entity used exclusively for religious, charitable, or educational purposes."

Miscellaneous Exemptions

N/A.

General Resource:

https://le.utah.gov/xcode/Title16/Chapter6A/16-6a.html?v=C16-6a_1800010118000101

Disclaimer

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