

Topic: New Legislation Proposed

Question by: Debra Ulmanis

Jurisdiction: New Hampshire

Date: January 18, 2012

Jurisdiction	Question(s)
	New Hampshire has some new legislation proposed which is repealing and rewriting the Business Corporations Act. One on the new provision will permit Domestic Business Corporations to convert to either domestic or foreign nonprofits. Do any or your states have this or a similar provision?
<b>Manitoba</b>	
<b>Corporations Canada</b>	
<b>Alabama</b>	
<b>Alaska</b>	
<b>Arizona</b>	Arizona had a prohibition against this in the statutes, but the prohibition was removed years ago. Therefore, a business corporation can "convert" to a nonprofit and vice versa simply by filing an appropriate amendment to its articles. There is no specific statute allowing "conversion."
<b>Arkansas</b>	
<b>California</b>	

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<p><b>Colorado</b></p>	<p>This would be permissible in Colorado. Here's the general conversion statute in Colorado:</p> <p>7-90-201. Conversion of an entity</p> <p>(1) Pursuant to a plan of conversion approved in accordance with <a href="#">section 7-90-201.4</a>:</p> <p>(a) A domestic entity of one form may be converted into any other form of domestic entity.</p> <p>(b) A domestic entity may be converted into any form of foreign entity recognized in the jurisdiction under the law of which the entity will be considered to have been formed after the conversion.</p> <p>(2) A foreign entity may be converted into a domestic entity if the conversion is not prohibited by the constituent documents or organic statutes and if the foreign entity complies with all of the requirements, if any, of its constituent documents and organic statutes in effecting the conversion.</p>
<p><b>Connecticut</b></p>	
<p><b>Delaware</b></p>	
<p><b>District of Columbia</b></p>	<p>Even though the District of Columbia has adopted the latest uniform laws in the country this year we do not have the provision for allowing for-profit entities to convert into nonprofits. All other conversions are permitted except nonprofit into for-profit.</p>

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<b>Florida</b>	<p>In Florida, a Florida profit corporation may convert into a Florida LLC or an “other business entity” which is defined as a common law or business trust or association, a real estate investment trust, a general partnership including a limited liability partnership, a limited partnership including a limited liability limited partnership, or any other domestic or foreign entity that is organized under a governing law……, provided such term shall not include a corporation.</p> <p>Additionally, a Florida LLC may convert into a Florida profit corporation or “other business entity” defined as a common law or business trust or association a real estate investment trust, a general partnership including a limited liability partnership, a limited partnership including a limited liability limited partnership, or any other domestic or foreign entity that is organized under a governing law……, provided such term shall not include a Florida LLC.</p> <p>The non-profit statute does allow for a profit corporation to convert to a non-profit corporation but only after petitioning the court and with a judge’s approval. This usually occurs when a profit corporation was established in error and the corporation has been acting as a non-profit. We seldom get conversions of this type.</p>
<b>Georgia</b>	
<b>Hawaii</b>	
<b>Idaho</b>	
<b>Illinois</b>	
<b>Indiana</b>	
<b>Iowa</b>	
<b>Kansas</b>	
<b>Kentucky</b>	
<b>Louisiana</b>	<p>Domestic corporations are not permitted to convert to a domestic or foreign non-profit.</p>
<b>Maine</b>	
<b>Maryland</b>	
<b>Massachusetts</b>	

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<b>Michigan</b>	The statutes administered by the State Of Michigan Corporation Division do not permit conversions from or into nonprofit corporations (foreign or domestic). However, there has been discussion about this.
<b>Minnesota</b>	
<b>Mississippi</b>	
<b>Missouri</b>	
<b>Montana</b>	
<b>Nebraska</b>	
<b>Nevada</b>	Nevada Law allows for the conversion of a “for profit” corporation to a nonprofit providing there is 100% shareholder approval. Nonprofits cannot convert into “for profit.”
<b>New Hampshire</b>	
<b>New Jersey</b>	
<b>New Mexico</b>	
<b>New York</b>	
<b>North Carolina</b>	<p>A domestic business corporation can change to a nonprofit by filing Articles of Amendment. However, a domestic LLC cannot do this.</p> <p>A domestic business corporation wanting to convert to a foreign nonprofit will need to file Articles of Conversion and is allowable as long as the foreign state permits the process. They are leaving North Carolina, if they want to do business in NC, they would need to file for a Certificate of Authority.</p> <p>If a domestic nonprofit wants to become a corporation, it is allowable, but the Attorney General must approve.</p>
<b>North Dakota</b>	
<b>Ohio</b>	Domestic corporations are not permitted to convert to domestic or foreign nonprofits, pursuant to Ohio Revised Code 1702.461.
<b>Oklahoma</b>	

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<b>Oregon</b>	
<b>Pennsylvania</b>	
<b>Rhode Island</b>	Rhode Island does not allow for the business entity to convert to a non-profit but we do allow business entities to convert to another business structure (i.e. business corporation to a LLC.)
<b>South Carolina</b>	
<b>South Dakota</b>	
<b>Tennessee</b>	
<b>Texas</b>	Texas for-profit corporations are permitted to convert to either a domestic or foreign nonprofit (so long as the foreign jurisdiction permits conversion). However, a nonprofit corporation may not convert into a for-profit entity.
<b>Utah</b>	
<b>Vermont</b>	
<b>Virginia</b>	<p>Virginia law provides for the conversion of a stock (for-profit) corporation to a nonstock (non-profit) corporation, but it is somewhat convoluted. You have to form a nonstock corporation, merge it into the stock corporation, and in the plan of merger provide that the survivor’s articles are amended and restated to change the surviving stock corporation into a nonstock corporation. We often see this when someone mistakenly formed a stock corporation for a charitable organization.</p> <p>Going in the reverse direction is easier. Our Code allows a nonstock corporation to file articles of amendment or restatement to become a stock corporation.</p> <p>Virginia does not allow a Virginia stock corporation to convert directly to a foreign nonstock corporation. Our Code draws a distinction between domestications and conversions. A domestication is when the jurisdiction of formation changes and a conversion is when the entity type changes. So to convert a Virginia stock corporation to a New Hampshire nonstock corporation, you would first need to convert to a Virginia nonstock corporation, and then domesticate as a New Hampshire nonstock corporation, provided New Hampshire law authorizes such the domestication. Or you could domesticate the Virginia stock corporation to a New Hampshire stock corporation and convert to a nonstock corporation under New Hampshire law.</p>

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Washington	
West Virginia	
Wisconsin	
Wyoming	

**Additional comments:**

**Full text of email:**

Hi all – hope everyone is doing well,

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Thank you in advance! Deb