

Topic: Questions Regarding Nonprofit Organizations  
 Question by: Scott W. Anderson  
 Jurisdiction: Nevada  
 Date: February 12, 2013

Jurisdiction	Question(s)
	<p>Some questions have come up regarding non-profit treatment of corporations, llcs and other traditionally “for-profit” entities that are wholly owned by a non-profit. For example ABC, LLC holds the building for 123 non-profit corporation.</p> <p>Do you recognize any non-profit entities other than traditional non-profit corporations and association?</p> <p>If so, what other non-profit entities are recognized in your state?</p> <p>For taxing and licensing matters, do you also treat an entity wholly owned by a non-profit as a non-profit itself?</p> <p>Any other insight on how your jurisdiction treats these wholly owned entities would be appreciated.</p>
<b>Manitoba</b>	
<b>Corporations Canada</b>	
<b>Alabama</b>	
<b>Alaska</b>	
<b>Arizona</b>	<ol style="list-style-type: none"> <li>1.) In Arizona, only corporations can be formed as a nonprofit entity. LLCs may become nonprofit through the IRS, but our statutes do not allow them to form as a nonprofit.</li> <li>2.) Regular nonprofit, cooperative marketing association, two types of electric cooperatives, and corporation sole.</li> <li>3.) Taxes are handled by the Department of Revenue, but I think the ownership is not considered. We can put you in touch with a contact at DOR if you need more info.</li> <li>4.) We do record member information for LLCs, but we do not consider it or use that information in any way other than as part of the disclosure required depending upon the management structure, i.e., member-managed or manager-managed.</li> </ol>
<b>Arkansas</b>	
<b>California</b>	
<b>Colorado</b>	

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<b>Connecticut</b>	
<b>Delaware</b>	
<b>District of Columbia</b>	<ol style="list-style-type: none"> <li>1.) Yes, we have unincorporated nonprofit association and LLC can have nonprofit purpose.</li> <li>2.) See above.</li> <li>3.) I do not think so. For licensing purposes the answer is a definitive no.</li> <li>4.) For LLCs they can have nonprofit purpose; the problem is that LLCs do not have to give us the purpose so we do not know whether LLC is for-profit or non-profit.</li> </ol>
<b>Florida</b>	<p>In Florida, in addition to "traditional" nonprofit corporations, the Florida Statutes also allow for the incorporation or formation of:</p> <ol style="list-style-type: none"> <li>1.) Public Fairs and Expositions under Chapter 616 with the Florida Department of Agricultural and Consumer Services;</li> <li>2.) Agricultural Cooperative Marketing Associations under Chapter 618;</li> <li>3.) Nonprofit Cooperative Associations under Chapter 619;</li> <li>and 4.) Limited Agricultural Associations under Chapter 604.</li> </ol> <p>According to the definitions provided in the Florida Limited Liability Company Act, a Florida limited liability company may be organized for profit or nonprofit purposes. The Florida Department of State's records, however, do not distinguish between the two. Both "profit" and "nonprofit" limited liability companies must comply with the same filing requirements.</p> <p>Taxes in the state of Florida are handled by the Florida Department of Revenue, not the Florida Department of State. Therefore, I am not able to advise you on how the Department of Revenue distinguishes or determines if an entity should be treated as a profit or nonprofit entity for tax purposes here in Florida. The IRS, of course, determines an entity's federal tax status.</p>
<b>Georgia</b>	
<b>Hawaii</b>	<ol style="list-style-type: none"> <li>1.) Yes</li> <li>2.) We recognize corporations sole for ecclesiastical purposes, agricultural cooperatives, non-stock consumer cooperatives, limited equity housing cooperatives and unincorporated associations</li> <li>3.) We have no knowledge of the ownership of entities. Taxing and licensing are handled outside of our Division.</li> </ol>

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Idaho	
Illinois	
Indiana	
Iowa	
Kansas	
Kentucky	
Louisiana	Louisiana is the same as New Hampshire.
Maine	
Maryland	
Massachusetts	
Michigan	<p>In Michigan, nonprofit corporations are those formed in which members may not receive any profits of the corporation. A domestic nonprofit corporation is formed under the Michigan Nonprofit Corporation Act; purposes for which nonprofit corporations are commonly formed in Michigan are those involving religious, educational, and charitable activities. The purpose of the nonprofit corporation must be specific. It must give enough information to make it clear what the corporation will do. Using the term “any lawful purpose” alone is not adequate; in February of 1999, the Bureau issued a policy statement addressing the issue. You may find Policy Statement C-63 at the below link.</p> <p><a href="http://www.dleg.state.mi.us/bcsc/forms/corp/pol/c-63.pdf">http://www.dleg.state.mi.us/bcsc/forms/corp/pol/c-63.pdf</a></p>

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<b>Minnesota</b>	<p>Minnesota has both Non-Profit Corporations (Minn. Stat ch. 317)and Non-Profit LLCs (Minn. Stat. section 322B.975).</p> <p>A Non-Profit Corporation or LLC may own ( and several do own) a for-profit corporation or LLC or anything else, and being owned by a non-profit does NOT make the subsidiary a non-profit.</p> <p>I suppose Non-Profit Unincorporated Associations are also possible, although we have not enacted the Uniform Unincorporated Non-Profit Associations Act.</p> <p>Coops are sort of non-profit, but as Minnesota has the most coops in the nation (world?) we treat them as their own entity type and they do not come under the non-profit laws.</p> <p>Tax and licensing are carried out by other agencies, not OSS.</p>
<b>Mississippi</b>	
<b>Missouri</b>	<p>Since Missouri does not collect owner/member information we are unable to identify if an owner/member is a profit corporation.</p> <p>Missouri does file different non-profit entities such as: Non-profit water, non-profit sewer, and non-profit cooperatives.</p>
<b>Montana</b>	<p>Montana is the same as Ohio.</p>
<b>Nebraska</b>	
<b>Nevada</b>	
<b>New Hampshire</b>	<p>New Hampshire only recognizes nonprofit corporation, consumer cooperatives and rural electrification/agricultural cooperatives as nonprofit entities.</p> <p>Our Department of Revenue handles our state taxation.</p>

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<b>New Jersey</b>	
<b>New Mexico</b>	
<b>New York</b>	
<b>North Carolina</b>	
<b>North Dakota</b>	
<b>Ohio</b>	<p>Ohio permits nonprofit corporations, unincorporated nonprofit associations and nonprofit LLCs. We would not treat a for-profit that is owned/incorporated by a nonprofit any differently than another for-profit entity. As far as the issues related to taxing and licensing matters, that is outside the scope of our office and I do not feel qualified to answer. I would be glad to put you in touch with someone from the Ohio Department of Taxation if you need further information.</p> <p>Ohio amended the language to our LLC law in 2008 to state that a LLC can be formed for a for-profit or nonprofit purpose.</p> <p><a href="http://codes.ohio.gov/orc/1705.02">http://codes.ohio.gov/orc/1705.02</a></p> <p>A limited liability company may be formed for any purpose or purposes for which individuals lawfully may associate themselves, including for any profit or nonprofit purpose, except that, if the Revised Code contains special provisions for the formation of any designated type of corporation other than a professional association, a limited liability company shall not be formed for the purpose or purposes for which that type of corporation may be formed. At the request or direction of the government of the United States or any agency of that government, a limited liability company may transact any lawful business in aid of the national defense or in the prosecution of any war in which the United States is engaged.</p>

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<b>Oklahoma</b>	<p>Like Missouri, Oklahoma does not collect owner/member information, therefore we are unable to identify if an owner/member is a profit corporation.</p> <p>Oklahoma does file Non-Profit Corporations, and Charitable Organizations. LLC's maybe not for profit, however, our records do not reflect the non profit status.</p>
<b>Oregon</b>	<p>The only entities in Oregon that can be nonprofit and file with us are: nonprofit corps, cooperative corporations, and district improvement companies. We do nothing about taxation and ownership or whether they're operating as a nonprofit. We leave that to Justice and Revenue to decide.</p>
<b>Pennsylvania</b>	
<b>Rhode Island</b>	
<b>South Carolina</b>	
<b>South Dakota</b>	
<b>Tennessee</b>	

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<b>Texas</b>	<p>In addition to the traditional non-profit corporations, Texas law recognizes several types of other non-profits, including:</p> <p>Cooperative associations, Telephone cooperatives, Electric cooperatives, Water supply and sewer corporations</p> <p>Agricultural finance corporations, Mutual loan corporations, Co-operative credit associations, Marketing associations</p> <p>Cemetery corporations, Health facilities corporations, Health related cooperative associations</p> <p>Hospital Laundry cooperative associations, Group hospital service cooperatives, Housing finance corporations</p> <p>Public facilities corporations, Industrial development corporations, Transportation corporations,</p> <p>Local government corporations, Business development corporations, Cultural education facilities corporations</p> <p>Forgot to include the unincorporated nonprofit association which may make a voluntary filing of a registered agent with SOS.</p> <p>We don't tax or license so I do not know how an entity wholly owned by a nonprofit entity is treated for tax or license purposes.</p> <p>Also note that Texas law recognizes that a LLC may be created for nonprofit purposes although SOS does not distinguish LLCs for for-profit purposes from those created for nonprofit purposes. I expect that state Comptroller and IRS make this distinction for taxing purposes.</p>
<b>Utah</b>	
<b>Vermont</b>	
<b>Virginia</b>	<p>Virginia has a Nonstock Corporation Act, as opposed to a non-profit corporation act. We let the IRS decide whether a business entity is non-profit. Our LLC Act, however, specifically allows a Virginia LLC to have a non-profit purpose.</p>

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<b>Washington</b>	<ol style="list-style-type: none"> <li>1.) No</li> <li>2.) None</li> <li>3.) Tax and license are handled outside our agency with Department of Revenue and others. They have shared that nonprofits pay state taxes the same as any other for profit business including sales tax and business and operating (B&amp;O) tax. There are a small set of specific exceptions that might apply, but are rarely used.</li> <li>4.) Being ministerial, The Washington Secretary of State does not track or verify the status of owners as presented in articles or registration forms. We would not know if ownership of an entity is a profit or nonprofit organization.</li> </ol>
<b>West Virginia</b>	
<b>Wisconsin</b>	
<b>Wyoming</b>	

**Additional comments:**

**NOVA SCOTIA:**

In Nova Scotia, there are a few options. The majority of non-profit organizations are incorporated as societies under the Societies Act. However, non-profit co-operatives may be formed under the Co-operative Associations Act, and limited by guarantee companies may be incorporated as non-profits under the Companies Act. We also have many that were incorporated by statute (as in a private act) - but this is less common today.

We do not maintain shareholder/member/owner information, so do not necessarily know when there may be a for profit corporate member. On occasion, we have an application for the registration of a business name (or "DBA") on behalf of a society. As they are not permitted to carry on business activities, the approval of such registrations is the exception rather than the rule (ie the name of a café, operating on behalf of a registered church group, the primary purpose of which is supporting something else (and not primarily to run a café).

Hope this helps.

Hayley

**Full text of email:**

Hello Everyone –

Some questions have come up regarding nonprofit treatment of corporations, llcs and other traditionally “for-profit” entities that are wholly owned by a nonprofit. For example ABC, LLC holds the building for 123 nonprofit corporation.

Do you recognize any nonprofit entities other than traditional nonprofit corporations and association?

If so, what other nonprofit entities are recognized in your state?

For taxing and licensing matters, do you also treat an entity wholly owned by a nonprofit as a nonprofit itself?

Any other insight on how your jurisdiction treats these wholly owned entities would be appreciated.

Thank you in advance for your assistance.

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