



2025-2026 General Assembly

HOUSE BILL 517: Modify Nonprofit Corp. Act/Charitable Org, Part I: Modify Limitations on Mergers and Sales of Assets

Analysis of: S.L. 2026-52, Part I

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Prepared by: Legislative Analysis
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Part I of S.L. 2026-52 (House Bill 517) authorizes a merger between a charitable or religious corporation and either of the following:

- A limited liability company if (i) the limited liability company has a 501(c)(3) nonprofit corporation as its sole member and (ii) would be eligible for a 501(c)(3) exemption if it were not disregarded for income tax purposes.
- An unincorporated association consisting of two or more members joined by mutual consent for a common, nonprofit purpose (excluding organizations created by a trust and limited liability companies).

This Part becomes effective October 1, 2026, and applies to plans of mergers adopted on or after that date.

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