

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0130.01 Sarah Lozano x3858

**SENATE BILL 26-133**

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**SENATE SPONSORSHIP**

**Bridges and Catlin,**

**HOUSE SPONSORSHIP**

**Martinez and Taggart,**

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**Senate Committees**

Business, Labor, & Technology  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE AUTHORIZATION TO ESTABLISH AN ARTIST COMPANY**  
102              **IN THE STATE, AND, IN CONNECTION THEREWITH, ENACTING THE**  
103              **"COLORADO ARTIST COMPANY ACT", AND MAKING AN**  
104              **APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill creates the "Colorado Artist Company Act", which authorizes a person in the state to create a limited liability company with a stated artistic mission (artist company), which artist company is subject

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

to state law applicable to limited liability companies except where specified in the bill.

An artist company must state its artistic mission in its articles of organization or operating agreement and be formed and owned by one or more individuals that create works of authorship or artistic expression comprising written, oral, visual, graphic, literary, musical, audiovisual, digital, or performing art in any medium (artists). Artists must own not less than 51% of all voting securities of the artist company at all times (required ownership percentage).

A limited liability company that is not an artist company but that meets the required ownership percentage may convert to an artist company by amending its articles of organization or its operating agreement to state its artistic mission and by complying with certain other requirements.

A person may form an artist company by filing with the Colorado secretary of state articles of organization or long-form articles. The Colorado secretary of state is required to prescribe the form of the long-form articles and make the form publicly available on or before July 1, 2027. The long-form articles must include check-box or fill-in-the-blank provisions allowing the election of certain ownership, governance, artistic work distribution, tax treatment, and dissolution structures.

An artist company may accept capital in any form and its members and managers have certain duties specified in the artist company's articles of organization or operating agreement along with the duties imposed by state law applicable to limited liability companies.

Members of an artist company may assign or exclusively license intellectual property to an artist company as an in-kind capital contribution. An artist company's articles of organization or operating agreement may require artist-members to assign or exclusively license to the artist company artistic work created during membership that relates to the artistic mission of the artist company. An artist company's articles of organization or operating agreement may provide for certain procedures and terms regarding the admission and departure of members.

An artist company may elect at formation, or at the time of conversion for a limited liability company, to be a public benefit artist company (public benefit artist company) by stating in its articles of organization and operating agreement, if any, that it is a public benefit artist company and setting forth in its articles of organization and operating agreement, if any, one or more specific public benefits to be promoted by the artist company. The members and managers of a public benefit artist company are subject to certain additional duties. A public benefit artist company must provide its members and donors with an annual statement specifying certain information as to the public benefits and artistic mission of the public benefit artist company.



1 SECTION 7-80-1203 (1).

2 (3) "ARTISTIC MISSION" MEANS A SPECIFIC CREATIVE OR ARTISTIC  
3 OR EDUCATIONAL PURPOSE, INCLUDING THE CREATION, DEVELOPMENT,  
4 PRODUCTION, DISTRIBUTION, EXHIBITION, OR PERFORMANCE OF CREATIVE  
5 OR ARTISTIC WORKS, OR OPERATIONS CONDUCTED IN FURTHERANCE OF  
6 THE ARTS AND CULTURAL CONTRIBUTIONS.

7 (4) "ARTISTIC WORK" MEANS CREATIVE OR ARTISTIC WORKS,  
8 PROJECTS, OR ACTIVITIES CREATED, DEVELOPED, PRODUCED, DISTRIBUTED,  
9 EXHIBITED, OR PERFORMED PURSUANT TO, OR IN FURTHERANCE OF, AN  
10 ARTISTIC MISSION.

11 (5) "GOVERNING BODY" MEANS THE MEMBERS, MANAGER, OR  
12 BOARD OF MANAGERS RESPONSIBLE FOR THE MANAGEMENT AND  
13 GOVERNANCE OF AN ARTIST COMPANY, AS SPECIFIED IN THE ARTIST  
14 COMPANY'S ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT.

15 ==  
16 (6) "PUBLIC BENEFIT" MEANS A POSITIVE EFFECT OR REDUCTION OF  
17 NEGATIVE EFFECTS ON ONE OR MORE CATEGORIES OF PERSONS,  
18 COMMUNITIES, OR INTERESTS OTHER THAN MEMBERS IN THEIR CAPACITIES  
19 AS MEMBERS, INCLUDING EFFECTS OF AN ARTISTIC, CHARITABLE,  
20 CULTURAL, EDUCATIONAL, LITERARY, OR TECHNOLOGICAL NATURE.

21 (7) "PUBLIC BENEFIT ARTIST COMPANY" MEANS AN ARTIST  
22 COMPANY THAT HAS ELECTED TO BE SUBJECT TO SECTIONS 7-80-1215 TO  
23 7-80-1217.

24 **7-80-1203. Artist company - requirements.**

- 25 (1) AN ARTIST COMPANY IS A LIMITED LIABILITY COMPANY THAT:  
26 (a) IS ORGANIZED UNDER THIS PART 12;  
27 (b) HAS A STATED ARTISTIC MISSION SET FORTH IN ITS ARTICLES OF

1 ORGANIZATION OR OPERATING AGREEMENT; AND

2 (c) IS FORMED AND OWNED BY ONE OR MORE ARTISTS WHO, AT THE  
3 TIME OF THE ARTIST COMPANY'S FORMATION OR CONVERSION, OWN NOT  
4 LESS THAN FIFTY-ONE PERCENT OF ALL VOTING SECURITIES OF THE ARTIST  
5 COMPANY. ARTISTS MUST AT ALL TIMES MAINTAIN AN OWNERSHIP  
6 PERCENTAGE OF NOT LESS THAN FIFTY-ONE PERCENT OF ALL VOTING  
7 SECURITIES OF THE ARTIST COMPANY.

8 (2) AN ARTIST COMPANY MAY BE ORGANIZED FOR ANY LAWFUL  
9 PURPOSE PERMITTED FOR LIMITED LIABILITY COMPANIES UNDER THIS  
10 ARTICLE 80 IF THE PURPOSE INCLUDES OR MATERIALLY FURTHERS THE  
11 ARTISTIC MISSION.

12 (3) AN ARTIST COMPANY MAY SPECIFY IN ITS ARTICLES OF  
13 ORGANIZATION OR OPERATING AGREEMENT:

14 (a) THAT THE ARTISTIC MISSION HAS PRIMACY OVER FINANCIAL  
15 OBJECTIVES;

16 (b) THAT THE ARTISTIC MISSION AND FINANCIAL OBJECTIVES ARE  
17 OF EQUAL PRIORITY; OR

18 (c) ANY OTHER PRIORITY OR BALANCING BETWEEN THE ARTISTIC  
19 MISSION AND FINANCIAL OBJECTIVES.

20 **7-80-1204. Conversion to artist company.**

21 (1) A LIMITED LIABILITY COMPANY THAT IS NOT AN ARTIST  
22 COMPANY MAY CONVERT TO AN ARTIST COMPANY BY COMPLYING WITH  
23 THIS SECTION. TO CONVERT TO AN ARTIST COMPANY, A LIMITED LIABILITY  
24 COMPANY SHALL:

25 (a) AMEND ITS ARTICLES OF ORGANIZATION TO:

26 (I) STATE THE ARTISTIC MISSION OF THE LIMITED LIABILITY  
27 COMPANY;

1 (II) STATE THAT THE LIMITED LIABILITY COMPANY ELECTS TO BE  
2 GOVERNED BY THIS PART 12 AS AN ARTIST COMPANY; AND

3 (III) INCLUDE ANY OTHER PROVISIONS REQUIRED BY SECTIONS  
4 7-80-1203 AND 7-80-1206;

5 (b) ENSURE THAT, AT THE TIME OF CONVERSION, ONE OR MORE  
6 ARTISTS OWN NOT LESS THAN FIFTY-ONE PERCENT OF THE VOTING  
7 SECURITIES OF THE ENTITY;

8 (c) OBTAIN APPROVAL FOR THE CONVERSION BY THE VOTE OR  
9 CONSENT REQUIRED TO AMEND THE ARTICLES OF ORGANIZATION  
10 PURSUANT TO THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT  
11 OR, IF THE OPERATING AGREEMENT DOES NOT SPECIFY THE VOTE OR  
12 CONSENT REQUIRED, BY THE UNANIMOUS CONSENT OF ALL MEMBERS; AND

13 (d) FILE THE AMENDED ARTICLES OF ORGANIZATION WITH THE  
14 SECRETARY OF STATE IN ACCORDANCE WITH SECTION 7-90-301.

15 (2) UPON THE FILING OF AMENDED ARTICLES OF ORGANIZATION  
16 PURSUANT TO SUBSECTION (1)(d) OF THIS SECTION:

17 (a) THE LIMITED LIABILITY COMPANY CONTINUES TO BE THE SAME  
18 ENTITY THAT EXISTED BEFORE THE CONVERSION;

19 (b) ALL RIGHTS, TITLE, AND INTERESTS TO ALL REAL PROPERTY  
20 AND OTHER PROPERTY OWNED BY THE LIMITED LIABILITY COMPANY  
21 REMAIN VESTED IN THE ARTIST COMPANY;

22 (c) ALL LIABILITIES AND OBLIGATIONS OF THE LIMITED LIABILITY  
23 COMPANY REMAIN LIABILITIES AND OBLIGATIONS OF THE ARTIST  
24 COMPANY;

25 (d) ALL RIGHTS OF CREDITORS AND ALL LIENS UPON ANY PROPERTY  
26 OF THE LIMITED LIABILITY COMPANY ARE PRESERVED UNIMPAIRED;

27 (e) ANY ACTION OR PROCEEDING PENDING AGAINST THE LIMITED

1 LIABILITY COMPANY MAY BE CONTINUED AGAINST THE ARTIST COMPANY  
2 AS IF THE CONVERSION HAD NOT OCCURRED; AND

3 (f) THE ARTIST COMPANY IS SUBJECT TO THIS PART 12.

4 (3) A CONVERSION CONDUCTED PURSUANT TO THIS SECTION DOES  
5 NOT CONSTITUTE A DISSOLUTION, TERMINATION, OR TRANSFER OF ASSETS  
6 OF THE LIMITED LIABILITY COMPANY.

7 (4) (a) THE CONVERSION OF A LIMITED LIABILITY COMPANY TO AN  
8 ARTIST COMPANY PURSUANT TO THIS SECTION DOES NOT AFFECT A  
9 MEMBER'S LIABILITY FOR OBLIGATIONS OF THE LIMITED LIABILITY  
10 COMPANY INCURRED PRIOR TO THE CONVERSION BECOMING EFFECTIVE.

11 (b) UNLESS OTHERWISE AGREED TO BY THE MEMBERS,  
12 CONVERSION TO AN ARTIST COMPANY DOES NOT AFFECT A MEMBER'S  
13 EXISTING RIGHTS UNDER THE OPERATING AGREEMENT OF THE LIMITED  
14 LIABILITY COMPANY, EXCEPT TO THE EXTENT THE RIGHTS ARE UNDER AN  
15 OPERATING AGREEMENT ENTERED INTO ON OR AFTER THE EFFECTIVE DATE  
16 OF THIS PART 12 AND ARE INCONSISTENT WITH THE REQUIREMENTS OF THIS  
17 PART 12.

18 **7-80-1205. Application of article 80.**

19 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART 12, THE  
20 PROVISIONS OF THIS ARTICLE 80 THAT ARE APPLICABLE TO LIMITED  
21 LIABILITY COMPANIES APPLY TO ARTIST COMPANIES.

22 (2) IN THE EVENT OF A CONFLICT BETWEEN THIS PART 12 AND  
23 OTHER PROVISIONS OF THIS ARTICLE 80, THIS PART 12 CONTROLS.

24 (3) NOTWITHSTANDING SECTION 7-80-108 OR ANOTHER PROVISION  
25 OF THIS ARTICLE 80, THE REQUIREMENTS IMPOSED BY SECTIONS 7-80-1203  
26 (1)(c) AND 7-80-1214 (2) SHALL NOT BE ALTERED IN AN OPERATING  
27 AGREEMENT. ALL OTHER PROVISIONS OF THIS PART 12 MAY BE MODIFIED

1 BY THE OPERATING AGREEMENT TO THE EXTENT PERMITTED BY SECTION  
2 7-80-108 AND THIS PART 12.

3 **7-80-1206. Formation of artist company - articles of**  
4 **organization - public benefit artist company requirements.**

5 (1) A PERSON MAY FORM AN ARTIST COMPANY BY FILING ARTICLES  
6 OF ORGANIZATION WITH THE SECRETARY OF STATE PURSUANT TO SECTION  
7 7-90-301 THAT MEET THE REQUIREMENTS SET FORTH IN SECTIONS  
8 7-80-204 AND 7-80-1203 AND SUBSECTION (7) OF THIS SECTION IF THE  
9 ARTIST COMPANY WILL BE A PUBLIC BENEFIT ARTIST COMPANY, WHICH  
10 ARTICLES OF ORGANIZATION MUST INCLUDE, IN ADDITION TO THE  
11 INFORMATION REQUIRED BY SUBSECTION 7-80-204:

12 (a) A STATEMENT OF THE ARTISTIC MISSION OF THE ARTIST  
13 COMPANY;

14 (b) A STATEMENT REGARDING THE PRIORITY OF THE ARTISTIC  
15 MISSION AND FINANCIAL OBJECTIVES AS PROVIDED IN SECTION 7-80-1203  
16 (3); AND

17 (c) A STATEMENT AS TO WHETHER THE ARTIST COMPANY ELECTS  
18 TO BE A PUBLIC BENEFIT ARTIST COMPANY SUBJECT TO SECTIONS  
19 7-80-1215 TO 7-80-1217 AND, IF SUCH ELECTION IS MADE, ONE OR MORE  
20 SPECIFIC PUBLIC BENEFITS TO BE PROMOTED BY THE ARTIST COMPANY.

21 (2) THE INCORPORATORS MAY ALSO MAKE ELECTIONS IN THE  
22 ARTICLES OF ORGANIZATION OF AN ARTIST COMPANY REGARDING THE  
23 FOLLOWING:

24 (a) THE STRUCTURE OF EQUITY OWNERSHIP FROM THE OPTIONS  
25 PROVIDED IN SECTION 7-80-1207;

26 (b) THE STRUCTURE OF THE GOVERNING BODY FROM THE OPTIONS  
27 PROVIDED IN SECTION 7-80-1208;

1           (c) WHETHER FIDUCIARY DUTIES APPLY AS PROVIDED IN SECTION  
2       7-80-1211;

3           (d) WHICH EXISTING ARTISTIC WORK SHOULD BE ASSIGNED OR  
4       EXCLUSIVELY LICENSED TO THE ARTIST COMPANY AS PROVIDED IN  
5       SECTION 7-80-1212;

6           (e) WHETHER ARTISTIC WORK CREATED BY MEMBERS DURING  
7       THEIR MEMBERSHIP IS ASSIGNED OR EXCLUSIVELY LICENSED TO THE  
8       ARTIST COMPANY AS PROVIDED IN SECTION 7-80-1213 (1);

9           (f) THE TAX TREATMENT OF THE ARTIST COMPANY AS PROVIDED  
10      IN SECTION 7-80-1219;

11          (g) WHETHER DISTRIBUTIONS ARE MADE BASED ON OWNERSHIP  
12      PERCENTAGES OR ALTERNATIVE MECHANISMS, WITH SPACE TO DESCRIBE  
13      SUCH ALTERNATIVE MECHANISMS;

14          (h) BASIC PROVISIONS REGARDING TERMINATION OF A MEMBER'S  
15      MEMBERSHIP INTEREST UPON WITHDRAWAL FROM THE ARTIST COMPANY,  
16      ADMISSION OF NEW MEMBERS, AND RIGHTS TO ARTISTIC WORK UPON  
17      MEMBER WITHDRAWAL AND TERMINATION OF MEMBERSHIP INTEREST; AND

18          (i) WHETHER CERTAIN DECISIONS REQUIRE ARTIST SUPERMAJORITY  
19      OR UNANIMOUS APPROVAL.

20          (3) IF THE ELECTION IS MADE UNDER SUBSECTION (2)(e) OF THIS  
21      SECTION, A NARRATIVE DESCRIPTION OF THE ARTISTIC WORK TO BE  
22      CREATED BY THE ARTIST COMPANY TO SET FORTH THE SCOPE OF ARTISTIC  
23      WORK SUBJECT TO THE ASSIGNMENT OR EXCLUSIVE LICENSE;

24          (4) AN ELECTION REGARDING WHETHER SELECTED TERMS IN THE  
25      ARTICLES OF ORGANIZATION MAY BE SUPERSEDED BY A SUBSEQUENTLY  
26      ADOPTED OPERATING AGREEMENT:

27          (a) WITHOUT AMENDMENT TO THE ARTICLES OF ORGANIZATION;

1 OR

2 (b) ONLY WITH CONCURRENT AMENDMENT TO THE ARTICLES OF  
3 ORGANIZATION.

4 (5) ARTICLES OF ORGANIZATION FILED PURSUANT TO SUBSECTION  
5 (1) OF THIS SECTION MAY INCLUDE OTHER PROVISIONS CONSISTENT WITH  
6 LAW AS THE INCORPORATORS ELECT TO INCLUDE.

7

8 (6) IF AN ARTIST COMPANY ELECTS TO BECOME A PUBLIC BENEFIT  
9 ARTIST COMPANY PURSUANT TO SECTION 7-80-1215, THE ARTIST  
10 COMPANY SHALL STATE IN THE HEADING OF ITS ARTICLES OF  
11 ORGANIZATION THAT IT IS A "PUBLIC BENEFIT ARTIST COMPANY". A  
12 CERTIFICATE OF MEMBERSHIP INTEREST OR OTHER SECURITY ISSUED BY A  
13 PUBLIC BENEFIT ARTIST COMPANY MUST NOTE CONSPICUOUSLY THAT THE  
14 PUBLIC BENEFIT ARTIST COMPANY IS A PUBLIC BENEFIT ARTIST COMPANY  
15 FORMED PURSUANT TO THIS PART 12.

16 (7) AN ARTIST COMPANY'S NAME MAY CONTAIN THE WORDS  
17 "ARTIST COMPANY" OR THE ABBREVIATIONS "ALLC", "A CORP", "AC", OR  
18 "A.C." IN LIEU OF OR IN ADDITION TO ANY TERM OR ABBREVIATION  
19 OTHERWISE PERMITTED BY SECTION 7-90-601 (3)(c).

20 **7-80-1207. Ownership of equity.**

21 (1) SUBJECT TO THE REQUIREMENTS SET FORTH IN SECTION  
22 7-80-1203 (1)(c), AN ARTIST COMPANY HAS THE SAME OPTIONS WITH  
23 RESPECT TO EQUITY OWNERSHIP PROVIDED TO LIMITED LIABILITY  
24 COMPANIES GENERALLY UNDER THIS ARTICLE 80.

25 (2) THE INCORPORATORS OF AN ARTIST COMPANY MAY ELECT IN  
26 THE ARTICLES OF ORGANIZATION      ONE OF THE FOLLOWING STRUCTURES  
27 FOR EQUITY OWNERSHIP:

1 (a) OWNERSHIP BASED ON THE SALE OF UNITS, INCLUDING  
2 FRACTIONAL UNITS;

3 (b) PRO RATA OWNERSHIP BASED ON THE NUMBER OF MEMBERS;

4 (c) PRO RATA OWNERSHIP BASED ON CAPITAL CONTRIBUTIONS,  
5 INCLUDING IN-KIND CONTRIBUTIONS OF CASH, PROPERTY, ARTISTIC WORK,  
6 ROYALTY SHARING, REVENUE PARTICIPATION RIGHTS, OR OTHER  
7 INTANGIBLE ASSETS; OR

8 (d) FIXED OWNERSHIP PERCENTAGES BY INDIVIDUAL MEMBER.

9 (3) UNLESS OTHERWISE SPECIFIED IN AN OPERATING AGREEMENT,  
10 ALLOCATIONS AND DISTRIBUTIONS MUST BE MADE BASED ON OWNERSHIP  
11 PERCENTAGES; EXCEPT THAT THE OPERATING AGREEMENT MAY ESTABLISH  
12 ALTERNATIVE ALLOCATION OR DISTRIBUTION MECHANISMS, INCLUDING  
13 ALLOCATIONS OR DISTRIBUTIONS BASED ON REVENUE PARTICIPATION,  
14 ROYALTY SHARING, RECOUPMENT WATERFALLS, OR OTHER CRITERIA  
15 INDEPENDENT OF OWNERSHIP PERCENTAGES.

16 **7-80-1208. Governing body.**

17 (1) AN ARTIST COMPANY HAS THE SAME GOVERNANCE OPTIONS  
18 PROVIDED TO LIMITED LIABILITY COMPANIES GENERALLY UNDER THIS  
19 ARTICLE 80.

20 (2) THE INCORPORATORS OF AN ARTIST COMPANY MAY ELECT IN  
21 THE ARTICLES OF ORGANIZATION ONE OF THE FOLLOWING GOVERNANCE  
22 STRUCTURES:

23 (a) GOVERNANCE BY MEMBERS, WITH VOTING BASED ON  
24 OWNERSHIP PERCENTAGES;

25 (b) GOVERNANCE BY A SINGLE MANAGER, WITH THE MANAGER  
26 ELECTED BY MEMBERS; OR

27 (c) GOVERNANCE BY A BOARD OF MANAGERS, WITH MANAGERS

1 ELECTED BY MEMBERS.

2 (3) MORE COMPLEX GOVERNANCE STRUCTURES, INCLUDING  
3 SEPARATE VOTING FOR ARTISTIC DECISIONS VERSUS BUSINESS DECISIONS,  
4 MAY BE SPECIFIED IN AN OPERATING AGREEMENT.

5 **7-80-1209. Governance principles.**

6 (1) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OF  
7 ORGANIZATION OR OPERATING AGREEMENT OF AN ARTIST COMPANY:

8 (a) A QUORUM FOR A MEETING OF MEMBERS OR MANAGERS  
9 CONSISTS OF A MAJORITY OF THE VOTING INTERESTS OR MANAGERS, AS  
10 APPLICABLE, ENTITLED TO VOTE AT THE MEETING;

11 (b) EXCEPT AS PROVIDED IN SUBSECTION (1)(c) OF THIS SECTION,  
12 AN ACT OF THE MEMBERS OR MANAGERS REQUIRES APPROVAL BY A  
13 MAJORITY OF THOSE PRESENT AT A MEETING AT WHICH A QUORUM IS  
14 PRESENT; EXCEPT THAT THE FOLLOWING ACTIONS REQUIRE APPROVAL BY  
15 A MAJORITY OF ALL VOTING INTERESTS OF THE MEMBERS:

16 (I) AMENDMENT OF THE ARTICLES OF ORGANIZATION;

17 (II) ADOPTION OR AMENDMENT OF AN OPERATING AGREEMENT;

18 (III) MERGER, CONSOLIDATION, CONVERSION, CHANGE OF  
19 CONTROL, OR OTHER BUSINESS COMBINATION TRANSACTION;

20 (IV) DISSOLUTION OF THE ARTIST COMPANY;

21 (V) ELECTION TO BECOME OR CEASE TO BE A PUBLIC BENEFIT  
22 ARTIST COMPANY;

23 (VI) AN ACTION THAT WOULD REDUCE ARTIST-MEMBER  
24 OWNERSHIP BELOW THE REQUIRED PERCENTAGE SET FORTH IN SECTION  
25 7-80-1203 (1)(c); AND

26 (VII) OTHER MATTERS AS MAY BE SPECIFIED IN THE ARTICLES OF  
27 ORGANIZATION OR OPERATING AGREEMENT; AND

1 (c) THE FOLLOWING ACTIONS REQUIRE APPROVAL BY A MAJORITY  
2 OF ALL VOTING INTERESTS OF ARTIST-MEMBERS, EVEN IF THE ACTION IS  
3 EFFECTUATED BY AN AMENDMENT TO THE ARTICLES OF ORGANIZATION OR  
4 OPERATING AGREEMENT:

5 (I) AN ACTION MATERIALLY AFFECTING THE OWNERSHIP,  
6 LICENSING, TRANSFER, OR REVERSIONARY RIGHTS OF ARTISTIC WORK OF  
7 THE ARTIST COMPANY OR ARTIST-MEMBERS;

8 (II) CHANGING THE DEFINITION OR SCOPE OF "PUBLIC BENEFIT"  
9 UNDER THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT OF A  
10 PUBLIC BENEFIT ARTIST COMPANY;

11 (III) ELECTING TO BECOME OR CEASING TO BE A PUBLIC BENEFIT  
12 ARTIST COMPANY;

13 (IV) CONVERTING THE ARTIST COMPANY INTO AN ENTITY OTHER  
14 THAN AN ARTIST COMPANY;

15 (V) MODIFYING THE GOVERNING CONTROL OF THE ARTIST  
16 COMPANY, INCLUDING WITH RESPECT TO MANAGEMENT STRUCTURE,  
17 VOTING RIGHTS, OR DECISION-MAKING AUTHORITY; AND

18 (VI) APPROVING THE ANNUAL OPERATING BUDGET OF THE ARTIST  
19 COMPANY.

20 (2) THE FOLLOWING IS NOT INDIVIDUALLY AN INDICATION OF LACK  
21 OF GOOD GOVERNANCE, GROUNDS FOR PIERCING THE LIMITED LIABILITY  
22 VEIL, OR EVIDENCE OF IMPROPER CORPORATE FORMALITIES:

23 (a) FAILURE TO PREPARE WRITTEN MINUTES OF MEETINGS OF THE  
24 GOVERNING BODY IF THERE IS ADEQUATE WRITTEN EVIDENCE OF FORMAL  
25 APPROVALS TAKEN BY THE GOVERNING BODY;

26 (b) FAILURE TO HOLD ANNUAL MEETINGS OF MEMBERS OF AN  
27 ARTIST COMPANY; OR

1 (c) FAILURE OF AN ARTIST COMPANY TO OBSERVE OTHER  
2 FORMALITIES CUSTOMARILY ASSOCIATED WITH COLORADO LIMITED  
3 LIABILITY COMPANIES OR OTHER ENTITY FORMS.

4 **7-80-1210. Acceptance of capital.**

5 (1) AN ARTIST COMPANY MAY ACCEPT CAPITAL IN ANY FORM,  
6 INCLUDING:

- 7 (a) GRANTS;
- 8 (b) REFUNDABLE GRANTS;
- 9 (c) FIRST LOSS CAPITAL;
- 10 (d) PROGRAM-RELATED INVESTMENTS;
- 11 (e) MISSION-RELATED INVESTMENTS;
- 12 (f) A FINANCIAL AGREEMENT FOR IMPACT RETURNS INVESTMENTS;
- 13 (g) DEBT INSTRUMENTS;
- 14 (h) EQUITY INVESTMENTS;
- 15 (i) CONVERTIBLE INVESTMENT INSTRUMENTS;
- 16 (j) FINANCIAL INSTRUMENTS, INCLUDING REVENUE, CASH FLOW,  
17 AND PROFIT PARTICIPATION RIGHTS;
- 18 (k) ROYALTY SHARING RIGHTS; AND
- 19 (l) IN-KIND CONTRIBUTIONS, INCLUDING INTELLECTUAL PROPERTY  
20 SUCH AS ARTISTIC WORK.

21 (2) IF AND TO THE EXTENT THAT A DONOR, WITH RESPECT TO  
22 GRANTS OR REFUNDABLE GRANTS, IS REQUIRED TO EXERCISE EXPENDITURE  
23 RESPONSIBILITY, THE DONOR IS ENTITLED TO THE STATEMENTS PREPARED  
24 FOR MEMBERS AS SET FORTH IN SECTION 7-80-1217.

25 (3) IF AND TO THE EXTENT THAT A DONOR REQUESTS THAT  
26 DONATIONS BE TAX DEDUCTIBLE, UNLESS AND UNTIL THE FEDERAL  
27 INTERNAL REVENUE SERVICE PROVIDES THAT ARTIST COMPANIES ARE

1 ENTITLED TO STATUS AS TAX EXEMPT ORGANIZATIONS, DONATIONS TO AN  
2 ARTIST COMPANY MAY BE MADE THROUGH A SEPARATE TAX EXEMPT  
3 ORGANIZATION.

4 **7-80-1211. Fiduciary duties.**

5 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE DUTIES  
6 OF MEMBERS AND MANAGERS OF AN ARTIST COMPANY ARE GOVERNED BY  
7 SECTION 7-80-404.

8 (2) IN ADDITION TO THE DUTIES SPECIFIED IN SECTION 7-80-404,  
9 THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT OF AN ARTIST  
10 COMPANY MAY SPECIFY DUTIES OF MEMBERS OR MANAGERS WITH RESPECT  
11 TO THE ARTISTIC MISSION OF THE ARTIST COMPANY, INCLUDING DUTIES TO:

12 (a) PRESERVE AND PROMOTE THE ARTISTIC MISSION OF THE ARTIST  
13 COMPANY;

14 (b) BALANCE THE ARTISTIC MISSION WITH THE FINANCIAL  
15 INTERESTS OF THE ARTIST COMPANY AND THE PECUNIARY INTERESTS OF  
16 THE MEMBERS; OR

17 (c) CONSULT WITH OR OBTAIN APPROVAL FROM ARTIST-MEMBERS  
18 ON DECISIONS MATERIALLY AFFECTING THE ARTISTIC DIRECTION OR  
19 CREATIVE OUTPUT OF THE ARTIST COMPANY.

20 (3) THE DUTIES SPECIFIED IN SUBSECTIONS (1) AND (2) OF THIS  
21 SECTION MAY BE MODIFIED BY THE ARTICLES OF ORGANIZATION OR  
22 OPERATING AGREEMENT OF AN ARTIST COMPANY TO THE EXTENT  
23 PERMITTED BY SECTIONS 7-80-108 AND 7-80-204.

24 (4) FOR PUBLIC BENEFIT ARTIST COMPANIES, THE DUTIES OF  
25 MEMBERS AND MANAGERS ARE FURTHER SPECIFIED IN SECTION 7-80-1216.

26 (5) THE ARTICLES OF ORGANIZATION MAY INCLUDE ELECTIONS  
27 ALLOWING INCORPORATORS TO ACCEPT THE DEFAULT DUTIES DESCRIBED

1 UNDER THIS SECTION OR TO MODIFY SPECIFIC DUTIES AS PERMITTED BY  
2 SUBSECTION (3) OF THIS SECTION.

3 **7-80-1212. Intellectual property as a capital contribution -**  
4 **assignment or exclusive licensing to artist company.**

5 (1) A MEMBER OF AN ARTIST COMPANY MAY ASSIGN OR  
6 EXCLUSIVELY LICENSE TO THE ARTIST COMPANY INTELLECTUAL  
7 PROPERTY, INCLUDING ARTISTIC WORK OR ANY RIGHT OR RIGHTS RELATED  
8 TO THE ARTISTIC WORK, AS IN-KIND CAPITAL CONTRIBUTIONS, INCLUDING  
9 AS THE INITIAL CAPITAL CONTRIBUTION OF THE MEMBER TO BECOME A  
10 MEMBER OF THE ARTIST COMPANY.

11 (2) THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
12 OF AN ARTIST COMPANY MAY PROVIDE FOR THE VALUATION OF ARTISTIC  
13 WORK, OR ANY RIGHT OR RIGHTS RELATED TO THE ARTISTIC WORK,  
14 ASSIGNED OR EXCLUSIVELY LICENSED TO THE ARTIST COMPANY PURSUANT  
15 TO THIS SECTION. IF, PRIOR TO THE TIME OF ASSIGNMENT OR EXCLUSIVE  
16 LICENSING, THE GOVERNING BODY OF THE ARTIST COMPANY AND THE  
17 ASSIGNING OR EXCLUSIVE LICENSING MEMBER FAIL TO AGREE ON A  
18 VALUATION, THE MEMBER MAY ELECT TO EITHER:

19 (a) DECLINE TO ASSIGN OR EXCLUSIVELY LICENSE THE ARTISTIC  
20 WORK, OR ANY RIGHT OR RIGHTS RELATED TO THE ARTISTIC WORK, TO THE  
21 ARTIST COMPANY; OR

22 (b) HAVE AN INDEPENDENT PROFESSIONAL VALUATOR MUTUALLY  
23 AGREED TO BY THE PARTIES DETERMINE THE VALUATION OF THE ARTISTIC  
24 WORK AT THE ARTIST COMPANY'S COST, WHICH DETERMINATION IS FINAL  
25 AND BINDING.

26 (3) ANY ASSIGNMENT OR EXCLUSIVE LICENSING OF ARTISTIC WORK  
27 TO AN ARTIST COMPANY PURSUANT TO THIS SECTION MAY BE LIMITED IN

1 SCOPE TO INCLUDE ONLY THE ARTISTIC WORK, OR ANY RIGHT OR RIGHTS  
2 RELATED TO THE ARTISTIC WORK, REQUIRED FOR THE ARTISTIC MISSION OF  
3 THE ARTIST COMPANY.

4 (4) UNLESS OTHERWISE SPECIFIED IN THE ARTICLES OF  
5 ORGANIZATION OR OPERATING AGREEMENT OF AN ARTIST COMPANY,  
6 ARTISTIC WORK ASSIGNED OR EXCLUSIVELY LICENSED TO THE ARTIST  
7 COMPANY PURSUANT TO THIS SECTION IS ASSIGNED OR EXCLUSIVELY  
8 LICENSED SUBJECT TO THE REVERSIONARY RIGHTS SET FORTH IN SECTION  
9 7-80-1222 (2)(a)(I), WHICH REVERSIONARY RIGHTS CONSTITUTE A  
10 RETAINED INTEREST THAT DOES NOT TRANSFER TO THE ARTIST COMPANY  
11 AND IS NOT AVAILABLE TO CREDITORS OF THE ARTIST COMPANY.  
12 INTELLECTUAL PROPERTY CONTRIBUTED TO THE ARTIST COMPANY THAT  
13 DOES NOT CONSTITUTE ARTISTIC WORK IS NOT SUBJECT TO THE  
14 REVERSIONARY RIGHTS AND IS AN ASSET OF THE ARTIST COMPANY.

15 **7-80-1213. Artistic work created during membership -**  
16 **restriction on transfer.**

17 (1) THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
18 OF AN ARTIST COMPANY MAY REQUIRE ARTIST-MEMBERS TO ASSIGN OR  
19 EXCLUSIVELY LICENSE TO THE ARTIST COMPANY ARTISTIC WORK CREATED  
20 BY THE ARTIST-MEMBERS DURING MEMBERSHIP THAT RELATES TO THE  
21 ARTISTIC MISSION OF THE ARTIST COMPANY. ARTISTIC WORK ASSIGNED OR  
22 EXCLUSIVELY LICENSED PURSUANT TO THIS SUBSECTION (1) IS SUBJECT TO  
23 THE REVERSIONARY RIGHTS SET FORTH IN SECTION 7-80-1222 (2)(a)(I),  
24 WHICH REVERSIONARY RIGHTS CONSTITUTE A RETAINED INTEREST THAT  
25 DOES NOT TRANSFER TO THE ARTIST COMPANY AND IS NOT AVAILABLE TO  
26 CREDITORS OF THE ARTIST COMPANY. INTELLECTUAL PROPERTY CREATED  
27 ON BEHALF OF THE ARTIST COMPANY THAT DOES NOT CONSTITUTE

1 ARTISTIC WORK IS NOT SUBJECT TO THE REVERSIONARY RIGHTS AND IS AN  
2 ASSET OF THE ARTIST COMPANY.

3 (2) IF THE ASSIGNMENT OR EXCLUSIVE LICENSING TERMS  
4 DESCRIBED IN SUBSECTION (1) OF THIS SECTION ARE INCLUDED IN AN  
5 ARTIST COMPANY'S ARTICLES OF ORGANIZATION OR OPERATING  
6 AGREEMENT, THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
7 OF THE ARTIST COMPANY MUST ALSO INCLUDE A NARRATIVE DESCRIPTION  
8 OF THE ARTISTIC WORK TO BE CREATED BY THE ARTIST COMPANY TO  
9 DELINEATE THE SCOPE OF ARTISTIC WORK SUBJECT TO ASSIGNMENT OR  
10 EXCLUSIVE LICENSING.

11 (3) AN ARTIST-MEMBER MAY RETAIN SPECIFIED ARTISTIC WORK  
12 CREATED BY THE ARTIST-MEMBER DURING THE ARTIST-MEMBER'S  
13 MEMBERSHIP BY PROVIDING WRITTEN NOTICE TO THE ARTIST COMPANY  
14 DESCRIBING THE ARTISTIC WORK TO BE RETAINED BY THE ARTIST-MEMBER.  
15 THE WRITTEN NOTICE MAY BE PROVIDED AT THE TIME THE  
16 ARTIST-MEMBER JOINS THE ARTIST COMPANY OR WITHIN THIRTY DAYS  
17 AFTER THE GENERATION OF THE ARTISTIC WORK. IF A WRITTEN NOTICE IS  
18 PROVIDED, THE ARTIST-MEMBER SHALL GRANT THE ARTIST COMPANY A  
19 NONEXCLUSIVE, PERPETUAL, IRREVOCABLE LICENSE TO THE ARTISTIC  
20 WORK TO THE EXTENT THAT THE ARTIST-MEMBER USES THE ARTISTIC  
21 WORK IN THE ARTIST-MEMBER'S WORK FOR THE ARTIST COMPANY.

22 (4) ALL ARTISTIC WORK ASSIGNED OR EXCLUSIVELY LICENSED TO  
23 OR CREATED BY ARTIST-MEMBERS ON BEHALF OF THE ARTIST COMPANY  
24 MUST BE OWNED BY EITHER THE ARTIST-MEMBERS OR THE ARTIST  
25 COMPANY AND IS SUBJECT TO THE REVERSIONARY RIGHTS DESCRIBED IN  
26 SECTION 7-80-1222 (2)(a)(I). THE ARTISTIC WORK SHALL NOT BE  
27 TRANSFERRED TO, OWNED BY, ASSIGNED TO, OR EXCLUSIVELY LICENSED

1 TO NONARTIST MEMBERS OR INVESTORS OR OTHER NONARTIST THIRD  
2 PARTIES EXCEPT THROUGH LICENSES OR OTHER CONTRACTUAL  
3 AGREEMENTS ENTERED INTO WITH UNAFFILIATED THIRD PARTIES IN THE  
4 ORDINARY COURSE OF BUSINESS FOR BONA FIDE COMMERCIAL PURPOSES.  
5 LICENSES AND CONTRACTUAL AGREEMENTS DESCRIBED IN THIS  
6 SUBSECTION (4) ARE SUBJECT TO THE REVERSIONARY RIGHTS DESCRIBED  
7 IN SECTION 7-80-1222 (2)(a)(I). THE ARTICLES OF ORGANIZATION OR  
8 OPERATING AGREEMENT MAY ADDRESS:

9 (a) TREATMENT OF ARTISTIC WORK UPON AN ARTIST-MEMBER'S  
10 DEPARTURE FROM THE ARTIST COMPANY, INCLUDING WHETHER THE  
11 ARTISTIC WORK REMAINS WITH THE ARTIST COMPANY OR REVERTS TO THE  
12 DEPARTED ARTIST-MEMBER IN SPECIFIED DEPARTURE SCENARIOS;

13 (b) RIGHTS OF DEPARTED ARTIST-MEMBERS TO CONTINUE  
14 RECEIVING ROYALTIES OR REVENUES FROM ARTISTIC WORK CREATED  
15 DURING THEIR MEMBERSHIP;

16 (c) RIGHTS OF REMAINING ARTIST-MEMBERS TO CONTINUE USING  
17 OR EXPLOITING ARTISTIC WORK CREATED JOINTLY WITH DEPARTED  
18 ARTIST-MEMBERS;

19 (d) PROCEDURES AND CONSENT REQUIREMENTS FOR ANY SALE OR  
20 ASSIGNMENT OF ARTISTIC WORK TO NONARTIST THIRD PARTIES, WHICH  
21 MUST INCLUDE THE CONSENT OF THE ARTIST-MEMBER WHO CREATED THE  
22 ARTISTIC WORK AND PROVIDE FOR CONSIDERATION TO BE PAID TO THE  
23 ARTIST-MEMBER FOR RELINQUISHMENT OF THE ARTIST-MEMBER'S  
24 REVERSIONARY RIGHTS IF THE REVERSIONARY RIGHTS ARE TO BE  
25 INCLUDED IN THE SALE OR ASSIGNMENT; AND

26 (e) UPON DISSOLUTION OF THE ARTIST COMPANY, REVERSIONARY  
27 RIGHTS AS DESCRIBED IN SECTION 7-80-1222 (2)(a)(I).

1           **7-80-1214. Separation of economic rights from governance**  
2 **and control.**

3           (1) THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
4 OF AN ARTIST COMPANY MAY PROVIDE FOR THE SEPARATION OF ECONOMIC  
5 RIGHTS FROM GOVERNANCE AND CONTROL RIGHTS.

6           (2) ANY GOVERNANCE AND CONTROL RIGHTS MUST AT ALL TIMES  
7 REMAIN WITH ARTIST-MEMBERS IN ACCORDANCE WITH SECTION 7-80-1203  
8 (1)(c). NONARTIST INVESTORS MAY HOLD ECONOMIC RIGHTS, INCLUDING  
9 RIGHTS TO DISTRIBUTIONS, ROYALTIES, REVENUE PARTICIPATION, OR  
10 OTHER FINANCIAL RETURNS, WITHOUT CORRESPONDING GOVERNANCE OR  
11 CONTROL RIGHTS.

12           (3) AN OPERATING AGREEMENT MAY SPECIFY THE EXTENT AND  
13 NATURE OF ECONOMIC RIGHTS HELD BY NONARTIST INVESTORS, INCLUDING  
14 PRIORITY OF DISTRIBUTIONS, REVENUE PARTICIPATION ARRANGEMENTS,  
15 RECOUPMENT PROVISIONS, AND OTHER FINANCIAL TERMS.

16           **7-80-1215. Public benefit artist company - election.**

17           (1) AN ARTIST COMPANY MAY ELECT AT FORMATION OR AT THE  
18 TIME OF CONVERSION TO BE A PUBLIC BENEFIT ARTIST COMPANY BY:

19           (a) STATING IN THE HEADING OF ITS ARTICLES OF ORGANIZATION  
20 THAT IT IS A "PUBLIC BENEFIT ARTIST COMPANY";

21           (b) SETTING FORTH IN ITS ARTICLES OF ORGANIZATION AND IN ITS  
22 OPERATING AGREEMENT, IF ANY, ONE OR MORE SPECIFIC PUBLIC BENEFITS  
23 TO BE PROMOTED BY THE ARTIST COMPANY; AND

24           (c) STATING IN ITS OPERATING AGREEMENT, IF ANY, THAT IT IS A  
25 PUBLIC BENEFIT ARTIST COMPANY.

26           (2) AN ARTIST COMPANY THAT IS NOT FORMED AS A PUBLIC  
27 BENEFIT ARTIST COMPANY MAY BECOME A PUBLIC BENEFIT ARTIST

1 COMPANY BY:

2 (a) AMENDING ITS ARTICLES OF ORGANIZATION AND OPERATING  
3 AGREEMENT TO COMPLY WITH THE REQUIREMENTS OF SUBSECTION (1) OF  
4 THIS SECTION; AND

5 (b) OBTAINING APPROVAL OF THE ELECTION BY A MAJORITY OF ALL  
6 VOTING INTERESTS OF THE MEMBERS AS REQUIRED BY SECTION 7-80-1209  
7 (1)(b)(V) AND THE MAJORITY OF ALL VOTING INTERESTS OF  
8 ARTIST-MEMBERS AS REQUIRED BY SECTION 7-80-1209 (1)(c)(III).

9 (3) A PUBLIC BENEFIT ARTIST COMPANY MAY CEASE TO BE A  
10 PUBLIC BENEFIT ARTIST COMPANY BY:

11 (a) AMENDING ITS ARTICLES OF ORGANIZATION TO REMOVE THE  
12 DESIGNATION AS A PUBLIC BENEFIT ARTIST COMPANY AND THE SPECIFIC  
13 PUBLIC BENEFITS; AND

14 (b) OBTAINING APPROVAL OF THE AMENDMENT BY A MAJORITY OF  
15 ALL VOTING INTERESTS OF THE MEMBERS AS REQUIRED BY SECTION  
16 7-80-1209 (1)(b)(V) AND THE MAJORITY OF ALL VOTING INTERESTS OF  
17 ARTIST-MEMBERS AS REQUIRED BY SECTION 7-80-1209 (1)(c)(III).

18 (4) A PUBLIC BENEFIT ARTIST COMPANY THAT ELECTS TO CEASE  
19 BEING A PUBLIC BENEFIT ARTIST COMPANY REMAINS SUBJECT TO THIS PART  
20 12 AS AN ARTIST COMPANY.

21 (5) IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PUBLIC  
22 BENEFITS TO BE PROMOTED BY A PUBLIC BENEFIT ARTIST COMPANY AS SET  
23 FORTH IN ITS OPERATING AGREEMENT AND IN ITS ARTICLES OF  
24 ORGANIZATION, THE OPERATING AGREEMENT CONTROLS AMONG THE  
25 MEMBERS, THE MANAGERS, AND OTHER PERSONS THAT ARE PARTY TO OR  
26 OTHERWISE BOUND BY THE OPERATING AGREEMENT.

27 (6) A MANAGER OF A PUBLIC BENEFIT ARTIST COMPANY, OR, IF

1 THERE IS NO MANAGER, ANY MEMBER OF A PUBLIC BENEFIT ARTIST  
2 COMPANY, THAT BECOMES AWARE THAT THE SPECIFIC PUBLIC BENEFITS TO  
3 BE PROMOTED BY THE PUBLIC BENEFIT ARTIST COMPANY SET FORTH IN ITS  
4 OPERATING AGREEMENT ARE INACCURATELY SET FORTH IN ITS ARTICLES  
5 OF ORGANIZATION SHALL PROMPTLY AMEND THE ARTICLES OF  
6 ORGANIZATION IN ACCORDANCE WITH SECTION 7-80-1209 (1)(c)(II).

7 (7) THE ELECTION TO ADOPT A PUBLIC BENEFITS PROVISION MAY  
8 FACILITATE CERTIFICATION OF AN ARTIST COMPANY UNDER THIRD-PARTY  
9 STANDARDS APPLICABLE TO PUBLIC BENEFIT ARTIST COMPANIES.

10 **7-80-1216. Public benefit artist company - duties of members**  
11 **and managers.**

12 (1) THE MEMBERS OR MANAGERS OR OTHER PERSONS WITH  
13 AUTHORITY TO MANAGE OR DIRECT THE BUSINESS AND AFFAIRS OF A  
14 PUBLIC BENEFIT ARTIST COMPANY SHALL MANAGE OR DIRECT THE  
15 BUSINESS AND AFFAIRS OF THE PUBLIC BENEFIT ARTIST COMPANY IN A  
16 MANNER THAT BALANCES:

- 17 (a) THE PECUNIARY INTERESTS OF THE MEMBERS;
- 18 (b) THE BEST INTERESTS OF THOSE MATERIALLY AFFECTED BY ITS  
19 CONDUCT;
- 20 (c) THE SPECIFIC PUBLIC BENEFITS SET FORTH IN ITS ARTICLES OF  
21 ORGANIZATION AND OPERATING AGREEMENT, IF ANY; AND
- 22 (d) ITS ARTISTIC MISSION.

23 (2) UNLESS OTHERWISE PROVIDED IN AN OPERATING AGREEMENT,  
24 A MEMBER, A MANAGER, OR OTHER PERSON WITH AUTHORITY TO MANAGE  
25 OR DIRECT THE BUSINESS AND AFFAIRS OF A PUBLIC BENEFIT ARTIST  
26 COMPANY DOES NOT HAVE ANY LIABILITY FOR MONETARY DAMAGES FOR  
27 THE FAILURE TO MANAGE OR DIRECT THE BUSINESS AND AFFAIRS OF THE

1 PUBLIC BENEFIT ARTIST COMPANY AS PROVIDED IN SUBSECTION (1) OF THIS  
2 SECTION.

3 (3) A MEMBER OR MANAGER OF A PUBLIC BENEFIT ARTIST  
4 COMPANY OR ANOTHER PERSON WITH AUTHORITY TO MANAGE OR DIRECT  
5 THE BUSINESS AND AFFAIRS OF A PUBLIC BENEFIT ARTIST COMPANY SHALL  
6 NOT, BY VIRTUE OF THE PUBLIC BENEFITS PROVISIONS OF THIS PART 12 OR  
7 SUBSECTION (1) OF THIS SECTION, HAVE ANY DUTY TO A PERSON ON  
8 ACCOUNT OF ANY INTEREST OF THE PERSON IN THE PUBLIC BENEFITS SET  
9 FORTH IN ITS ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT,  
10 IF ANY, OR ON ACCOUNT OF ANY INTEREST MATERIALLY AFFECTED BY THE  
11 PUBLIC BENEFIT ARTIST COMPANY'S CONDUCT.

12 (4) WITH RESPECT TO A DECISION IMPLICATING THE BALANCE  
13 REQUIREMENT SET FORTH IN SUBSECTION (1) OF THIS SECTION, A MEMBER,  
14 A MANAGER, OR OTHER PERSON WITH AUTHORITY TO MANAGE OR DIRECT  
15 THE BUSINESS AND AFFAIRS OF A PUBLIC BENEFIT ARTIST COMPANY IS  
16 DEEMED TO SATISFY THE PERSON'S FIDUCIARY DUTIES TO MEMBERS AND  
17 THE PUBLIC BENEFIT ARTIST COMPANY IF THE PERSON'S DECISION IS BOTH  
18 INFORMED AND DISINTERESTED AND NOT A DECISION THAT A PERSON OF  
19 ORDINARY, SOUND JUDGMENT WOULD NOT APPROVE.

20 **7-80-1217. Public benefit artist company - annual statements.**

21 (1) A PUBLIC BENEFIT ARTIST COMPANY SHALL AT LEAST  
22 ANNUALLY PROVIDE ITS MEMBERS AND DONORS WITH A STATEMENT  
23 SPECIFYING:

24 (a) THE PUBLIC BENEFIT ARTIST COMPANY'S PROMOTION OF THE  
25 PUBLIC BENEFITS SET FORTH IN ITS ARTICLES OF ORGANIZATION AND  
26 OPERATING AGREEMENT, IF ANY;

27 (b) THE PUBLIC BENEFIT ARTIST COMPANY'S FULFILLMENT OF ITS

1 ARTISTIC MISSION; AND

2 (c) THE BEST INTERESTS OF THOSE MATERIALLY AFFECTED BY THE  
3 PUBLIC BENEFIT ARTIST COMPANY'S CONDUCT.

4 (2) THE STATEMENT REQUIRED BY SUBSECTION (1) OF THIS  
5 SECTION MUST INCLUDE:

6 (a) THE OBJECTIVES THAT HAVE BEEN ESTABLISHED TO PROMOTE  
7 THE PUBLIC BENEFIT ARTIST COMPANY'S PUBLIC BENEFITS, ARTISTIC  
8 MISSION, AND INTERESTS;

9 (b) THE STANDARDS THAT HAVE BEEN ADOPTED TO MEASURE THE  
10 PUBLIC BENEFIT ARTIST COMPANY'S PROGRESS IN PROMOTING THE PUBLIC  
11 BENEFIT ARTIST COMPANY'S PUBLIC BENEFITS, ARTISTIC MISSION, AND  
12 INTERESTS;

13 (c) OBJECTIVE FACTUAL INFORMATION BASED ON THE STANDARDS  
14 DESCRIBED IN SUBSECTION (2)(b) OF THIS SECTION REGARDING THE PUBLIC  
15 BENEFIT ARTIST COMPANY'S SUCCESS IN MEETING THE OBJECTIVES FOR  
16 PROMOTING THE PUBLIC BENEFITS, ARTISTIC MISSION, AND INTERESTS; AND

17 (d) AN ASSESSMENT OF THE PUBLIC BENEFIT ARTIST COMPANY'S  
18 SUCCESS IN MEETING THE OBJECTIVES AND PROMOTING THE PUBLIC  
19 BENEFITS, ARTISTIC MISSION, AND INTERESTS.

20 (3) THE STATEMENT REQUIRED BY THIS SECTION MAY BE INCLUDED  
21 IN OR PROVIDED CONCURRENTLY WITH ANY OTHER REPORT OR STATEMENT  
22 PROVIDED TO MEMBERS.

23 **7-80-1218. Member transition.**

24 (1) AN ARTIST COMPANY'S ARTICLES OF ORGANIZATION OR  
25 OPERATING AGREEMENT MAY PROVIDE FOR:

26 (a) PROCEDURES FOR ADMISSION OF NEW MEMBERS AND  
27 DEPARTURE, WITHDRAWAL, EXPULSION, OR DISSOCIATION OF EXISTING

1 MEMBERS, SO LONG AS ARTISTS RETAIN OWNERSHIP IN ACCORDANCE WITH  
2 THE REQUIREMENTS OF SECTION 7-80-1203 (1)(c);

3 (b) RIGHTS TO ARTISTIC WORK, ROYALTY SHARING RIGHTS, AND  
4 REVENUE PARTICIPATION RIGHTS UPON A MEMBER'S DEPARTURE,  
5 INCLUDING:

6 (I) WHETHER ARTISTIC WORK ASSIGNED OR EXCLUSIVELY  
7 LICENSED BY THE DEPARTING ARTIST-MEMBER REMAINS WITH THE ARTIST  
8 COMPANY OR REVERTS TO THE MEMBER, IN WHOLE OR IN PART;

9 (II) WHETHER ARTISTIC WORK CREATED DURING THE MEMBER'S  
10 MEMBERSHIP REMAINS WITH THE ARTIST COMPANY OR REVERTS TO THE  
11 ARTIST-MEMBER IN SPECIFIED DEPARTURE SCENARIOS, IN WHOLE OR IN  
12 PART;

13 (III) WHETHER AND ON WHAT TERMS THE DEPARTING  
14 ARTIST-MEMBER RETAINS RIGHTS TO RECEIVE ROYALTIES OR REVENUES  
15 FROM ARTISTIC WORK CREATED DURING THEIR MEMBERSHIP IN SPECIFIED  
16 DEPARTURE SCENARIOS; AND

17 (IV) WHETHER AND ON WHAT TERMS THE DEPARTING  
18 ARTIST-MEMBER RETAINS RIGHTS TO USE COLLECTIVE NAMES,  
19 TRADEMARKS, OR OTHER IDENTIFIERS ASSOCIATED WITH THE ARTIST  
20 COMPANY;

21 (c) CONTINUING ECONOMIC RIGHTS OF DEPARTED MEMBERS,  
22 INCLUDING DISTRIBUTION RIGHTS, ROYALTY SHARING, AND REVENUE  
23 PARTICIPATION;

24 (d) RIGHTS AND OBLIGATIONS OF REMAINING MEMBERS,  
25 INCLUDING RIGHTS TO CONTINUE EXPLOITING ARTISTIC WORK JOINTLY  
26 CREATED WITH DEPARTED ARTIST-MEMBERS;

27 (e) VALUATION AND BUYOUT PROVISIONS FOR A DEPARTING

1 MEMBER'S INTEREST; AND

2 (f) DISPUTE RESOLUTION PROCEDURES.

3 (2) IN THE ABSENCE OF PROVISIONS ADDRESSING MEMBER  
4 DEPARTURE IN THE ARTICLES OF ORGANIZATION OR OPERATING  
5 AGREEMENT OF AN ARTIST COMPANY:

6 (a) A DEPARTING MEMBER'S OWNERSHIP INTEREST IS SUBJECT TO  
7 THE DEFAULT PROVISIONS OF THIS ARTICLE 80;

8 (b) ARTISTIC WORK ASSIGNED OR EXCLUSIVELY LICENSED BY THE  
9 MEMBER, IF AN ARTIST-MEMBER, TO THE ARTIST COMPANY REMAINS THE  
10 PROPERTY OF THE ARTIST COMPANY, SUBJECT TO ANY REVERSIONARY  
11 RIGHTS PROVIDED IN SECTION 7-80-1222 (2)(a)(I);

12 (c) ARTISTIC WORK CREATED BY THE MEMBER, IF AN  
13 ARTIST-MEMBER, DURING THEIR MEMBERSHIP SHALL BE TREATED IN  
14 ACCORDANCE WITH ANY ASSIGNMENT OR EXCLUSIVE LICENSING TERMS  
15 INCLUDED IN THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
16 PURSUANT TO SECTION 7-80-1213 (1) OR, IN THE ABSENCE OF SUCH TERMS,  
17 IS GOVERNED BY FEDERAL INTELLECTUAL PROPERTY LAW; AND

18 (d) THE DEPARTING MEMBER HAS NO CONTINUING RIGHTS TO  
19 DISTRIBUTIONS, ROYALTIES, OR REVENUES EXCEPT AS MAY BE REQUIRED  
20 BY SECTION 7-80-1213 (4) OR 7-80-1222 (2)(a)(I).

21 (3) THE ADMISSION OF A NEW MEMBER MUST INCLUDE THE  
22 CONSENT SPECIFIED IN THE ARTICLES OF ORGANIZATION OR OPERATING  
23 AGREEMENT OF AN ARTIST COMPANY OR, IN THE ABSENCE OF SUCH  
24 SPECIFICATION, THE CONSENT REQUIRED BY SECTION 7-80-701.

25 **7-80-1219. Tax treatment.**

26 THE ARTICLES OF ORGANIZATION FOR AN ARTIST COMPANY MAY  
27 INCLUDE AN ELECTION TO BE TAXED AS A CORPORATION OR TO CONFIRM

1 PASS-THROUGH TAX TREATMENT FOR FEDERAL INCOME TAX PURPOSES,  
2 SUBJECT TO APPLICABLE FEDERAL TAX LAW.

3 **7-80-1220. Reporting requirements.**

4 AN ARTIST COMPANY SHALL FILE THE PERIODIC REPORT REQUIRED  
5 OF LIMITED LIABILITY COMPANIES UNDER SECTION 7-90-501.

6 **7-80-1221. Limitation on liability - no private right of action.**

7 (1) A PERSON SHALL NOT HAVE A PRIVATE RIGHT OF ACTION  
8 AGAINST AN ARTIST COMPANY, ITS GOVERNING BODY, ITS MANAGER, OR  
9 ITS MEMBERS BASED ON:

10 (a) THE ARTIST COMPANY'S FAILURE TO PURSUE OR CREATE A  
11 PUBLIC BENEFIT;

12 (b) THE ARTIST COMPANY'S FAILURE TO FULFILL ITS ARTISTIC  
13 MISSION; OR

14 (c) ANY ALLEGED BREACH OF DUTIES DESCRIBED IN SECTION  
15 7-80-1216.

16 (2) THE LIMITATION ON PRIVATE RIGHTS OF ACTION SET FORTH IN  
17 THIS SECTION DOES NOT LIMIT ANY OTHER RIGHTS OR REMEDIES  
18 AVAILABLE UNDER LAW.

19 **7-80-1222. Dissolution and winding up - artistic work**  
20 **reversionary rights - distribution of assets.**

21 (1) DISSOLUTION OF AN ARTIST COMPANY IS GOVERNED BY PART  
22 8 OF THIS ARTICLE 80, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION.

23 (2)(a)(I) UPON DISSOLUTION OF AN ARTIST COMPANY, ALL RIGHTS  
24 TO ARTISTIC WORK ASSIGNED OR EXCLUSIVELY LICENSED BY  
25 ARTIST-MEMBERS TO THE ARTIST COMPANY OR CREATED BY  
26 ARTIST-MEMBERS OF THE ARTIST COMPANY DURING THE ARTIST-MEMBER'S  
27 MEMBERSHIP REVERT TO THE ARTIST-MEMBERS THAT ASSIGNED,

1 EXCLUSIVELY LICENSED, OR CREATED SUCH ARTISTIC WORK AND ANY  
2 APPLICABLE ASSIGNMENT OR EXCLUSIVE LICENSE AUTOMATICALLY  
3 TERMINATES. FOR JOINTLY CREATED WORKS, ASSIGNED OR EXCLUSIVELY  
4 LICENSED RIGHTS REVERT TO THE APPLICABLE ARTISTS:

5 (A) AS SPECIFIED IN THE ARTICLES OF ORGANIZATION OR  
6 OPERATING AGREEMENT OF THE ARTIST COMPANY;

7 (B) IF NOT SPECIFIED IN THE ARTICLES OF ORGANIZATION OR  
8 OPERATING AGREEMENT OF THE ARTIST COMPANY, AS MUTUALLY AGREED  
9 UPON BY THE APPLICABLE ARTISTS; OR

10 (C) IF MUTUAL AGREEMENT CANNOT BE REACHED BY THE  
11 APPLICABLE ARTISTS, AS JOINTLY OWNED ARTISTIC WORK IN ACCORDANCE  
12 FEDERAL INTELLECTUAL PROPERTY LAW.

13 (II) INTELLECTUAL PROPERTY THAT DOES NOT CONSTITUTE  
14 ARTISTIC WORK IS NOT SUBJECT TO THE REVERSIONARY RIGHTS DESCRIBED  
15 IN THIS SECTION AND SHALL BE DISTRIBUTED PURSUANT TO SUBSECTION  
16 (3) OF THIS SECTION.

17 (III) THE REVERSIONARY RIGHTS DESCRIBED IN SUBSECTION  
18 (2)(a)(I) OF THIS SECTION CONSTITUTE RETAINED INTERESTS THAT WERE  
19 NEVER FULLY TRANSFERRED TO THE ARTIST COMPANY AND THEREFORE  
20 ARE NOT ASSETS OF THE ARTIST COMPANY AVAILABLE TO CREDITORS OR  
21 NONARTIST INVESTORS.

22 (b) THE REVERSIONARY RIGHTS DESCRIBED IN SUBSECTION  
23 (2)(a)(I) OF THIS SECTION ARE SUBJECT TO:

24 (I) PERFECTED SECURITY INTERESTS OR LIENS GRANTED BY THE  
25 ARTIST COMPANY WITH THE EXPRESS WRITTEN CONSENT OF THE ARTIST OR  
26 ARTISTS HOLDING THE REVERSIONARY RIGHT;

27 (II) EXISTING LICENSES TO THIRD PARTIES ENTERED INTO IN THE

1 ORDINARY COURSE OF BUSINESS; AND

2 (III) CONTINUING ROYALTY SHARING OR REVENUE PARTICIPATION  
3 OBLIGATIONS SPECIFIED IN THE ARTICLES OF ORGANIZATION OR OPERATING  
4 AGREEMENT OF THE ARTIST COMPANY.

5 (c) THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
6 OF AN ARTIST COMPANY MAY SPECIFY THE TERMS OF A REVERSION,  
7 INCLUDING:

8 (I) PRIORITY AMONG ARTISTS IN CLAIMING REVERSIONARY RIGHTS;

9 (II) ALLOCATION OF REVERSIONARY RIGHTS IN JOINT WORKS;

10 (III) CONTINUING OBLIGATIONS TO SHARE ROYALTIES OR  
11 REVENUES FROM REVERTED ARTISTIC WORK; AND

12 (IV) RIGHTS TO USE COLLECTIVE NAMES, TRADEMARKS, OR OTHER  
13 IDENTIFIERS.

14 (3) UPON DISSOLUTION, AFTER GIVING EFFECT TO ANY ARTISTIC  
15 WORK REVERSIONARY RIGHTS DESCRIBED IN SUBSECTION (2)(a)(I) OF THIS  
16 SECTION, AND AFTER PAYMENT OR PROVISION FOR LIABILITIES:

17 (a) ASSETS SHALL BE DISTRIBUTED IN ACCORDANCE WITH PRIORITY  
18 AND DISTRIBUTION PROVISIONS IN THE ARTICLES OF ORGANIZATION OR  
19 OPERATING AGREEMENT OF THE ARTIST COMPANY, INCLUDING  
20 PREFERENCES FOR HOLDERS OF REVENUE PARTICIPATION RIGHTS, ROYALTY  
21 SHARING RIGHTS, OR OTHER ECONOMIC INTERESTS; OR

22 (b) IF NOT SPECIFIED, ASSETS SHALL BE DISTRIBUTED PRO RATA TO  
23 MEMBERS BASED ON OWNERSHIP PERCENTAGES.

24 (4) THE ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT  
25 OF AN ARTIST COMPANY MAY SPECIFY:

26 (a) PRIORITY OF DISTRIBUTIONS AMONG DIFFERENT CLASSES OF  
27 ECONOMIC INTERESTS;

- 1 (b) TREATMENT OF UNVESTED OR CONTINGENT ECONOMIC RIGHTS;
- 2 (c) ALLOCATION OF REMAINING INTELLECTUAL PROPERTY VALUE;
- 3 OR
- 4 (d) OTHER DISSOLUTION AND DISTRIBUTION TERMS.

5 **7-80-1223. Effect on other limited liability companies.**

6 THIS PART 12 DOES NOT AFFECT A STATUTE OR RULE OF LAW THAT  
7 IS APPLICABLE TO A LIMITED LIABILITY COMPANY THAT IS NOT AN ARTIST  
8 COMPANY.

9 **7-80-1224. Jurisdiction - foreign artists.**

10 (1) A PERSON FROM A JURISDICTION OTHER THAN COLORADO MAY  
11 FORM OR CONVERT A LIMITED LIABILITY COMPANY TO AN ARTIST  
12 COMPANY UNDER THIS PART 12, SUBJECT TO COMPLIANCE WITH THIS PART  
13 12.

14 (2) THE FORMATION OF AN ARTIST COMPANY UNDER THIS PART 12  
15 IS GOVERNED BY THE LAWS OF THE STATE, AND AN ARTIST COMPANY  
16 FORMED UNDER THIS PART 12 IS A DOMESTIC LIMITED LIABILITY COMPANY  
17 FOR ALL PURPOSES UNDER THIS ARTICLE 80, REGARDLESS OF THE  
18 RESIDENCE OR DOMICILE OF ITS ARTIST-MEMBERS.

19 (3) NOTHING IN THIS SECTION AFFECTS THE REQUIREMENTS FOR  
20 FOREIGN LIMITED LIABILITY COMPANIES UNDER PART 9 OF THIS ARTICLE  
21 80.

22 **SECTION 2. Appropriation.** (1) For the 2026-27 state fiscal  
23 year, \$93,878 is appropriated to the department of state. This  
24 appropriation is from the department of state cash fund created in section  
25 24-21-104 (3)(b), C.R.S. To implement this act, the department may use  
26 this appropriation as follows:

27 (a) \$5,478 for use by the business and licensing division for

1 personal services, which amount is based on an assumption that the  
2 division will require an additional 0.1 FTE;

3 (b) \$88,400 for use by the information technology division for  
4 personal services.

5 **SECTION 3. Act subject to petition - effective date.** This act  
6 takes effect at 12:01 a.m. on the day following the expiration of the  
7 ninety-day period after final adjournment of the general assembly (August  
8 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a  
9 referendum petition is filed pursuant to section 1 (3) of article V of the  
10 state constitution against this act or an item, section, or part of this act  
11 within such period, then the act, item, section, or part will not take effect  
12 unless approved by the people at the general election to be held in  
13 November 2026 and, in such case, will take effect on the date of the  
14 official declaration of the vote thereon by the governor.