

# The Choice is Yours



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## Why Wyoming?

You may have a product, a service or an idea to develop and market. You know how to make the item or perform the service. The question is should the business be incorporated, remain a proprietorship, become a limited liability company or a different entity? Entities are legal associations or statutory creations that limit liability, affect taxation or facilitate raising capital. Wyoming offers a number of entity structures to suit your business endeavors.

Wyoming is known for its business friendly climate and continues to be ranked as one of the most tax favorable states in the nation. Fun fact: not only is Wyoming the founder of the Limited Liability Company Act, it is also the first state to pass legislation recognizing the formation of a Decentralized Autonomous Organization. After reviewing this document you will have a basic understanding of the different entity types recognized in Wyoming.

Thank you for considering Wyoming as a place to do your business!

*Due to the generalized content provided in this document, the Wyoming Secretary of State recommends referring any of your legal, tax, or financial questions to the experts in those fields. The Secretary of State is unable to give legal, tax, or financial advice. The information contained in this document is for educational purposes only and should not be relied on as a substitute for legal advice.*

*Please note, the titles in blue are hyperlinks to formation documents provided on the Secretary of State's website.*

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## Wyoming Business Corporation Act (W.S. 17-16-101 through 17-16-1810)

A profit corporation is most commonly formed for raising capital and limiting individual liability of its owners. Corporations may raise funds through the sale of stock and have a completely independent life separate from its shareholders. If a shareholder leaves the company or sells their shares, the corporation can continue doing business relatively undisturbed. Corporations operate with a board of directors and officers elected by the board. The management and regulation of affairs are prescribed in its bylaws.

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## Wyoming Statutory Close Corporation Supplement (W.S. 17-17-101 through 17-17-151)

The Statutory Close Corporation Supplement may be elected by a Wyoming corporation with a limited number of shareholders. A corporation having thirty-five (35) or fewer shareholders may become a statutory close corporation. This business structure may appeal to family owned businesses or small business partnerships. Statutory close corporations are allowed to operate with fewer regulations and in a more informal manner that resembles a partnership. This supplement allows small corporations to forego some traditional corporate formalities like electing a board of directors or holding annual meetings.

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## Wyoming Nonprofit Corporation Act (W.S. 17-19-101 through 17-19-1807)

A nonprofit corporation is an entity formed for religious, public benefit, or mutual benefit of its members and is not intended for profit. Nonprofit corporations can apply for federal tax-exempt status through the Internal Revenue Service 501(c)(3) tax code. Nonprofits operate with a board of directors and may or may not have members or classes of members. Bylaws are used to govern the affairs of the nonprofit corporation.

The three types of nonprofit corporations are outlined below:

**Religious** nonprofit organizations are formed with their purpose or mission based on faith or religious values. Examples include but are not limited to churches or other places of worship;

**Public Benefit** organizations benefit or contribute to a larger general population or group of individuals. Examples include but are not limited to charities, the arts, or education; and

**Mutual Benefit** organizations are formed to provide services to a limited number of members. Examples include but are not limited to homeowners' associations, social clubs, or professional associations.

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### **Uniform Unincorporated Nonprofit Association Act**

(W.S. 17-22-101 through 17-22-115)

An unincorporated nonprofit association is formed for a common, nonprofit purpose by two (2) or more consenting members. An unincorporated nonprofit may acquire, hold, and transfer real and personal property and may be an inheritor or beneficiary of a trust or contract. The association is separate from its members in the determination and enforcement of rights, duties, and liabilities in contracts and wrongful acts.

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### **Corporation Sole**

(W.S. 17-8-101 through 17-8-117)

A corporation sole is a legal entity consisting of a single natural person and a sole office. This entity may be incorporated for the purposes of churches, parishes, societies of religious bodies, and benevolent institutions for holding real and personal property.

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### **Wyoming Limited Liability Company Act**

(W.S. 17-29-101 through 17-29-1105)

In 1977 a piece of special legislation was passed creating a unique entity called the Wyoming Limited Liability Company. A limited liability company is a hybrid entity that blends the tax treatment benefits of a partnership with the protection from personal liability benefits of a profit corporation. They are either member-managed or manager-managed to which requirements of such rights and duties are provided for in an operating agreement. The operating agreement governs most aspects of the management of the LLC along with its activities and conduct.

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### **Low Profit Limited Liability Company (L3C)**

A form of an LLC, known as an "L3C" is a low profit limited liability company whose purpose must comply with requirements set forth by the Internal Revenue Service. These entities typically prioritize charitable and educational purposes over generating a profit.

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### **Series Limited Liability Company**

A form of an LLC known as a “series LLC” may be formed to designate one (1) or more series of members, managers, transferable interests or assets. Each series may have its own purpose, hold its own assets, and have separate rights, powers or duties. The operating agreement governs most aspects of the management of the LLC along with its activities and conduct.

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### **Close Limited Liability Company Supplement**

(W.S. 17-25-101 through 17-25-111)

The Close Limited Liability Company Supplement may be elected for use by a limited liability company. Use of the supplement restricts the transferability of interests, resignation from the company, return of capital contributions and dissolution.

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### **Wyoming Decentralized Autonomous Organization Supplement**

(W.S. 17-31-101 through 17-31-116)

Wyoming is the first state to pass legislation to recognize a Decentralized Autonomous Organization, often called a DAO. A DAO is a form of an LLC that uses a blockchain and has the ability to conduct management activities algorithmically using smart contracts. A DAO's articles of organization and smart contracts govern the activities of the DAO and its rights and duties while an operating agreement may be used to supplement to the extent the articles or smart contract do not otherwise provide for a matter. While a DAO can to some extent conduct its management activities algorithmically, it also has members.

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### **General Partnership**

Uniform Partnership Act (W.S. 17-21-101 through 17-21-1003)

A general partnership is created when two (2) or more persons or entities agree to form a business venture through a statement of partnership. Partnerships may be formed by a contractual understanding between the parties and may be written in the form of “partnership agreements” or may be oral agreements. The partnership agreement is one and the same as the partners, meaning it is not a true entity separate from its owners.

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### **Limited Partnership**

Uniform Partnership Act (W.S. 17-14-201 through 17-14-1104)

A limited partnership consists of at least one general partner and at least one limited partner. A general partner(s) is responsible for running the business's day-to-day operations and is fully liable for the obligations and debts of the limited partnership. A limited partner(s) has minimal involvement in the business operation and is not liable for the obligations and debts of the limited partnership unless the limited partner(s) is also the general partner(s). The partnership agreement governs the rights and duties of the limited partnership.

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### **Registered Limited Liability Partnership**

Uniform Partnership Act (W.S. 17-21-1101 through 17-21-1107)

A registered limited liability partnership (RLLP) is composed of general partners who normally would be fully liable for the business. Unlike a general partnership, an RLLP provides each of its individual partners protection against personal liability that may occur in situations where the general partner would otherwise be held responsible. The partnership agreement governs the rights and duties of the RLLP.

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### **Wyoming Statutory Foundation Act**

(W.S. 17-30-101 through 17-30-1102)

The State of Wyoming is the second state to adopt common law foundation legislation. This legislation combines elements of well established trust and corporate law as well as classic elements of foundation legislation found in civil law jurisdictions. A statutory foundation exists as a separate entity, similar to a corporation without shareholders, but unlike a trust. It may be created for any lawful purpose, for profit, charitable purposes, holding or investing in other entities or assets, including those entities or assets that are the property of the statutory foundation, and is distinct from its founders, contributors, beneficiaries, and any other persons. A statutory foundation operates with a board of directors and an operating agreement is used to manage the business and regulate its affairs.

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## **Wyoming Statutory Trust Act**

(W.S. 17-23-101 through 17-23-302)

A statutory trust is an unincorporated association created by a trust instrument whose purpose is to hold and manage property or to carry on business or professional activities for profit. These trusts are managed by a trustee for the benefit of one or more beneficial owners.

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### **Sole Proprietorship**

A sole proprietorship is an unincorporated business owned and operated by one person. A sole proprietor carries all financial responsibility for the business, including its gains, debts, and losses. The life span is limited to that of the owner or its restructuring, sale, closing, or transfer of the business. Some examples of a sole proprietorship include cleaning services, freelance writer, landscaping or snow removal services, or tutoring services.

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### **Trade Names**

Trade and Commerce (W.S. 40-2-101 through 40-2-111)

A trade name is Wyoming's equivalent to a "DBA" (doing business as). A person or business can apply for a trade name. It allows a business to run under a different name other than its lawful name and it allows a sole proprietor to register the name they use to conduct business.

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### **Trademarks and Service Marks**

Trade and Commerce (W.S. 40-1-101 through 40-1-116)

A trademark or service mark is an image or wording that becomes identifiable as an indicator of a source of goods or service, and that source is distinguishable from those of others. Trademark rights themselves are based on use.

The Bucking Horse and Rider (BH&R) is a Federally registered trademark by the Secretary of State for the State of Wyoming. Anyone who manufactures commercial products which bear the Bucking Horse and Rider trademark, or uses the Bucking Horse and Rider trademark in business signage, logos and/or advertising



is required to obtain a license. Please visit the [University of Wyoming's Trademark Licensing Office](#) website for information.

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### **Cooperative Marketing Association Act**

(W.S. 17-10-101 through 17-10-126)

A cooperative marketing association is an organization whose purpose is to engage in any activity in connection with the marketing or selling of agricultural products of its members. It facilitates agricultural products through cooperation to eliminate speculation, waste, and distribution of products directly and efficiently between producer and consumer. It is also used to stabilize marketing problems of agricultural products. A cooperative marketing association is formed by not less than five (5) persons that are qualified as electors of Wyoming and are engaged in the production of agricultural products with or without capital stock. The stock, property and concerns of the association are managed by a board of directors made up of members, stockholders, or subscribers for stock. The association has the power to create bylaws for the management of its property, regulation of its business and the transfer of its stock or membership.

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### **Wyoming Processing Cooperative Law**

(W.S. 17-10-201 through 17-10-253)

A processing cooperative is an organization whose purpose is to market, process, or change the form or marketability of crops, livestock and other agricultural products, including manufacturing and further processing of those products and other purposes that are necessary or convenient to facilitate the production of agricultural products by patron members and other purposes that relate to business of the cooperative. A processing cooperative has bylaws used to govern its business affairs, qualifications, classification, rights and obligations of members and membership interest information. It relies on governance by its board of directors.

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### **Wyoming Industrial Corporation Act**

(W.S. 17-11-101 through 17-11-120)

An industrial corporation is an entity that engages in the production of capital goods whose purpose is to promote, stimulate, develop and advance the business prosperity and economic welfare of Wyoming. An industrial corporation is formed by not less than fifteen (15) persons, the majority of whom shall be residents of Wyoming. An industrial corporation operates with a combination of members consisting of at least ten (10) national banks, state banks, savings banks, industrial savings banks, federal savings and loan associations, domestic building and loan associations, or insurance companies each authorized to do business within the State of



Wyoming. The business affairs of the corporation are managed and conducted by a board of directors with certain powers given to shareholders and members.

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### **Wyoming Cooperative Utilities Act** (W.S. 17-20-101 through W.S. 17-20-1801)

A cooperative utility is a corporation organized for a purpose other than the conduct of business for profit and includes, but is not limited to, corporations organized to own, operate and maintain electric, telephone and television distribution systems primarily to its members. A cooperative utility has members and a board of directors whose qualifications are prescribed by its bylaws.

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### **Annual Report License Tax**

To remain in good standing each business entity, domestic and foreign, is required to file an annual report and pay a fee based on its assets located and employed in Wyoming or is assessed a flat filing fee. The annual report due date for all registered business entities (with the exception of Statutory Trusts) is based on the anniversary month of formation. For example, if your business registers or qualifies on January 15th, your annual report due date will be January 1st of each year. An annual report may be filed up to one hundred and twenty (120) days before its due date.

Statutory Trusts are required to file an annual report due on or before January 2nd of each year regardless of its formation or qualification date.

For specific fee information, you may visit the Fee Schedule link below.

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### **Additional Contact Information**

[Department of Revenue](#) (Sales and Use Tax Information)

[Department of Workforce Services](#) (Workers' Compensations or Unemployment Insurance)

[Internal Revenue Service](#) (EIN or Tax ID)

[Legislative Service Office](#) (Wyoming Statutes)

[Fee Schedule](#)