

SB 177 – AS AMENDED BY THE SENATE

01/18/12 0011s

2011 SESSION

11-1044
03/09

SENATE BILL **177**

AN ACT relative to training of directors and officers of nonprofit corporations.

SPONSORS: Sen. Odell, Dist 8; Sen. Carson, Dist 14; Rep. Day, Hills 7

COMMITTEE: Executive Departments and Administration

AMENDED ANALYSIS

This bill requires that every publicly supported voluntary corporation ensure that the chairperson or presiding officer of its board of directors, or his or her designee, receives biennial management training.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

AN ACT relative to training of directors and officers of nonprofit corporations.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Purpose. The purpose of this act is to safeguard public funds that are received and expended
2 by nonprofit corporations and to deter waste, fraud, and abuse of such funds. This act also is
3 intended to safeguard private funds prepaid to nonprofit corporations for the provision of child care
4 and educational services. Nonprofit corporations have a significant role in the provision of care and
5 supportive services to the citizens of New Hampshire and in the process usually receive and expend
6 federal, state, and local public moneys. It is the opinion of the general court that the members of the
7 boards of directors and the key administrative staff of such corporations need to be aware of their
8 fiduciary obligations and authority and to be held accountable for the proper discharge thereof, with
9 a particular focus on the appropriate use of public funds. This act also is intended to provide a
10 remedy for instances of misuse or misappropriation of public funds within nonprofit corporations.

11 2 New Section; Voluntary Corporations; Training Requirements. Amend RSA 292 by inserting
12 after section 6-b the following new section:

13 292:6-c Training Requirements; Reporting; Compliance.

14 I. Every publicly supported voluntary corporation shall ensure that the chairperson or
15 presiding officer of its board of directors, or his or her designee, shall receive training on a biennial
16 basis with respect to the fundamental management and administrative requirements for nonprofit
17 and charitable organizations. Under this section training shall be conducted by a person or entity
18 independent from and not connected to the corporation whose representatives are being trained.
19 Training shall be of at least 4 hours duration and shall include, but not be limited to, instruction on
20 fiduciary responsibilities, financial controls, relative responsibility and authority of boards of
21 directors and corporation employees, ethics, and federal and state laws and regulations governing
22 nonprofit corporations. Any person assuming a position covered by this section shall complete the
23 required training within 4 months of assuming such position. A nonprofit corporation's board of
24 directors may defer, for no more than one year, training for any person who received the required
25 training during the prior year.

26 II. This section shall apply to every publicly supported voluntary corporation. For purposes
27 of this section, publicly supported means that within the prior year the corporation received at least
28 \$250,000 in funds in the aggregate from all units of government, federal, state, and local. Receipt of
29 funds shall include payments made under the provisions of contracts, grants, and provider
30 agreements or similar means.

1 III. Every voluntary corporation covered by this section shall report annually to the
2 New Hampshire department of justice, division of charitable trusts on its compliance with the
3 requirements of this section. The report shall include information on the person required to be
4 trained, the person or entity providing the training, and the date, duration, and subject matter of the
5 training provided and shall be in such form as determined by the division of charitable trusts.

6 IV. The director of the division of charitable trusts may impose a penalty on any publicly
7 supported voluntary corporation for each failure to comply with a provision of this section. The
8 division of charitable trusts shall adopt administrative rules pursuant to RSA 541-A regarding the
9 policy and procedures for penalties under this section.

10 3 Effective Date. This act shall take effect 60 days after its passage.