

SB 186 – AS AMENDED BY THE SENATE

01/30/14 0301s

2013 SESSION

13-0875
03/05

SENATE BILL **186**

AN ACT relative to training of certain board officers of nonprofit corporations.

SPONSORS: Sen. Carson, Dist 14; Sen. Odell, Dist 8; Rep. C. McGuire, Merr 29; Rep. Griffin, Rock 7

COMMITTEE: Public and Municipal Affairs

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Thirteen

AN ACT relative to training of certain board 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 publicly supported funds in the amount of
2 \$250,000 or more in the aggregate from all units of government, federal, state, and local, that are
3 received under provisions of contracts, grants, and provider agreements or similar means by
4 nonprofit corporations and to deter waste, fraud, and abuse of such funds.

5 2 New Section; Voluntary Corporations; Training Requirements. Amend RSA 292 by inserting
6 after section 6-b the following new section:

7 292:6-c Training Requirements; Reporting; Compliance.

8 I. Every voluntary corporation that receives \$250,000 or more in the aggregate of publicly
9 supported funds under provisions of contracts, grants, and provider agreements or similar means
10 shall ensure that the chairperson or presiding officer of its board of directors, or a board member as
11 his or her designee, shall receive training on a biennial basis with respect to the fundamental
12 management and administrative requirements for nonprofit and charitable organizations. Under
13 this section training shall be conducted by a person or entity independent from and not connected to
14 the corporation whose representatives are being trained. Training shall be of at least 4 hours
15 duration and shall include, but not be limited to, instruction on fiduciary responsibilities, financial
16 controls, relative responsibility and authority of boards of directors and corporation employees,
17 ethics, and federal and state laws and regulations governing nonprofit corporations. Any person
18 assuming a position covered by this section shall complete the required training within 4 months of
19 assuming such position. A voluntary corporation's board of directors may defer, for no more than one
20 year, training for any person who received the required training during the prior year.

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

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

30 3 Effective Date. This act shall take effect 60 days after its passage.

SB 186 FISCAL NOTE

AN ACT relative to training of certain board officers of nonprofit corporations.

FISCAL IMPACT:

The Department of Justice states this bill, as amended by the Senate (Amendment #2014-0301s), may increase state expenditures by an indeterminable amount in FY 2015 and each year thereafter. There will be no impact on county and local expenditures, or state, county, and local revenue.

METHODOLOGY:

The Department of Justice states this bill mandates biennial training for the chairperson or designated board member of a specific group of nonprofit corporations defined as “[e]very voluntary corporation that receives \$250,000 or more in the aggregate of publicly supported funds under provisions of contracts, grants, and provider agreements or similar means...” In addition, the bill requires each organization subject to the training to report annually to the Department’s Charitable Trust Unit on its compliance with the requirement, and authorizes the Unit’s director to impose penalties on any publicly supported voluntary corporation that fails to comply with the mandatory training provision. The Department states that the monitoring requirement will likely require the creation of a new database. While the Department does not provide specific information on the cost of the proposed database, it expects development costs to exceed \$5,000. In addition, the Department expects the monitoring and compliance functions mandated by the bill will necessitate hiring a new part-time employee. The Department states it does not have sufficient information on the workload associated with the bill, and so is unable to estimate the personnel costs associated with a part-time position.

This bill does not authorize additional positions or create an appropriation.