HOUSE . . . . . No. 3516

By Ms. Walz of Boston, a petition (subject to Joint Rule 12) of Marty Walz and others for legislation to regulate the compensation payable to board members of public charities. The Judiciary.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act regulating compensation of board members for public charities..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 12 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by inserting after section 8F, the following new section:-

Section 8F 1/2. (a) For the purposes of this section, the following words shall have the following meanings:

"Compensation", anything given or received as an equivalent for services, but shall not include reimbursement for costs and expenses reasonably incurred by the independent officer, director or trustee in the course and support of such service.

"Independent officer, director or trustee", an officer, director or trustee of a public charity who is not also serving as an employee, or the equivalent of an employee, of such public charity.

"Massachusetts based public charity", a public charity incorporated or otherwise organized in Massachusetts or, if incorporated or organized outside of Massachusetts, that primarily conducts its business in Massachusetts.

(b) No Massachusetts based public charity required to be registered under section 8E and to file annual reports under section 8F, shall provide compensation to any independent officer, director or trustee for service as such independent officer, director or trustee except with the approval of the Director in accordance with the provisions of this section.

Any such public charity intending to provide compensation to any independent officer, director or trustee shall file an application with the Division, on such forms and with such

20 supporting information and documentation as the Director shall from time to time prescribe,
21 requesting the approval of the Director to provide compensation.

22 The Director may adopt and promulgate guidelines, rules or regulations to carry out the
23 provisions of this section including, but not limited to, the criteria for granting approval and the
24 time period during which such approval shall be effective. Such criteria shall recognize that
25 service as an independent officer, director or trustee of a public charity is recognized as a
26 voluntary contribution of time and expertise to benefit the community served by the public
27 charity and that any departure from the voluntary nature of such service requires a clear and
28 convincing showing that compensation is necessary to enable the public charity to attract and
29 retain experienced and competent individuals to serve as independent officers, directors or
30 trustees.

31 If the Director approves an application for compensation, amounts paid as said
32 compensation shall be limited to the amount the Massachusetts based public charity reasonably
33 determines are necessary to accomplish the purposes for which compensation is paid. The
34 Director may rescind the approval for compensation if he finds that any compensation paid under
35 this section is in excess of that reasonably necessary to accomplish the purposes for which
36 compensation is approved and paid.

37 SECTION 2. Section 1 shall take effect six months after the effective date of this act.