

**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:*

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

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

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

8 “Independent officer, director or trustee”, an officer, director or trustee of a public  
9 charity who is not also serving as an employee, or the equivalent of an employee, of such public  
10 charity.

11 “Massachusetts based public charity”, a public charity incorporated or otherwise  
12 organized in Massachusetts or, if incorporated or organized outside of Massachusetts, that  
13 primarily conducts its business in Massachusetts.

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

18 Any such public charity intending to provide compensation to any independent officer,  
19 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.