

SENATE No. 986

The Commonwealth of Massachusetts

PRESENTED BY:

Mark C. Montigny

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to public charity executive and board of directors compensation.

PETITION OF:

NAME:

Mark C. Montigny

DISTRICT/ADDRESS:

Second Bristol and Plymouth

SENATE No. 986

By Mr. Montigny, a petition (accompanied by bill, Senate, No. 986) of Mark C. Montigny for legislation relative to public charity executive and board directors compensation. The Judiciary.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 911 OF 2017-2018.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

An Act relative to public charity executive and board of directors compensation.

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 180 of the General Laws, as appearing in the 2016 Official
2 Edition, is hereby amended by inserting after section 29 the following sections:-

3 Section 30.

4 Any public charity with annual gross revenues in excess of \$1,000,000.00 are subject to
5 the following provisions:

6 (a) no officer, director acting in an executive capacity, or senior manager shall receive
7 annual compensation in excess of \$500,000.00;

(b) compensation, as defined by this Section, includes salary, bonus payments, incentive payments, deferred compensation, severance payments, below market rate loans, and the lease or rental of any vehicle.

Section 31. Board of director or trustees; prohibition against compensation

No public charity shall provide compensation as defined in subsection b of Section 30 of this chapter to any member of the board of directors or trustees appointed by a public charity: provided, however, that a member of the board of directors or trustees may receive reimbursement for expenses directly related to the members duties and responsibilities as a member of the board.

Section 32. Waiver Hearing

Any public charity as defined in Section 30 of this chapter seeking to:

(a) compensate an officer, director, trustee, or senior manager in excess of the executive compensation cap as defined in Section 30 of this chapter;

(b) compensate a member of the board of directors or trustees of the public charity; shall be entitled to a public hearing before the a commission comprised of the secretary of the commonwealth, inspector general and attorney general ("Commission").

Any public charity seeking said waiver shall comply with the following requirements;

(a) request a hearing in writing to the Commission indicating good cause for any deviation from the limits set forth in Section 30 or Section 31;

(b) such hearing shall be conducted before the Commission within six months of receipt of a written request by a public charity;

(c) the board of the public charity shall be responsible for the compensation of an independent auditor.

The Auditor of the Commonwealth shall certify the independent auditor's professional competence; certify that the independent auditor has no material financial interest in any entity doing significant business with the public charity; and that the independent auditor has not engaged in any related party transactions within the three years preceding appointment. The Auditor of the Commonwealth shall provide written confirmation to the Commission that these requirements have been satisfied.

The independent auditor shall provide a written report to the Commission seven days prior to any hearing conducted pursuant to this Section.

The Commission shall review and consider the independent auditor's report at the waiver hearing. The public charity and members of the general public shall be permitted to present additional evidence in support or opposition to such a waiver; all audit documents and any additional evidence submitted at a waiver hearing shall be deemed public records subject to section ten of chapter sixty-six of the general laws.

At the close of the waiver hearing, the Commission shall weigh all evidence presented, the charitable purpose of the public charity, and the public interest of the Commonwealth.

48 Final determination as to whether a waiver shall be granted shall rest with the
49 Commission who shall make said determination in writing within thirty days of the waiver
50 hearing. Such a waiver shall be granted only if deemed in the public interest of the
51 Commonwealth. If a waiver is granted, it shall be valid only for a period of two years from the
52 date of the decision of Commission.

53 Section 33. Penalties

54 Any public charity found in violation of Sections 30 or 31 of this chapter, and having
55 failed to obtain a waiver pursuant to Sections 31 of this chapter, shall lose its status as a public
56 charity as it is organized and operates under the general laws.