S T A T E O F N E W Y O R K

3436

2015-2016 Regular Sessions

I N S E N A T E

February 9, 2015

Introduced by Sen. RANZENHOFER -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the not-for-profit corporation law, in relation to independent directors and related party transactions; and repealing certain provisions of such law relating thereto

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Paragraph (f) of section 713 of the not-for-profit corporation law is REPEALED.

S 2. Subparagraphs 21 and 24 of paragraph (a) of section 102 of the not-for-profit corporation law, as added by chapter 549 of the laws of 2013, are amended to read as follows:

(21) "Independent director" means a director who: (i) is not, and has not been within the last three years, an employee of the corporation or an affiliate of the corporation, and does not have a relative who is, or has been within the last three years, a key employee of the corporation or an affiliate of the corporation; (ii) has not received, and does not have a relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from the corporation or an affiliate of the corporation (other than reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director as permitted by paragraph (a) of section 202 (General and special powers)); and (iii) is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the corporation or an affiliate of the corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of twenty-five thousand dollars or two percent of such entity's consolidated gross revenues. For purposes of this subpara-

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD08529-01-5

graph, "payment" does not include charitable contributions, MEMBERSHIP DUES OR PREMIUM PAYMENTS.

(24) "Related party transaction" means any transaction, agreement or any other arrangement, THE APPROVAL OF WHICH WOULD COME BEFORE THE BOARD IN THE ORDINARY COURSE OF BUSINESS, in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant.

S 3. This act shall take effect immediately.