

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1792

S.P. 636

March 29, 2007

An Act To Limit the Compensation of Officers and Directors of Nonprofit Corporations

Reference to the Committee on Judiciary suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator SCHNEIDER of Penobscot.
Cosponsored by Senator: COURTNEY of York, Representatives: BEAULIEU of Auburn,
PRESCOTT of Topsham, SAMSON of Auburn.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 13-B MRSA §103, sub-§8** is enacted to read:

3 **8. Limitation on compensation.** A nonprofit corporation that receives at least 25%
4 of its total funding from one or more municipal, county, state or federal sources and is
5 organized under this Title or to which this Title applies may not provide compensation to
6 a director or officer that exceeds the limits established in section 701 or 710.

7 **Sec. 2. 13-B MRSA §701**, as amended by PL 1991, c. 85, is further amended by
8 adding after the first paragraph a new paragraph to read:

9 The corporation may not provide compensation in excess of \$250,000 per year for
10 any director. The compensation limit includes all remuneration and benefits for carrying
11 out the responsibilities of being a director, excluding the provision of a motor vehicle,
12 insurance and housing allowance. The housing allowance may not exceed \$20,000 per
13 year. The compensation limit does not include compensation a person receives for
14 employment by the corporation in a position other than a director or officer.

15 **Sec. 3. 13-B MRSA §710, sub-§3** is enacted to read:

16 **3. Compensation.** The corporation may not provide compensation in excess of
17 \$250,000 per year for any officer. The compensation limit includes all remuneration and
18 benefits for carrying out the responsibilities of being an officer, excluding the provision
19 of a motor vehicle, insurance and housing allowance. The housing allowance may not
20 exceed \$20,000 per year. The compensation limit does not include compensation a
21 person receives for employment by the corporation in a position other than a director or
22 officer.

23 **Sec. 4. 13-B MRSA §1105, sub-§3**, as amended by PL 2001, c. 550, Pt. C, §24
24 and affected by §29, is further amended to read:

25 **3. Complaint.** Upon complaint by a corporation to have its dissolution continued
26 under the supervision of the court; ~~and~~

27 **Sec. 5. 13-B MRSA §1105, sub-§4**, as amended by PL 2001, c. 550, Pt. C, §24
28 and affected by §29, is further amended to read:

29 **4. Liquidation of affairs precedes entry of decree.** When an action has been filed
30 by the Attorney General to dissolve a corporation and it is established that liquidation of
31 its affairs should precede the entry of a decree of dissolution- ; and

32 **Sec. 6. 13-B MRSA §1105, sub-§6** is enacted to read:

33 **6. Excessive compensation.** Upon complaint by any person that compensation paid
34 to a director or officer of the corporation exceeds the limit established by section 701 or
35 section 710, subsection 3, respectively.

1

SUMMARY

2 This bill seeks to ensure that the nonprofit corporate mission of a nonprofit
3 corporation is not overshadowed by excessive compensation to directors and officers. It
4 applies to nonprofit corporations that receive at least 25% of their total funding from one
5 or more municipal, county, state or federal sources. This bill prohibits nonprofit
6 corporations from compensating an officer or director in excess of \$250,000 per year.
7 Excessive compensation of a director or officer is added as a ground to dissolution of the
8 nonprofit corporation pursuant to court order.