
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 365 Session of
2013

INTRODUCED BY DELUCA, KORTZ, MUNDY, KULA, D. COSTA AND MURT,
JANUARY 29, 2013

REFERRED TO COMMITTEE ON FINANCE, JANUARY 29, 2013

AN ACT

1 Amending Titles 10 (Charities), 15 (Corporations and
2 Unincorporated Associations) and 40 (Insurance) of the
3 Pennsylvania Consolidated Statutes, providing for nonprofit
4 organizations; and further providing for compensation of
5 directors, for definitions, for prohibition, for definitions
6 and for board of directors.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Title 10 of the Pennsylvania Consolidated
10 Statutes is amended by adding parts to read:

11 PART I

12 PRELIMINARY PROVISIONS

13 (RESERVED)

14 PART II

15 NONPROFIT ORGANIZATIONS

16 Chapter

17 21. Preliminary Provisions (Reserved)

18 23. Boards of Directors

19 CHAPTER 21

20 PRELIMINARY PROVISIONS

1 (RESERVED)

2 CHAPTER 23

3 BOARDS OF DIRECTORS

4 Sec.

5 2301. Scope of chapter.

6 2302. Definitions.

7 2303. Prohibition.

8 § 2301. Scope of chapter.

9 This chapter relates to boards of directors of nonprofit
10 organizations.

11 § 2302. Definitions.

12 The following words and phrases when used in this chapter
13 shall have the meanings given to them in this section unless the
14 context clearly indicates otherwise:

15 "Board of directors." The group of persons vested with the
16 management of the business and affairs of a nonprofit
17 organization irrespective of the name by which such group is
18 designated. The term does not include an other body.

19 "Director." A person designated, elected or appointed, by
20 that or any other name or title, to act as a director, and his
21 successors. The term does not include a member of an other body.

22 "Nonprofit organization." An entity listed under section
23 501(c) (3) of the Internal Revenue Code of 1986 (Public Law 99-
24 514, 26 U.S.C. § 501(c) (3)).

25 § 2303. Prohibition.

26 No director shall receive compensation for his services as a
27 director of a nonprofit organization.

28 Section 2. Section 5730 of Title 15 is amended to read:

29 § 5730. Compensation of directors.

30 [Except as otherwise restricted in the bylaws, the board of

1 directors shall have the authority to fix the compensation of
2 directors for their services as such, and a director may be a
3 salaried officer of the corporation.] No director shall receive
4 compensation for his services as a director.

5 Section 3. Section 6101 of Title 40 is amended by adding
6 definitions to read:

7 § 6101. Definitions.

8 The following words and phrases when used in this chapter
9 shall have, unless the context clearly indicates otherwise, the
10 meanings given to them in this section:

11 "Compensation." Anything given or received as an equivalent
12 for services. The term shall not include reimbursement for costs
13 and expenses reasonably incurred by the independent officer,
14 director or trustee in the course and support of services.

15 * * *

16 "Independent officer, director or trustee." An officer,
17 director or trustee of a hospital plan corporation who is not
18 serving as an employee, or the equivalent of an employee, of the
19 hospital plan corporation.

20 * * *

21 Section 4. Title 40 is amended by adding a section to read:

22 § 6128. Prohibition.

23 No hospital plan corporation shall provide compensation to an
24 independent officer, director or trustee for services as an
25 independent officer, director or trustee.

26 Section 5. Section 6302(a) of Title 40 is amended by adding
27 definitions to read:

28 § 6302. Definitions.

29 (a) General rule.--The following words and phrases when used
30 in this chapter shall have, unless the context clearly indicates

1 otherwise, the meanings given to them in this section:

2 * * *

3 "Compensation." Anything given or received as an equivalent
4 for services. The term shall not include reimbursement for costs
5 and expenses reasonably incurred by the independent officer,
6 director or trustee in the course and support of services.

7 * * *

8 Section 6. Section 6328(b) of Title 40 is amended by adding
9 a paragraph to read:

10 § 6328. Board of directors.

11 * * *

12 (b) General medical service corporation.--

13 * * *

14 (7) No general medical services corporation shall
15 provide compensation to a director for his services as a
16 director.

17 Section 7. This act shall take effect in 60 days.