



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2484

PRINTERS NO. 4008

PRIME SPONSOR: White

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
Corporation Bureau Restricted Account	\$0	\$0

SUMMARY: Allows charitable trusts and non-profit charitable organizations to hold more assets as income (currently required to be spent on their charitable purpose) and enter into binding non-judicial agreements on donations. This legislation would take effect immediately.

ANALYSIS: This legislation amends Title 15 (Corporations and Unincorporated Associations) and Title 20 (Decedents, Estates, and Fiduciaries) to increase spending limitations for nonprofit corporations and charitable trusts and provide for nonjudicial settlement agreements.

Spendable Income Limitation: This legislation amends Section 5548 of Title 15 and Section 8113 of Title 20 to authorize a nonprofit corporation (corporation) or charitable trust with a total return investment policy to annually designate up to 10% of the total value of the trust or assets held as spendable income. In setting the percentage, the board of directors or trustee is required to consider both the long-term preservation of the real value of the assets the corporation's need for capital to fulfill its mission. This provision would be applicable for calendar years 2020-2022 and for any fiscal year ending therein.

Nonjudicial Settlement Agreements: The legislation creates a new Section 5548.1 to provide that binding nonjudicial settlement agreements may be entered into for property transferred to a non-profit corporation, including restrictions thereon, so long as a court could have approved the agreement. The legislation stipulates that agreements are permissible between a corporation and one of the following:

- a donor,
- anyone appointed by a donor for the purpose in the gift instrument,
- a guardian of the donor's property,
- an agent under the donor's financial power of attorney, or
- a donor's personal representative.

A corporation may seek court review of an agreement. A donor, non-profit corporation, organization named in the gift instrument, Office of the Attorney General, or any other person with sufficient standing may bring a proceeding to enforce a gift instrument.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: July 14, 2020

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.