

DEC 23 2010

MEMO



Senate of Pennsylvania

December 22, 2010

TO: ALL SENATORS

FROM: Stewart J. Greenleaf *Stewart*

SUBJECT: Cosponsorship -- Title 15 codification and revisions

I am reintroducing **Senate Bill 351**, amending the Associations Code, Title 15 of the Pennsylvania Consolidated Statutes, to finish the codification of the Nonprofit Corporation Law (Title 15, Part II, Subpart C). The Nonprofit Corporation Law is revised to update the law and make it consistent with the Business Corporation Law (Title 15, Part II, Subpart B).

The 1988 enactment of the Business Corporation Law only included a partial codification of the Nonprofit Corporation Law. While sections relating to nonprofit corporations were renumbered in 1988 to fit with the statutory scheme of the new Business Corporation Law, no changes were made to make the language relating to nonprofit corporations consistent with the language relating to corporations generally. Various amendments to the Business Corporation Law in 1990, 1992 and 1994 made corresponding changes to the Nonprofit Corporation Law. This piecemeal approach has left more than half of the Nonprofit Corporation Law with language that differs from the Business Corporation Law. As a result of this legislation, Pennsylvania's business law governing for-profit and not-for-profit organizations will be an internally consistent body of statutory law.

One of the important changes being made in the Nonprofit Corporation Law concerns the use of electronic technology. The Business Corporation Law contains a number of provisions permitting business corporations to use modern electronic communications technology for purposes such as notice of meetings of directors and shareholders, granting of proxies, and acting by consent without a meeting. Similar provisions are being added to the Nonprofit Corporation Law by this legislation. Experience with the Business Corporation Law electronic technology provisions has led to a number of suggested refinements in the Business Corporation Law provisions which are also included in the proposed Nonprofit Corporation Law provisions.

This legislation is a continuation of the work of the Title 15 Task Force of the Pennsylvania Bar Association. The Senate Judiciary Committee reported this legislation from committee last session. Following re-referral, the Senate Appropriations Committee re-reported the bill from committee. The Senate tabled the bill because of a controversy over legal advertising.

As reintroduced, this legislation will not include changes to the provisions of Title 15 relating to limited liability partnerships (LLPs) and limited liability companies (LLCs). The changes required in part that LLPs and LLCs provide public notice through legal advertising when they are formed and when they are dissolved. While this is consistent with the requirements for other business entities, the requirements for legal advertising for businesses and in other contexts have been controversial and have held up consideration of the main body of this legislation. As a result of this controversy, I have left the provisions relating to LLPs and LLCs, including the advertising requirements, out of this legislation. They will be included in separate legislation.

If you would like to cosponsor this legislation, please contact Pat Snively of my office by e-mailing her at psnively@pasen.gov.