
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 751 Session of
2015

INTRODUCED BY DeLUCA, McNEILL, THOMAS, PASHINSKI, D. COSTA AND
MURT, MARCH 9, 2015

REFERRED TO COMMITTEE ON FINANCE, MARCH 9, 2015

AN ACT

1 Amending Titles 10 (Charities), 15 (Corporations and
2 Unincorporated Associations) and 40 (Insurance) of the
3 Pennsylvania Consolidated Statutes, in boards of directors,
4 providing for prohibition; in officers, directors and
5 members, further providing for compensation of directors; in
6 hospital plan corporations, further providing for definitions
7 and providing for prohibition; and, in professional health
8 services plan corporations, further providing for definitions
9 and for board of directors.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

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

14 PART I

15 PRELIMINARY PROVISIONS

16 (RESERVED)

17 PART II

18 NONPROFIT ORGANIZATIONS

19 Chapter

20 21. Preliminary Provisions (Reserved)

21 23. Boards of Directors

1 CHAPTER 21

2 PRELIMINARY PROVISIONS

3 (RESERVED)

4 CHAPTER 23

5 BOARDS OF DIRECTORS

6 Sec.

7 2301. Scope of chapter.

8 2302. Definitions.

9 2303. Prohibition.

10 § 2301. Scope of chapter.

11 This chapter relates to boards of directors of nonprofit
12 organizations.

13 § 2302. Definitions.

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

17 "Board of directors." The group of persons vested with the
18 management of the business and affairs of a nonprofit
19 organization irrespective of the name by which the group is
20 designated. The term does not include another body.

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

24 "Nonprofit organization." An entity listed under section
25 501(c) (3) of the Internal Revenue Code of 1986 (Public Law 99-
26 514, 26 U.S.C. § 501(c) (3)).

27 § 2303. Prohibition.

28 A director may not receive compensation for services as a
29 director of a nonprofit organization.

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

1 § 5730. Compensation of directors.

2 [Except as otherwise restricted in the bylaws, the board of
3 directors of a nonprofit corporation shall have the authority to
4 fix the compensation of directors for their services as
5 directors, and a director may be a salaried officer of the
6 corporation.] A director may not receive compensation for
7 services as a director.

8 Section 3. Section 6101 of Title 40 is amended by adding
9 definitions to read:

10 § 6101. Definitions.

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

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

18 * * *

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

23 * * *

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

25 § 6128. Prohibition.

26 A hospital plan corporation may not provide compensation to
27 an independent officer, director or trustee for services as an
28 independent officer, director or trustee.

29 Section 5. Section 6302(a) of Title 40 is amended by adding
30 a definition to read:

1 § 6302. Definitions.

2 (a) General rule.--The following words and phrases when used
3 in this chapter shall have, unless the context clearly indicates
4 otherwise, the meanings given to them in this section:

5 * * *

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

10 * * *

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

13 § 6328. Board of directors.

14 * * *

15 (b) General medical service corporation.--

16 * * *

17 (7) A general medical service corporation may not
18 provide compensation to a director for services as a
19 director.

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