

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUMMARY

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