

ADDITIONAL AMENDMENTS TO THE NONPROFIT REVITALIZATION ACT OF 2013 BECOME LAW

Tax-Exempt Organizations Alert
December 1, 2016

On November 28, 2016, Bill A10365-B containing further changes to the New York Nonprofit Revitalization Act became law. Our prior alert, available [here](#), discussed the details and implications of the June 2016 legislation.

Among other things, the new changes bring much needed relief to New York nonprofits and charitable trusts by exempting many organizations from the independent director rules. For those organizations still subject to the independent director rules, the definition of independent director is further revised. The legislation also impacts a number of issues related to Board and committee governance, as detailed in our prior alert.

Although the bill became law on November 28, 2016, most of its provisions will not take effect until May 27, 2017. Thus, New York nonprofits need to operate under existing law until then. The one exception is a provision that takes effect on January 1, 2017. This provision states that New York nonprofit corporations may not select an employee to serve as Chair, or to hold any other title with similar responsibilities, unless the Board approves such selection by a two-thirds vote of the entire Board and documents in writing the basis for the Board approval. (Another bill, A10555, would have delayed the no-employee-as-Chair rule until 2018, but that bill was vetoed by Governor Cuomo.)

New York nonprofits and charitable trusts should review their by-laws, conflict of interest and whistleblower policies, as applicable, to make sure they are in compliance with the latest provisions of the New York Nonprofit Revitalization Act. Even though most nonprofits updated their governance documents to comply with the Revitalization Act at the law's inception in 2014, many organizations have not yet incorporated those additional changes required as a result of subsequent amendments resulting from December 2015 legislation as well as the newest June 2016 legislation, both of which are fairly substantial in scope and effect. Please contact one of the attorneys listed below to learn more about how your organization can become fully compliant.

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