



NEW YORK
CITY BAR

**REPORT ON LEGISLATION BY
THE NON-PROFIT ORGANIZATIONS COMMITTEE**

**A.9969
S.9047**

**M. of A. Paulin
Sen. Comrie**

AN ACT to amend the not-for-profit corporation law, in relation to modernizing such law to align with current practices, streamlining procedures, and eliminating unnecessary regulatory burdens.

THIS LEGISLATION IS APPROVED

The Non-Profit Organizations Committee (“NPOC”) of the New York City Bar Association hereby expresses support for A.9969 / S.9047, which includes the revision of provisions 614(a), 708(b), 705(c), and 708(d) of the Not-for-Profit Corporation Law (NPCL) (detailed below). Such changes will modernize provisions of law relating to members, directors, and officers to align with current practices, streamline procedures, and eliminate unnecessary regulatory burdens. The Senate Bill has been introduced by Senator Leroy Comrie and the Assembly Bill, which was introduced by Assemblywoman Amy Paulin, passed the Assembly by a vote of 148-1 on May 10, 2022. The Bills have been promoted and supported by members of a working group from the Government Relations Council (GRC) of Nonprofit New York in collaboration with the NPOC.

A description of the proposed changes to the NPCL follows:

- Sections 614(a) and 708(b) would be amended to explicitly allow unanimous consent of members and directors, respectively, to act without a meeting by other electronic means in addition to “electronic mail.” Such change will permit action by means of voting through digital portals, an increasingly common practice through the pandemic; text; and other electronic mechanisms as technology evolves.
- Section 705(c) would be amended to clarify that replacement directors can be elected by the board to fill the unexpired segment of their predecessor’s term, rather than only through the next annual members or directors meeting at which election of directors is in the regular order of business. This is a common point of concern for organizations with classified boards.

About the Association

The mission of the New York City Bar Association, which was founded in 1870 and has approximately 24,000 members, is to equip and mobilize a diverse legal profession to practice with excellence, promote reform of the law, and uphold the rule of law and access to justice in support of a fair society and the public interest in our community, our nation, and throughout the world.

- Section 708(d) would be amended to clarify that conflicted directors who leave a meeting do not disturb quorum for the purposes of the conflict vote. While Section 708(d) was revised as part of the Not-for-Profit Revitalization Act in 2014 to convey this intention, the revision introduced another ambiguity which the current language corrects.

The NPOC is a diverse committee of the New York City Bar Association with approximately 50 members. Some NPOC members are law firm attorneys representing nonprofits, some are in house counsel for charitable organizations, and a few are academics. The Committee's members represent multi-million-dollar institutions, as well as small charities, operating across the nonprofit sector. Some of these institutions have been serving New York for more than a century; others are in their infancy, taking their first steps to launch their charitable missions.

For the reasons described herein, we express our support for the passing of this legislation.

Non-Profit Organizations Committee
Jacqueline D. Ewenstein, Co-Chair
Amarah Sedreddine, Co-Chair

Subcommittee on State Legislative Affairs
William Bell
Tracy Boak
Patricia A. Jendraszek
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