

129th MAINE LEGISLATURE

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Legislative Document

No. 1423

H.P. 1036

House of Representatives, March 28, 2019

An Act To Require Corporate Transparency When Taxpayer Funding Is Provided

Reference to the Committee on Judiciary suggested and ordered printed.

ROBERT B. HUNT Clerk

R(+ B. Hunt

Presented by Representative SAMPSON of Alfred.

1 Be it	enacted by t	the Peon	le of the	State of Main	e as follows:
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- Sec. 1. 13-B MRSA §717, sub-§1, as enacted by PL 2001, c. 550, Pt. C, §18 and affected by §29, is amended to read:
 - 1. **Discharge duties.** A director shall discharge the director's duties:
- 5 A. In good faith;

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- B. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- C. In a manner the director reasonably believes to be in the best interests of the corporation.
- D. In compliance with Title 10, chapter 201; and
- E. Without undue influence that is detrimental to the purpose for which the corporation is organized or that facilitates bias and partiality in the governance of the corporation.
- Sec. 2. 13-B MRSA §1301, sub-§1, ¶D, as enacted by PL 2007, c. 323, Pt. B, §27 and affected by Pt. G, §4, is further amended to read:
- D. A brief statement of the character of the activities in which the domestic or foreign corporation is actually engaged in this State, if any; and
- 18 E. The address of its principal office, wherever located-; and
- 19 **Sec. 3. 13-B MRSA §1301, sub-§1,** ¶**F** is enacted to read:
- F. All private contributions received, the name of the person or entity that provided each contribution and the date each contribution was received.
- Sec. 4. 13-C MRSA §831, sub-§1, as enacted by PL 2001, c. 640, Pt. A, §2 and affected by Pt. B, §7, is amended to read:
- 24 **1. Basic standard of conduct.** Each member of the corporation's board of directors 25 when discharging the duties of a director shall act:
 - A. In good faith; and
- B. In a manner the director reasonably believes to be in the best interests of the corporation-:
- 29 <u>C. With the care that a person in a like position would reasonably exercise under</u> 30 similar circumstances;
- D. In compliance with Title 10, chapter 201; and
- E. Without causing a detrimental effect on the purpose of a nonprofit corporation organized under Title 13-B or facilitating bias and partiality in the governance of
- 34 such a corporation.

- Sec. 5. 13-C MRSA §843, sub-§1, as amended by PL 2007, c. 289, §19, is further amended to read:
 - **1. Basic standard of conduct.** An officer, when performing in the capacity of an officer, has the duty to act:
 - A. In good faith;

- B. With the care that a person in a like position would reasonably exercise under similar circumstances; and
 - C. In a manner the officer reasonably believes to be in the best interests of the corporation-:
 - D. In compliance with Title 10, chapter 201; and
- E. Without causing a detrimental effect on the purpose of a nonprofit corporation organized under Title 13-B or facilitating bias and partiality in the governance of such a corporation.
- Sec. 6. 13-C MRSA §1621, sub-§1, ¶¶F and G, as enacted by PL 2007, c. 323, Pt. C, §40 and affected by Pt. G, §4, are amended to read:
 - F. The names of its principal officers; and
 - G. The names of its directors, except that in the case of a corporation that has eliminated its board of directors pursuant to section 743 the annual report must set forth the names of the shareholders instead.; and
 - Sec. 7. 13-C MRSA §1621, sub-§1, ¶H is enacted to read:
 - H. If that corporation receives a business equipment tax exemption under Title 36, chapter 105, subchapter 4-C or participates in a tax increment financing or credit enhancement program in the State, a list of all donations distributed to nonprofit corporations or public entities within the State, including the names of the individuals, nonprofit corporations and public entities that accepted each donation and the date the donations were disbursed within the specified time to which the annual report applies.

28 SUMMARY

This bill changes the standards of conduct for directors under the Maine Nonprofit Corporation Act and for directors and officers under the Maine Business Corporation Act to add compliance with the laws governing monopolies and profiteering and acting in accordance with the purpose for which the corporation is organized and not in a manner that facilitates bias and partiality in governance. It specifies that officers and directors of business corporations may not act to cause a detrimental effect on the purpose of nonprofit corporations. It requires a corporation under the Maine Nonprofit Corporation Act to include a list of private contributions received in its annual report. It requires a corporation under the Maine Business Corporation Act that receives a business equipment tax exemption or participates in a tax increment financing or credit

- enhancement program to include a list of all donations distributed to nonprofit corporations or public entities in its annual report. 1
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