



**NEW YORK  
CITY BAR**

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**COMMITTEE ON  
NON-PROFIT ORGANIZATIONS**

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June 13, 2016

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Senator Michael Ranzenhofer  
188 State Street Room 844  
Legislative Office Building  
Albany, NY 12247

Assemblyman James Brennan  
Legislative Office Building Room 422  
Albany, NY 12248

Re: Legislation Relating to the Implementation of the  
Non-Profit Revitalization Act of 2013 (A.10365-B/S.7913-B)

Dear Senator Ranzenhofer and Assemblyman Brennan:

On behalf of the Non-Profit Organizations Committee of the New York City Bar Association (the “NPOC”), I write to comment on the legislation you have introduced to revise the Non-Profit Revitalization Act of 2013 (“NPRA”), which amended the Not-for-Profit Corporation Law (the “N-PCL”) and other laws. The NPOC supports such legislation, A.10365-B/S.7913-B (“the Bill”), as it furthers the important work that the Legislature undertook in 2013 in enacting NPRA.

The NPOC is a diverse committee of the New York City Bar Association with approximately 40 members. Some NPOC members are law firm attorneys representing nonprofits, some are in-house counsel for charitable organizations and a few are legal scholars. The committee’s members represent multi-million dollar institutions, as well as tiny 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.

Prior to NPRA’s enactment, New York’s nonprofit laws included many archaic provisions that were needlessly confusing and burdensome to existing New York not-for-profit corporations. Those provisions also caused many newly-formed New York-based

June 13, 2016

nonprofits to incorporate under the laws of other states, thereby potentially limiting supervision of such nonprofits by New York authorities. NPRA remedied many of the weaknesses in the law and strengthened the law to enhance governance and accountability by setting forth clearer expectations of board duties.

Last year, the NPOC joined with the Law Revision Commission, Lawyers Alliance for New York, New York State Bar Association, and Nonprofit Coordinating Committee of New York to suggest revisions to the NPRA.<sup>1</sup> Our suggestions were intended to address certain ambiguities that complicate compliance and enforcement and to alleviate burdens on nonprofits that are unnecessary to achieve, and in some cases inconsistent with, the expressed goal of the NPRA's drafters to encourage nonprofits to form in New York rather than in other states.

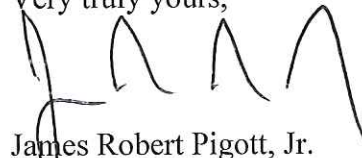
We are pleased to see that the Bill is responsive to many of the reforms we suggested. For example, the Bill eliminates the requirement of board approval for a related party transaction if the transaction is de minimis or in the ordinary course of business. It removes the unnecessary requirement that only independent directors oversee conflict of interest transactions or whistleblower complaints, while strengthening the more important requirement that a director not vote on a transaction in which he or she has an interest or review a complaint in which he or she has any involvement. The Bill also removes unnecessary obstacles that NPRA places on nonprofit boards' ability to work efficiently and effectively through the delegation of matters to committees composed of qualified and knowledgeable individuals.

We therefore endorse the Bill in the belief that it will greatly benefit the nonprofit community and the people of New York.

Reform of the nonprofit laws should be a continuing process, however. We therefore anticipate proposing additional ideas for nonprofit reform, which can be considered after the Bill becomes law.

Please feel free to contact me with any questions you may have regarding this enclosed letter. Your consideration of this submission is greatly appreciated.

Very truly yours,



James Robert Pigott, Jr.  
Chair, Non-Profit Organizations Committee

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<sup>1</sup> Available at [http://www2.nycbar.org/pdf/report/uploads/7\\_20072896-MemorandumProposedAmendmentstoNonprofitRevitalizationAct.pdf](http://www2.nycbar.org/pdf/report/uploads/7_20072896-MemorandumProposedAmendmentstoNonprofitRevitalizationAct.pdf)