
Governor Signs Act 71 - Affecting Nonprofits and Donors

On July 23, 2020, Governor Tom Wolf signed into law Pennsylvania H.B. 2484, which amends sections of the Commonwealth's Nonprofit Corporation Law of 1988 (the "NPCL"), and the Probate, Estates, and Fiduciaries Code (the "PEF Code") in several important respects:

1. The Board of Directors of a nonprofit corporation, or the Trustees of a charitable trust may select up to 10% of the value of the assets held by the corporation or trust as spendable income. This marks a significant increase of the current spending limit of 7%, and applies to calendar years 2020, 2021 and 2022, or fiscal years that end during these years.
2. It authorizes a donor of property transferred to a nonprofit corporation to enter a binding nonjudicial settlement agreement with the corporation. This tracks the existing authority of a trust settlor to do the same.
3. It provides for standing of donors to enforce charitable gifts to nonprofit corporations, similar to the corresponding section in the PEF Code on standing to enforce charitable trusts. A proceeding to enforce a gift instrument related to charitable assets may be brought by: a donor during the donor's lifetime; the Office of Attorney General; a charitable organization expressly named in the gift instrument or nonjudicial settlement agreement; or any other person with standing to do so, which may include anyone appointed in the gift instrument.

The changes take effect immediately.

Please let us know if you have questions or require assistance for your Board of Directors or Trustees in considering how this legislation may affect your organization.

You can contact us at (610) 645-0992 or on our website <http://laurasolomonesq.com>.

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