

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Commerce Committee

BILL: CS/SB 304

INTRODUCER: Senate Commerce Committee and Senator Aronberg

SUBJECT: Corporations Not For Profit

DATE: March 12, 2008 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|-----------|----------------|-----------|--------|
| 1. | Earlywine | Cooper | CM | Fav/CS |
| 2. | | | JU | |
| 3. | | | FT | |
| 4. | | | TA | |
| 5. | | | | |
| 6. | | | | |

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This committee substitute (CS) makes revisions to the Florida Not For Profit Corporation statutes (ch. 617, F.S.) relating to administrative matters, membership rights, distributions, and creditors rights. This committee substitute incorporates provisions from the Revised Model Nonprofit Corporation Act prepared by the American Bar Association and revisions from the Division of Corporations of the Department of State and the Business Law Section of the Florida Bar. It also amends a number of provisions to be consistent with ch. 607, F.S., which governs For Profit Corporations.

In addition, the CS provides a number of provisions to recognize a new category of Not For Profit, the “mutual benefit corporation.”

This CS amends the following sections of the Florida Statutes: 617.01201, 617.0122, 617.0124, 617.01401, 617.0205, 617.0302, 617.0503, 617.0505, 617.0601, 617.0605, 617.0701, 617.0721, 617.0725, 617.0801, 617.0806, 617.0808, 617.0809, 617.0832, 617.0833, 617.0834, 617.1007, 617.1101, 617.1405, 617.1422, 617.1430, 617.1503, 617.1504, 617.1506, 617.1530, 617.1601, 617.1602, 617.1605, 617.1803, 617.1806, and 617.1907.

This CS creates the following sections of the Florida Statutes: 617.0606, 617.0607, 617.0608, 617.07401, 617.1102, 617.1301, 617.1302, 617.1407, 617.1408 and 617.1703.

This CS repeals the following sections of the Florida Statutes: 617.1421 and 617.2103.

II. Present Situation:

Corporations Not For Profit

The Florida Not For Profit Corporation Act, codified in ch. 617, F.S., provides for the incorporation of corporations not for profit. A “corporation not for profit” means “a corporation no part of the income or profit of which is distributable to its members, directors, or officers.” Not For Profits vary in size and activities, such as religious institutions, recreational clubs, public service organizations, and charitable organizations. The governing instruments of Not For Profits are the statutory requirements, articles of incorporation, and by-laws.

The Not For Profit Corporation statute underwent its last major revision in 1990, concurrent with substantial changes to ch. 607, F.S., regarding for profit corporations. Because basic organizational structure, filing requirements, membership provisions, creditor rights, and fiduciary principles are generally very similar for both Not For Profits and for profit corporations, chs. 617 and 607, F.S., are generally sought to be in conformity as much as is appropriate. However, numerous changes have been made in recent years to ch. 607, F.S., without concurrent changes to ch. 617, F.S.

Administrative Matters

Over the years, differences in filing and record-keeping requirements have occurred as a result of changes to ch. 607, F.S., that have not been made to ch. 617, F.S. These differences have created administrative problems for the Department of States’ Division of Corporations.

Membership Rights and Distributions

Chapter 617, F.S., currently does not address several issues regarding membership rights and distributions. In addition, rights accorded to shareholders in for profit corporations are not explicitly provided in ch. 617, F.S., such as the right of members to call special meetings, the right to participate in meetings through electronic means, and the right to bring derivative actions on behalf of the corporation in instances of alleged wrongdoing by directors and officers.

Similarly, although the basic rule for Not For Profits is that no dividends or income can be distributed to members, there are exceptions to this rule, especially for private membership-type clubs. The current statute recognizes such exceptions, but the provisions in this regard are unclear as to scope.

Creditors’ Rights

Unlike ch. 607, F.S., there are no provisions in ch. 617, F.S., regarding how to deal with creditors when corporations dissolve. In recent years, provisions have been added to ch. 607, F.S., dealing with both known and unknown claims existing at the time of dissolution, and providing clear standards for how the corporation should treat such claims.

Specially-Regulated Not For Profits

Not For Profits are generally formed under and regulated by ch. 617, F.S., except for certain organizations for which special statutes apply, such as condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners' associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.). Because such specially-regulated organizations are not for profit corporations formed under ch. 617, F.S., the regulatory relationship between ch. 617, F.S., and the other statutes is not clear. Chapter 617, F.S., provisions apply in some instances, while the provisions of the special statutes are intended to apply in other instances. But the division is not clear, and substantial questions can and do arise as to whether and which statutory provisions should apply, including important matters such as termination or transfers of memberships, purchases of members' property, and record-keeping requirements.

III. Effect of Proposed Changes:

Section 1 amends s. 617.01201, F.S., which relates to filing requirements of Not For Profit Corporations, to permit electronic transmission of a document. This section is also amended to be consistent with recent changes to ch. 607, F.S., to provide signature requirements.

Section 2 amends s. 617.0122, F.S., which relates to fees for filing documents and issuing certificates, to provide for payment of a \$35 fee if a registered agent resigns from an inactive corporation.

Section 3 amends s. 617.0124, F.S., which relates to correcting filed documents, to increase the time to correct a document filed by the Department of State from 10 to 30 days. The Division of Corporations reports that 10 days is not ample time for the filer of a document to receive acknowledgment after filing, to review the document for accuracy and to prepare it for possible return for correction.

This section also allows for the correction of documents submitted electronically.

Section 4 amends s. 617.01401, F.S., which relates to definitions, to amend the definition of a "corporation not for profit" by adding at the end ", except as otherwise provided." This reflects the fact that in some specified instances distributions may be made to members.

A new subsection (6) is added to define the term "department" as the "department of state."

A new subsection (7) is added to define the term "distribution." Several statutory provisions use the term, but it is not defined in the act. The definition is taken from the Model Act.

A new subsection (13) is added to define a "mutual benefit corporation." There are several current statutory provisions specifically directed at this type of corporation (distributions,

transfers of interests, and dissolutions). A “mutual benefit corporation,” which is not a charitable, religious, or public service organization but instead serves the private interests of its members (such as a golf club), has different rules in the current statute (consistent with other states) with regard to various matters such as distributions, transfers of interest, and dissolution. The current statute does not clearly delineate this type of corporation. In order to clearly distinguish such corporations from others, a definition of mutual benefit corporations is added to this section.

A new subsection (15) is added to define “successor entity.”

A new subsection (16) is added to define “voting power.” There are several statutory provisions which use this term but the act does not define the term. The definition is taken from the Model Act.

Section 5 amends s. 617.0205, F.S., which relates to organizational meetings of directors, to add the words “of incorporation” after the word “articles” in paragraph (1)(b), F.S. This is a technical, clarifying change to the provision.

Section 6 amends s. 617.0302, F.S., which relates to corporate powers, to allow corporations to make guaranties. This makes this section consistent with ch. 607, F.S. Also, this section recognizes that a not for profit can merge with other business entities as permitted by ch 607, F.S.

Section 7 amends s. 617.0503, F.S., which relates to registered agents, to provide the process for withdrawal of a registered agent by an alien business organization. Specifically, an application must be delivered to the Department of State with information that the corporation no longer has to have a registered agent in Florida.

Section 8 amends s. 617.0505, F.S., which prohibits distributions of dividends to Not For Profit Corporations, to be consistent with s. 617.1302, F.S., created in section 30 of the CS. A mutual benefit corporation is exempted from the general restriction on distributions. In addition, a reference to s. 617.1302, F.S., is added to clarify that the exemption applies to both mutual benefit corporations and other corporations when they “make distributions upon dissolution in conformity with the dissolution provisions of this act.”

A reference to the Internal Revenue Code is expanded to include a “corresponding section of a subsequently enacted federal revenue act,” should it be adopted.

Subsections (2) and (3) referring to the issuance of stock certificates have been transferred to s. 617.0601, F.S., as the subject matter of these provisions is not within the distribution ambit.

The catch-line is also revised to delete unnecessary or duplicative language. The definition of the term distribution is added in section 4 of the CS.

This section also exempts from the prohibition on making distributions the following: condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.) or a corporation where

membership in the corporation is required.

Section 9 amends s. 617.0601, F.S., which relates to members, to include the reference to issuance of stock certificates, which is deleted from s. 617.0505, F.S., by section 8 of the CS.

This section is also amended to replace an outdated statutory reference. The statutory reference in paragraph (1)(b) is incorrect because of statutory revisions and is amended to reflect the revised statutory provisions.

Subsection (5) is amended to reflect the fact that new resignation and termination provisions have been adopted.

Section 10 creates s. 617.0605, F.S., to provide for the possible transfer of a membership interest in a mutual benefit corporation. Transfers are restricted to the terms set forth in the article of incorporation or bylaws. Transfers are not permitted for any other type of not for profit corporation.

Section 11 creates s. 617.0606, F.S., to provide for the resignation of members and the effect thereof on any member obligations previously incurred. Specifically, a member, unless provided for in the articles of incorporation or bylaws, may not transfer a membership or membership right. Additionally, resignation does not relieve a member from its obligations incurred prior to the resignation.

Section 12 creates s. 617.0607, F.S., to provide for the possibility and procedures for involuntary termination of a membership. Specifically, a member may only be terminated, expelled, or suspended by a “fair and reasonable” process.

Section 13 creates s. 617.0608, F.S., to provide that, except as otherwise provided in the statute, no membership interests may be purchased by the corporation, except in certain conditions for mutual benefit corporations. This proposed change is consistent with section 8 of the CS which amends s. 617.0505, F.S., and section 29 of the CS which creates s. 617.1302, F.S.

Section 14 amends s. 617.0701, F.S., which relates to meetings of members, to permit special meetings to be called on demand of at least 5 percent of the voting power of members. There is currently no provision specifically permitting members to call special meetings.

This section also increases the number of days, from 60 to 90, for members to provide written consent for corporate action and increases the number of days, from 10 to 30, after obtaining written consent, to provide notice to members who are entitled to vote on corporate action.

Section 15 amends s. 617.0721, F.S., which relates to voting by members, to provide for a member’s participation in a meeting through remote communication, if authorized by the board of directors. This section is amended to be consistent with ch. 607, F.S. This section also provides that a corporation may reject a vote, consent, waiver, or proxy appointment if there is a reasonable basis for doubting the validity of the signature or the authority to sign for the member.

Section 16 amends s. 617.0725, F.S., which relates to quorums, to require the approval of the voting requirement which was in effect or which is being proposed, whichever is greater, when an amendment is made to the articles of incorporation.

Section 17 creates s. 617.07401, F.S., to establish the ability of members to bring derivative actions on behalf of the corporation. A derivative action is a suit brought by a shareholder to enforce a corporate cause of action. The right to bring a derivative action existed in the statute until 1994, when the elimination of the “bridge provision” to ch. 607, F.S., resulted in no specific statutory provision for a derivative action. Case law in Florida indicates that despite the lack of a specific provision the derivative action exists as a matter of law.

This section provides the process for bringing an action and when a court may dismiss an action. Specifically, a court may dismiss a derivative proceeding if, on motion by the corporation, the court finds that one of the groups specified below has made a determination in good faith after conducting a reasonable investigation that the maintenance of the derivative suit is not in the best interests of the corporation. The corporation has the burden of proving the independence and good faith of the group making the determination and the reasonableness of the investigation. The determination must be made by:

- A majority vote of independent directors present at a meeting of the board of directors, if the independent directors constitute a quorum;
- A majority vote of a committee consisting of two or more independent directors appointed by a majority vote of independent directors present at a meeting of the board of directors, whether or not such independent directors constitute a quorum; or
- A panel of one or more independent persons appointed by the court upon motion by the corporation.

This section also provides that a proceeding commenced under this section may not be discontinued or settled without the approval of the court. If the court determines that a proposed discontinuance or settlement will substantially affect the interest of the members of the corporation, or a class, series, or voting group of members, the court must require that notice be given to the members affected.

The court may require the plaintiff to pay any defendant’s reasonable expenses, including reasonable attorney’s fees if it finds that the proceeding was commenced without reasonable cause. The court may also award reasonable expenses, including reasonable attorney’s fees, to a successful plaintiff or to the person commencing the proceeding who receives any relief, and may require that the person account for the remainder of any proceeds to the corporation; however, this subsection does not apply to any relief rendered for the benefit of injured members only and limited to a recovery of the loss or damage of the injured members.

Section 18 amends s. 617.0801, F.S., which relates to duties of the board of directors, to amend the title of the section by deleting “requirements for and.” This is a technical change that removes redundant language.

Section 19 amends s. 617.0806, F.S., which relates to staggered terms of directors, to require that the number of directors in each class be nearly as equal as possible. The section further provides

that the adoption of a staggered board must be authorized in the articles of incorporation or the bylaws.

Section 20 amends s. 617.0808, F.S., which relates to removal of directors, to adopt processes for removal of directors not covered in the current statute, such as the removal powers of directors and members, assuring that directors elected by a particular class can only be removed by a vote of that class, the removal of directors elected by cumulative voting, removal based on absences from meetings if so provided in the articles or bylaws, and removal by directors of a director elected or appointed by the directors.

In addition, this section is amended to include the exception currently afforded to a corporation described in s. 501(c) of the Internal Revenue Code of 1986, as amended, which is contained in s. 617.2103, F.S., which is repealed in section 49 of the CS. Specifically, a director may be removed from office pursuant to the articles of incorporation or the bylaws.

Section 21 amends s. 617.0809, F.S., which relates to vacancy on boards, to include a cross-reference regarding filling of vacancies created at a membership meeting. Specifically, a director that has been removed is not eligible to stand for reelection until the next annual meeting of the members.

Subsection (2) is amended to provide that the respective powers of the members and directors to fill vacancies on the boards are based upon the group or subgroup that made the initial election.

Subsection (3) is amended to provide that the term of a replacement director expires at the next annual meeting. Where director terms are for multiple terms, this assures that the replacement director will stand for election at the next annual meeting, rather than serve multiple years without election.

Section 22 amends s. 617.0832, F.S., which relates to director conflicts of interest, to provide specific guidelines for quorum and voting by directors on conflict of interest transactions. This provision is also provided for in s. 607.0832, F.S. Specifically, a conflict-of-interest transaction is authorized, approved or ratified when a majority of the directors that have no interest in the transaction vote for it.

Subsection (3) is a new provision that sets forth standards for member voting on conflict of interest transactions, consistent with shareholder voting provisions in s. 607.0831, F.S. Specifically, a director that has an interest in the transaction may not vote to authorize, approve or ratify the transaction.

Section 23 amends s. 617.0833, F.S., which relates to loans to directors or officers, to expand a reference to the Internal Revenue Code, to include a “corresponding section of a subsequently enacted federal revenue act,” should it be adopted.

Section 24 amends s. 617.0834, F.S., which relates to officers’ and directors’ immunity from civil liability, to expand a reference to the Internal Revenue Code, to include a “corresponding section of a subsequently enacted federal revenue act,” should it be adopted.

Section 25 amends s. 617.1007, F.S., which relates to restated articles of incorporation, to clarify that “article” means “articles of incorporation.” This is a technical, clarifying change to the provision.

Section 26 amends s. 617.1101, F.S., which relates to plans of merger, to require in the corporation’s plan of merger disclosure of the manner and basis of converting memberships into memberships of the surviving corporation or into other forms of consideration. No disclosure obligation exists in the current statute.

Section 27 creates s. 617.1102, F.S., to provide that the surviving corporation in a merger between a for profit and a not for profit corporation must be a not for profit corporation.

Section 28 creates s. 617.1301, F.S., to prohibit distributions to members unless otherwise provided by s. 617.505, F.S., as amended by section 8 of the CS, or s. 617.1302, F.S., which is created in section 29 of the CS. Generally, distributions to members are prohibited in all instances except for mutual benefit corporations.

Section 29 creates s. 617.1302, F.S., to provide when not for profit corporations may make distributions to members. Specifically, before a mutual benefit corporation may make distributions, it must be able to pay its debts and the total assets must be at least equal to the sum of its total liabilities. A corporation may also make distributions upon dissolution.

Section 30 amends s. 617.1405, F.S., which relates to the effects of dissolution, to provide that for a corporation to assume or use the name of a dissolved corporation, the dissolved corporation must provide the Department of State with an affidavit permitting the immediate assumption or use of the name.

Section 31 creates s. 617.1407, F.S., to provide for the treatment of claims against a corporation that were unknown at the time of dissolution. In the absence of such a provision, there is doubt as to the proper treatment of unknown claims that arise after dissolution. A similar provision was recently added to ch. 607, F.S., and this amendment is adapted from that provision.

A dissolved corporation may choose one of the following options:

- A dissolved corporation may file a notice of dissolution with the Department of State and request that unknown claims against the corporation be presented. The notice must state the name of the corporation, describe the information that must be included in the claim and provide a mailing address, and state that a claim will be barred unless a proceeding is commenced within 4 years after filing the notice.
- A dissolved corporation, within 10 days of filing the articles of dissolution with the Department of State, may publish a “notice of Corporate Dissolution” once a week for 2 consecutive weeks in a newspaper of general circulation in a county in the state in which the corporation has its principal office or where the corporation owns real or personal property.

If a corporation complies with the procedures under this proposed section, claims are barred unless the claimant commences a proceeding within 4 years after the date of filing the notice

with the Department of State or the date of the second consecutive weekly publication.

Claims may be made against the dissolved corporation, to the extent of its undistributed assets, or against distributed assets, as specified.

Section 32 creates s. 617.1408, F.S., to provide a process for resolving claims that are known to exist at the time of dissolution. If the process is followed, the corporation, and its members, is protected against subsequent claims by persons who had been given the proper notice and who had not asserted their rights during the time frame provided. The provision provides a certainty to the handling of known claims.

Generally, a dissolved corporation must give written notice to all known claimants. If a dissolved corporation rejects a claim, it must do so in writing at least 150 days before expiration of 3 years after the effective date of the dissolution. Procedures for addressing contingent claims, petitions in circuit court to resolve compensation issues, payment of claims, and distribution of remaining fund (if any) are also provided.

If a corporation does not follow this section's proposed procedures, it must pay or make reasonable provisions to pay all known claims and obligations. If there are sufficient funds, the claims must be paid in full. If there are insufficient funds, claims must be paid in order of priority. Additionally, a dissolved corporation must distribute remaining funds, after claims are settled, to members in accordance with s. 617.1406, F.S., which provides for the plan of distribution of assets.

The liability of corporation directors in the range of circumstances is delineated.

Section 33 repeals subsection (6) of s. 617.1421, F.S., which relates to restrictions on use of the name of a dissolved corporation. This provision is transferred to s. 617.1422(4), F.S., in section 34 of the CS.

Section 34 amends s. 617.1422, F.S., which relates to reinstatement following administrative dissolution, to reword the conditions and application requirements for reinstatement of corporation. This section is amended to be consistent with ch. 607, F.S.

This section also provides that the name of the dissolved corporation is not available for use until 1 year after the effective date of the dissolution unless the dissolved corporation provides the Department of State with an affidavit permitting the immediate use of the name. This provision is transferred from s. 617.1422(6), F.S., which was repealed in section 33 of the CS.

Section 35 amends s. 617.1430, F.S., which relates to grounds for judicial dissolution, to raise the standing requirement for a dissolution suit brought by a member. As currently written, any member may bring a suit for dissolution. This provision increases that requirement to (a) at least 50 members, (b) members holding 10 percent or more of the voting power, or (c) a director or other person authorized in the articles of incorporation.

Section 36 amends s. 617.1503, F.S., which relates to applications for certificate of authority, to make style changes to the provision.

Section 37 amends s. 617.1504, F.S., which relates to amended certificates of authority, to increase the time frame from 30 days to 90 days for filers to make corrections.

Section 38 amends s. 617.1506, F.S., which relates to corporate names of foreign corporations, to add the words “other business entity” in the list of types of corporations that may be included in the name of the foreign corporation. The effect of this change is to include limited liability companies, which will prevent name conflicts. This section also provides that an alternate name must be cross-referenced to the real corporate name. This section is amended to be consistent with ch. 607, F.S.

Section 39 amends s. 617.1530, F.S., which relates to grounds for revocation of authority to conduct affairs, to make a technical word change.

Section 40 amends s. 617.1601, F.S., which relates to corporate records, to clarify that “article” means “articles of incorporation.” This is a technical, clarifying change to the provision.

Section 41 amends s. 617.1602, F.S., which relates to inspection of records by members, to permit inspection of certain records to be conducted at either the corporation’s principal office “or at a reasonable location specified by the corporation.” This section also expands, from 5 to 10, the number of days advance notice is required for a records inspection request.

This section also deletes an obsolete reference to s. 617.0730(6), F.S., which has been repealed.

Section 42 amends s. 617.1605, F.S., which relates to financial reports for members, to require that corporations provide annual financial statements to members who so request. Current law requires that such statements be routinely sent to all members. The section also states the nature of the financial statements to be provided.

Section 43 creates s. 617.1703, F.S., to provide that when there is a conflict between ch. 617, F.S., and provisions relating to condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch.720, F.S.), and mobile home owners’ associations (ch. 723, F.S.), the provisions of those chapters apply.

This section also provides that proposed new statute ss. 617.0605-.0608, F.S., (transfer of membership rights, resignation of members, termination of members, and purchases of memberships) shall not apply to corporations regulated by any of the above mentioned chapters or to certain other Not For Profits that are subject to other certain regulatory requirements.

Section 44 amends s. 617.1803, F.S., which relates to domestication of foreign not for profit corporations, to describe and clarify the legal consequences of domestication. The provision is taken from the Model Act. Specifically, when domestication becomes effective:

- The title to all real and personal property of the foreign corporation remains in the domesticated corporation;
- The liabilities of the foreign corporation remain the liabilities of the domesticated corporation;

- An action or proceeding against the foreign corporation continues against the domesticated corporation as if the domestication has not occurred;
- The articles of incorporation attached to the certificate of domestication constitute the articles of incorporation of the domesticated corporation; and
- Membership interests in the foreign corporation remain identical in the domesticated corporation.

Section 45 amends s. 617.1806, F.S., which relates to conversion to corporation not for profit, to provide a cross-reference to s. 617.1805, F.S., which relates to when for profit corporations may become not for profit corporations.

Section 46 amends s. 617.1907, F.S., which relates to the effect of repeals of prior acts, to add the phrase “or amendment” to each reference to “repeal” to clarify that prior rights and liabilities are not affected by an amendment to any provision of ch. 617, F.S.

Section 47 repeals s. 617.2103, F.S., which exempts corporations from provisions in this chapter, and provides alternative record keeping requirements, member inspection rights, and financial reporting for these exempt corporations. Under this CS, all corporations will be subject to the same requirements. This proposed change is prospective and should not affect current practices for existing corporations.

Section 48 provides an effective date of October 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Incorporation of provisions from the model act should create consistency with the for profit statutes (ch. 607, F.S.) providing a more streamline process for the Department of State.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce on March 11, 2008:

This CS makes a number of technical changes to the bill as filed. This CS also makes the following substantive changes:

- In section 4 of the CS, makes the following changes to definitions for ch. 607, F.S.:
 - Creates a definition for “department” to mean “department of state”.
 - Amends the definition for “distribution” to provide that a donation or transfer of corporate assets or income to or from another not-for-profit corporation that is exempt from federal and state income taxes is not a distribution for the purpose of ch. 617, F.S., the not for profit act.
 - Amends the definition for “mutual benefit corporation, as creates in the bill, to exempts condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.).
 - Creates a definition for “successor entity.”
 - Amends the definition for “voting power,” to replace “holders of the shares” with “members.”
- In section 8 of the CS, exempts from the prohibition on making distributions the following: condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.) or a corporation where membership in the corporation is required.
- In section 12 of the CS, deletes the specification as to what will be considered “fair and reasonable” when a member is expelled or suspended.
- In section 14 of the CS:
 - Increases the number of days, from 60 to 90, for members to provide written consent for corporate action; and

- Increases the number of days, from 10 to 30, after obtaining written consent, to provide notice to members who are entitled to vote on corporate action.
- In section 15 of the CS, provides that a corporation may reject a vote, consent, waiver, or proxy appointment if there is a reasonable basis for doubting the validity of the signature or the authority to sign for the member.
- Deletes section 22 of the bill, which relates to general standards of directors, to restore current law.
- In section 32 of the CS:
 - Deletes the definition for “successor entity” as it is included, by this amendment, in section 4 of the bill; and
 - Requires that a dissolved corporation must distribute remaining funds, after claims are settled, to members in accordance with s. 617.1406, F.S., which provides for the plan of distribution of assets.
- In section 43 of the CS, replaces the term “mobile home park lot tenancies” with mobile home owners’ associations.
- Deletes section 47 of the bill, which relates to circuit judges authority in conversions to corporation not for profit, to restore current law.

B. Amendments:

None.