

Support Senate Bill 149: A Bill to Create the Government Nonprofit Contracting Advisory Commission

Why Support SB 149:

Senate Bill 149 builds on the work of the Government Nonprofit Contracting Task Force, which concluded in its 2016 final report that significant opportunities exist to streamline state government's contracting practices with nonprofit organizations. The Commission will be charged with reviewing opportunities to:

- **Cut the Red Tape!** Explore the feasibility of eliminating redundant or unnecessary laws, regulations and policies negatively impacting effective contracting partnerships.
- The statutory right to remove a member of the board of directors in extreme circumstances.
- Addressing board member conflicts of interest and making nonprofit law consistent with the for-profit corporate law.
- Indemnification language that expresses the intent of the nonprofit to cover the expenses a board member might incur in defending an action and paying settlements or judgments related to his or her service on the board. This clarification reduces the likelihood that a board member's personal assets will be exposed to loss, thus enhancing a nonprofit's ability to recruit and retain needed volunteer board member expertise to accomplish its mission.
- Giving membership organizations more flexibility in setting member inspection rights.
- Allowing distribution of funds from one 501 (c) 3 organization to a member 501 (c) 3.

The Facts:

⇒ **Nonprofits are essential state and local government partners.** The Commonwealth relies on contracts and partnerships with nonprofit organizations to provide many vital services to its citizens, especially our most vulnerable citizens. These contractual relationships allow government to meet its obligations and take advantage of the expertise of nonprofit organizations in a cost-effective manner.

⇒ **The Government Nonprofit Contracting Advisory Commission will build on the work of the Contracting Task Force to identify solutions that streamline processes that will allow nonprofits and government to save time and money resulting in improved services for Kentuckians.**

⇒ **Nonprofits are vital to Kentucky communities.** Nonprofit organizations provide essential services, protect the vulnerable, feed the hungry and more. They are the backbone of our communities.

⇒ **Nonprofits are vital to Kentucky's economy.** One in nine Kentuckians is employed by a nonprofit organization. The nonprofit sector is among the Commonwealth's largest industries. Nonprofits ensure access to the arts, quality education and more to enhance our quality of life, and attract and retain businesses to operate in Kentucky communities.