

House Bill No. 412
With Proposed Amendments 2/14/07

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING PUBLIC BENEFIT CORPORATIONS TO MAKE ~~DISTRIBUTIONS TO~~ TRANSACTIONS WITH MEMBERS, WHO ARE PUBLIC BENEFIT CORPORATIONS DIRECTORS, OR OFFICERS IF IN CONFORMITY WITH ITS CHARITABLE PURPOSES; UPON CERTAIN CONDITIONS AND AMENDING SECTION ~~35-2-1402~~, 35-2-1401, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~Section 1. Section 35-2-1402, is amended to read:~~

~~"35-2-1402. Authorized distributions. (1) A mutual benefit corporation may purchase its memberships if after the purchase is completed:~~

~~(a) the corporation would be able to pay its debts as they become due in the usual course of its activities;~~

and

~~(b) the corporation's total assets would at least equal the sum of its total liabilities.~~

~~(2) A public benefit corporation may make distributions to its members that are public benefit corporations and have a charitable purpose similar to that of the corporation making the distributions.~~

~~(2)(3) Corporations may make distributions upon dissolution in conformity with part 7 of this chapter."~~

"Section 1. Section 35-2-1401
, MCA, is amended to read:

"35-2-1401. Prohibited distributions -- permitted transactions. (1) Except as authorized by 35-2-1402, a corporation may not make any distributions.

(2) A public benefit corporation may, subject to the requirements of Title 15, chapter 31, and this chapter, as applicable:

(a) pay reasonable compensation or reimburse reasonable expenses to members, directors, or officers for services rendered; and

(b) confer benefits upon or make contributions to members in conformity with its charitable purposes if after the transaction is completed:

(i) the corporation would be able to pay its debts as they become due in the usual course of its activities; and

(ii) the corporation's total assets would at least equal the sum of its total liabilities."

{Internal References to 35-2-1401:
35-2-522X}"