

ASSEMBLY BILL

No. 2755

**Introduced by Committee on Revenue and Taxation (Bocanegra
(Chair), Gordon, Mullin, Pan, V. Manuel Pérez, and Ting)**

March 24, 2014

An act to amend Section 5047 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2755, as introduced, Committee on Revenue and Taxation. Nonprofit corporations: directors.

The Nonprofit Corporation Law, among other things, regulates the organization and operation of nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations and defines terms for its purposes, including, but not limited to, the term “director.”

This bill would clarify the meaning of “director” does not include a person who does not have the authority to vote as a member of the governing body.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5047 of the Corporations Code is
2 amended to read:
3 5047. Except where otherwise expressly provided, “directors”
4 means natural persons, designated in the articles or bylaws or
5 elected by the incorporators, and their successors and natural

1 persons designated, elected or appointed by any other name or title
2 to act as members of the governing body of the corporation. ~~A~~
3 ~~person who does not have authority to act as a member of the~~
4 ~~governing body of the corporation, including through voting rights~~
5 ~~as a member of the governing body, is not a director as that term~~
6 ~~is used in this division regardless of title. However, if~~ *If* the articles
7 or bylaws designate that a natural person is a director or a member
8 of the governing body of the corporation by reason of occupying
9 a specified position within or outside the corporation, *without*
10 *limiting that person's right to vote as a member of the governing*
11 *body*, that person shall be a director for all purposes and shall have
12 the same rights and obligations, including voting rights, as the
13 other directors. *A person who does not have authority to vote as*
14 *a member of the governing body of the corporation, is not a*
15 *director as that term is used in this division regardless of title.*

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