

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6457

BILL NUMBER: HB 1075

NOTE PREPARED: Jan 23, 2023

BILL AMENDED: Jan 23, 2023

SUBJECT: Nonprofit Organizations.

FIRST AUTHOR: Rep. Jeter

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions:

- (1) Provides that the contents of an investigative demand issued by the Attorney General are confidential.
- (2) Expands the definition of "public benefit corporation" to include a domestic corporation that is supported by public funds or authorized to spend public funds in furtherance of its mission or that is a not-for-profit corporation that aims to serve a public benefit.
- (3) Provides that a court may dissolve a nonprofit corporation under certain circumstances and provides exceptions to the types of corporations that may be dissolved under this procedure.
- (4) Specifies procedural requirements that the Attorney General must take before petitioning the court for dissolution for certain reasons.
- (5) Permits a court to appoint a receiver to manage a nonprofit corporation even if an action to dissolve the corporation has not been filed.
- (6) Provides additional remedies that the Attorney General may seek for violations.
- (7) Requires a nonprofit corporation to maintain certain records for three years.
- (8) Provides that Attorney General may not access records of specified nonprofits.
- (9) Prevents a state agency from imposing certain filing or reporting requirements that are more burdensome than what is required by state law and provides certain exceptions.
- (10) Makes conforming and clarifying changes.

Effective Date: Upon passage; July 1, 2023.

Explanation of State Expenditures: This bill will increase the workload of the Attorney General to investigate and enforce the prohibitions in this bill. Increases in workload and/or expenditures could be offset

with the collection of court-ordered reimbursement of enforcement costs and civil penalties levied for violations.

To the extent state agencies currently impose filing and reporting requirements that are more stringent or burdensome than those imposed by state or federal law, state workload would decrease to receive and review these reports. Additionally, the bill would increase state workload to determine if agency rules are more stringent or burdensome than those imposed by state or federal law. The bill's net impact on state workload would vary by agency.

Explanation of State Revenues: (Revised) The bill establishes new civil penalties for violations. The Attorney General would be able to request a civil penalty of not more than \$10,000 for a first violation of a public benefit corporation and not more than \$20,000 for second and subsequent violations in addition to a dissolution. This bill could increase civil penalty revenue and reimbursement for costs associated with enforcement actions taken by the Attorney General, however any increase in civil penalty revenue is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 317-232-9559.