



DELBERT HOSEMANN
Secretary of State

2016 Nonprofit Webinar Minutes

June 25, 2016

The Nonprofit Webinar meeting was called to order on Monday, July 25, 2016, at 12:00 p.m. at the Secretary of State's Office, 125 South Congress Street, Jackson, Mississippi. A list of attendees is included as Exhibit A.

Welcome and Introduction

Delbert Hosemann, Secretary of State, welcomed everyone to the meeting. He told the group his goal for the Webinar was to discuss opportunities for Mississippi to accelerate growth and encourage charitable organizations from a regulatory and statutory perspective. Secretary Hosemann noted that while the vast majority of Mississippi charities follow state law, there are a few that do not. To that end, he introduced the "Office Audit Checklist", which lays out the steps charities should follow to comply with state law. In addition, Secretary Hosemann drew attention to a new agency policy that allows for the voluntary disclosure of accounting discrepancies by nonprofits without the threat of punitive penalties. After his introduction, Secretary Hosemann then introduced Preston Goff, Assistant Secretary of State, Policy and Research.

Proposed Changes

Goff suggested Mississippi might enact a law creating a Nonprofit LLC entity. He stated that of the states with similar laws, Tennessee and Kentucky, Tennessee's is likely the template to follow if Mississippi were to adopt the statute. Goff noted that like Mississippi, Texas does not have formalized Nonprofit LLCs, but its laws allow for the formation of an LLC for any business purpose. Goff asked for group participants' thoughts about introducing this legislation even though there is already a way to form a nonprofit LLC without the formal title. Tom Riley, Assistant Secretary of State, Business Services, pointed out the Office of the Secretary of State already has forms allowing for the creation of an LLC that functions as a Nonprofit LLC and he believed there were several LLCs in existence operating in just that way. He did not believe there was any need to adopt a new law just so an entity would be able to call itself a Nonprofit LLC. Group participants agreed that there was no need for any proposed legislation on this entity just for the sake of the name.

Goff then presented the next issue for the group's consideration and discussion: For-Profit Benefit Corporations. Benefit corporations, sometimes referred to colloquially as "Corporations with a Conscience," allows for corporations to engage in activities designated for a "public benefit" without fear of legal action against the corporations' Board of Directors for not acting in a way that maximizes profit. Goff then introduced Tennessee Code § 48-28-103(9), which gives the definition of "specific public benefit," for discussion among the group participants. Goff then asked whether there was concern the general public would confuse for-profit benefit corporations with nonprofits. A few participants answered that confusion was likely; one participant in particular said a benefit corporation would undercut the transparency requirements for nonprofit corporations. Another member thought there was no need to create a whole new act, but rather suggested amending the existing section of the Mississippi Business Corporation Act dealing with board of directors. Tom Riley interjected that even if the one section related to duties of the board were amended, that does not allow for corporations to call themselves "benefit corporations," and those entities would likely want the title to go along with their "public benefit" mission. Goff told the group he would also introduce the idea to the upcoming Business Law Study Group.

Goff then turned the webinar over to Tanya Webber and Baylea Callicut, Office of the Secretary of State, Charities Division, to discuss new laws and online filing requirements for the State's charity organizations. Webber stated that online charity filing has been a success since its implementation at the start of the year and due to that success, a webpage for online filing for fundraisers is in development.

Conclusion

At the conclusion of discussion, Secretary Hosemann asked the group participants if anyone had additional concerns or suggestions. When no issues were raised, Secretary Hosemann thanked everyone for their attendance and participation.

With no further business, the webinar was concluded at 12:50 p.m.

Exhibit A

Minutes of the Nonprofit Webinar

July 25, 2016

Members

1. Joseph Akanji
2. Ivey Allen
3. Jane Alexander
4. C. Phillip Buffington, Jr.
5. Aletha Burge
6. Thomas Byrne, Jr.
7. Bishop R.C. Crudup Jr.
8. Nancy Perkins
9. Mike Clayborne
10. George Freeland, Jr.
11. Lloyd Gray
12. Beth Hansen
13. Mary Swoope
14. Matthew Holleman, III
15. Barry Jones
16. Charles Lindsay
17. Sherry Rainey
18. Barbara Pigoff
19. Gregory Pirkle
20. Susan A. Riley
21. Linda Vasquez
22. Chris B. Savell
23. Deanne Tanksley
24. Eugenia Thomas
25. Richard Topp
26. Karen Wagner
27. Primus Wheeler
28. Mike Wilbanks
29. William Wilkins
30. Robert Wilson

Secretary of State's Staff

1. Delbert Hosemann
2. Nathan Upchurch
3. Anna Moak
4. Preston Goff
5. Curtis Anders
6. Leann Thompson
7. Matt Anthony
8. Meredith Pohl
9. Tom Riley
10. Tanya Webber
11. Baylea Calicutt